Ocean Wilsons Holdings Limited

Annual Report 2014

Contents

1 Ocean Wilsons Holdings Limited
2 Chairman´s Statement
6 Financial Review
12 Investment Portfolio
13 Investment Managers Report
20 Directors and Advisers
21 Report of the Directors
28 Independent Auditors´ Report
31 Consolidated Statement of Comprehensive Income
32 Consolidated Balance Sheet
33 Consolidated Statement of Changes in Equity
34 Consolidated Cash Flow Statement
35 Notes to the Accounts
78 Statistical Statement 2010 – 2014
79 Notice of Annual General Meeting
81 Form of Proxy

Ocean Wilsons Holdings Limited

Highlights

- Improvement in key operating performance indicators
- Reported sales 4% lower at US$633.5 million (2013: US$660.1 million)
- Earnings per share for the year of 65.6 cents (2013: 107.1 cents)
- Dividend declared increased by 5% to 63 cents per share (2013: 60 cents per share)
- Investment portfolio up US$2.7 million to US$251.7 million (2013: US$249.0 million)
- Net cash inflow from operating activities for the year of US$105.6 million (2013: US$108.4 million).

About Ocean Wilsons Holdings Limited

Ocean Wilsons Holdings Limited ("Ocean Wilsons" or the "Company") is a Bermuda based investment holding company, and, through its subsidiaries, operates a maritime services company in Brazil and holds a portfolio of international investments. The Company is listed on both the Bermuda Stock Exchange and the London Stock Exchange. It has two principal subsidiaries: Wilson Sons Limited and Ocean Wilsons Investments Limited (together with the Company and their subsidiaries, the "Group").

Wilson Sons Limited ("Wilson Sons") is an autonomous Bermuda company listed on the São Paulo Stock Exchange (BOVESPA) and Luxembourg Stock Exchange. Ocean Wilsons holds a 58.25% interest in Wilson Sons, which is fully consolidated in the Group accounts with a 41.75% non-controlling interest. Wilson Sons is one of the largest providers of maritime services in Brazil. Wilson Sons activities include harbour and ocean towage, container terminal operation, offshore oil and gas support services, small vessel construction, logistics and ship agency. Wilson Sons has over five thousand employees.

Ocean Wilsons Investments Limited is a wholly owned Bermuda investment company. The company holds a portfolio of international investments.

Objective

Ocean Wilsons Holdings Limited is run with a long-term outlook. This applies to both the investment portfolio and our investment in Wilson Sons. The long-term view taken by the Board allows Wilson Sons to grow and develop its businesses without being pressured to produce short-term results at the expense of long-term value creation. The same long-term view allows our investment managers to make investment decisions that create long-term capital growth.

The success of this strategy is reflected in the growth in the Ocean Wilsons share price and total returns to shareholders. In the 10 years to 31 December 2014 the share price has risen more than 250% from £2.85 to £10.00 and total returns to shareholders in the period (assuming dividends are reinvested in Ocean Wilsons shares) of more than 350%.

Chairman's Statement

Introduction

The overall operating performance of the Group in 2014 has been robust as reflected in our key operating performance indicators. Our key indicators show year-on-year growth at our towage, container terminal and offshore businesses, although container terminal volumes in the 4th quarter were impacted by the slowdown in the Brazilian economy and weakening export demand.

Operating volumes	2014	2013	% Change
Container Terminals			
(container movements in TEU '000)	975.1	937.5	4.0
Towage			
(number of harbour manoeuvres performed)	58,543	53,869	8.7
Offshore Vessels (operating days own vessels)	6,683	5,369	24.5

In September this year, we expanded our towage business by commencing towage operations in the Amazonian state of Pará, with seven tugs attending the port of Belém, as well as the Vila do Conde terminal in Barcarena and Trombetas in Oriximiná. This is an important new market for us in a region which is growing rapidly. We also participated in the first operations at the port of Açu in Rio de Janeiro during the year. We continue to invest in modernising and maintaining our fleet of tugboats with five new tugboats delivered in 2014. The five tugboats are 70 tons bollard pull, equipped with firefighting capability and were built at the Wilson Sons shipyards in Guarujá, São Paulo state. Our tugboat fleet remains the largest in Brazil with seventy-six tugboats operating throughout Brazil.

The Guarujá II shipyard successfully completed its first year of operation and in addition to the five tugboats delivered to Wilson Sons our shipyards delivered a new platform supply vessel (PSV) to our offshore joint venture, Wilson Sons Ultratug Offshore, and performed maintenance and repair work on our fleet of towage and offshore vessels. The other major third party work performed in the year was the ongoing construction of a Remotely Operated Vehicle Support Vessel (ROVSV) forecast for delivery in early 2015. Wilson Sons Ultratug Offshore had a successful year with improved pricing and expansion of our fleet contributing to a much improved financial result. The joint venture operates a fleet of nineteen PSVs with a further five vessels on order.

In September 2014, Wilson Sons Logistics inaugurated the bonded warehouse EADI Suape in Pernambuco which, together with the Suape logistics centre, creates a valuable integrated logistics complex in the North East of Brazil. During 2014 the Group continued to develop and expand the Brasco Caju onshore support base acquired in 2013 which is forecast for completion in 2015.

The investment portfolio generated a time weighted return of 4.7% in the year. As at 31 December 2014, the investment portfolio was valued at US$251.7 million, representing US$7.12 per share (2013: US$249.0 million and US$7.04 per share).

Group Results

Revenue for the full year declined 4% to US$633.5 million (2013: US$660.1 million) as a result of the weaker Brazilian Real "BRL", a slowdown in Brazilian trade in the fourth quarter of the year and the planned contraction and increased competition in our logistics and ship agency businesses.

Operating profit at US$89.4 million was US$29.6 million lower (2013: US$119.0 million) reflecting the fall in turnover, lower operating margins and a profit on the disposal of property, plant and equipment of US$10.0 million in the prior year.

Group profit before tax for the year at US$78.5 million was US$22.0 million lower than prior year, US$100.5 million, principally due to the US$29.6 million decrease in operating profit and reduced gains from the investment portfolio, US$7.5 million lower. These negative movements were partially offset by a US$13.0 million decrease in exchange losses on monetary items and US$4.7 million increase in the share of results of joint ventures.

Income tax expense for the year at US$41.9 million was in line with prior year (2013: US$42.2 million).

Profit per share based on ordinary activities after taxation and non-controlling interests was 65.6 cents (2013: 107.1 cents).

Investment portfolio performance

During the year, the investment portfolio and cash under management "investment portfolio" generated a time weighted return of 4.7% with net earnings of the portfolio, after deducting management and other fees, of US$3.2 million. The investment portfolio as at 31 December 2014 was US$251.7 million (2013: US$249.0 million) after paying dividends of US$6.5 million to Ocean Wilsons Holdings Limited during the period. In the five years to 31 December 2014, the investment portfolio has returned US$32.5 million in distributions to Ocean Wilsons Holdings Limited.

The investment portfolio remains weighted to global equities, 57% and private assets, 30%, with the balance invested in market neutral funds, 3% and cash and bonds 10%. Private assets increased US$17.2 million in the year to US$74.7 million (2013: US$57.5 million) as a result of an increase in their unrealised net value of US$4.1 million plus new drawdowns in the period of US$23.2 million, less distributions received of US$10.1 million. To date we have received cumulative distributions of US$30.3 million and at year end had US$36.6 million in outstanding commitments. The private assets programme continues to mature and "the Investment Manager remains confident that the significant capital deployed into post-crisis vintages represents an attractive store of future value". Private assets was the best performing sub-portfolio in the year returning 8.5%.

As part of the investment manager's ongoing review of the investment portfolio and strategy we disposed of a number of non-core investments during the year, reducing the number of holdings from 58 to 52 at year end. The investment portfolio maintains an over weighted exposure to emerging markets with emerging markets accounting for 34% (2013: 37%) of the portfolio net asset value at year end.

Investment managers

Ocean Wilson Investments Limited ("OWIL"), a wholly owned subsidiary registered in Bermuda, holds the Group's investment portfolio. OWIL has appointed Hanseatic Asset Management LBG, a Guernsey registered and regulated investment group, as its investment manager.

Investment management fee
The investment managers receive an investment management fee based on the valuation of the funds under management and an annual performance fee of 10% of the annual performance which exceeds the benchmark, provided that the high water mark has been exceeded. The investment management fee is at an annual rate of 1% payable monthly in arrears. The performance fee in 2014 was measured against an absolute return benchmark derived from the one year USD LIBOR, prevailing at the commencement of each calendar year, plus 2%. In 2014 the investment management fee was US$2.5 million and a US$0.6 million performance fee was payable.

When the OWIL benchmark was originally defined as LIBOR+2% this represented an appropriate absolute return hurdle against which to judge the performance of the investment manager. More recently, distortions created by quantitative easing and the consequent material decline in interest rates have made this benchmark less relevant to the objectives and underlying risks in the portfolio. Together with the investment manager, the Board has therefore reviewed the portfolio performance benchmark and the investment management fees payable and concluded the investment management fee will remain unchanged but with effect from 1 January 2015 the portfolio performance will be measured against a benchmark calculated by reference to US CPI plus 3% over rolling three-year periods. The investment managers will receive an annual performance fee of 10% of the net investment return that exceeds the benchmark. Payment of performance fees will remain subject to a high water mark and will be capped at a maximum of 2% of portfolio NAV. The investment management fee will remain at an annual rate of 1% of the valuation of funds under management.

The Board considers the new benchmark has the advantage of simplicity, whilst the three-year measurement period is better aligned with the investment mandate's long-term horizon and an absolute return inflation-linked benchmark appropriately reflects the company's investment objectives while having a linkage to economic factors.

Net asset value
At the close of business on 31 December 2014, the Wilson Sons' share price was R$32.00, resulting in a market value for the Ocean Wilsons holding of 41,444,000 shares (58.25% of Wilson Sons) totalling approximately US$499.2 million which is the equivalent of US$14.12 (£9.06) per Ocean Wilsons Holdings Limited share.

Adding together the market value per share of Wilsons Sons, US$14.12 and the investment portfolio US$7.12 results in a net asset value per Ocean Wilsons Holdings Limited share of approximately US$21.24 (£13.63). The Ocean Wilsons Holdings Limited share price of £10.00 at 31 December 2014 represented an implied discount of 27%.

The implied discount expanded 4% to 27% at year end, compared with the prior year end, 23%. While we are disappointed to see the implied discount widen, shareholders should realise that historically the implied discount fluctuates significantly. As at 17 March 2015 the implied discount had narrowed to 21%. Our policy regarding the implied discount as expressed before, is that we do not seek to manage the discount, as we believe long-term shareholder value will best benefit from the continued strong performance of our underlying businesses.

Dividend
In light of an increased dividend from Wilson Sons Limited, the Board is increasing the dividend 5% from 60 cents per share to 63 cents per share to be paid on 5 June 2015, to shareholders of the Company as of the close of business on 8 May 2015. The dividend of 63c per share represents the full dividend to be received from Wilson Sons of 47.8c per Ocean Wilsons share relating to 2014 plus 15.2c per Ocean Wilsons share in distributions from the investment portfolio. The US$5.4 million in distributions from the share portfolio represent 61% of the portfolio's net earnings in the period. Despite a fall in earnings per share at Wilson Sons, Wilson Sons is increasing the dividend to shareholders which exceeds their new dividend policy announced in 2013 and reflects a desire to increase dividend payments to shareholders following completion of the current investment cycle in 2013.

The Ocean Wilsons Holdings Limited dividend policy is to pay the Company's full dividend to be received from Wilson Sons in the period and a percentage of the average capital employed in the investment portfolio to be determined annually by the Board. Dividends are set in US Dollars and paid annually.

Shareholders receive dividends in Sterling by reference to the exchange rate applicable to the USD on the dividend record date, except for those shareholders who elect to receive dividends in USD. The Board of Directors may review and amend the dividend policy from time to time in light of our future plans and other factors. The payment of dividends cannot be guaranteed and may be discontinued or varied at the discretion of the Board.

Charitable donations
Through our subsidiary Wilson Sons, we are pleased to support a number of local charities and causes in Brazil. Group donations for charitable purposes in the year amounted to US$156,000 (2013: US$102,000). Amongst the Group's principal ongoing contributions during the year were:

Escola de Gente – raising awareness and promoting social inclusion for all parts of the community.
http://www.escoladegente.org.br/

De Peito Aberto – Promotes social development through educational, cultural and sporting activities.
http://www.depeitoaberto.com.br/

Brigada Mirim ecologica – maintaining the ecology of Ilha Grande in the state of Rio de Janeiro and raising the awareness of visitors and the local population about the environment.
http://www.brigadamirim.org.br/

Criando Laços – The Wilson Sons corporate programme "Criando Laços" (Creating ties) provides financial support and promotes voluntary employee involvement in social initiatives.
http://www.wilsonsons.com.br/

Chairman's Statement

Pro Criança Cardíaca – located in Rio de Janeiro, the charity treats children suffering from heart disease.
http://www.procrianca.org.br/.

Health, safety and education
The safety of our workers is of utmost importance to us. The Group implemented the WS+ safety programme to promote improved safety throughout the Group with training of Company personnel and the promotion of a safety oriented environment and culture. The programme was developed in conjunction with DuPont in 2010. A pilot project was implemented at our shipyard in 2011, which has now been replicated throughout the Group. This programme has received a positive response from our workforce and produced excellent results. Between January 2010 and September 2014, the Group registered a 70% decrease in the frequency of accidents and from 2013 to September 2014, the number of working days lost decreased from 140 to 57 days per 1 million hours of risk exposure.

We continue to invest in the training and development of our staff. Amongst other training initiatives the Company has a dedicated ship crew training facility in Guarujá that uses a state of the art simulator to train further ship captains and crew.

Corporate governance
The Board has put in place corporate governance arrangements which it believes are appropriate for the operation of your Company. The Board has considered the principles and recommendations of the 2012 UK Corporate Governance Code ("the Code") issued by the Financial Reporting Council and decided to apply those aspects which are appropriate to the business. This reflects the fact that Ocean Wilsons Holdings Limited is an investment holding company incorporated by an act of parliament in Bermuda with significant operations in Brazil. The Company complies with the Code where it is beneficial for both its shareholders and its business to do so, and has done so throughout the year and up to the date of this report, but it does not fully comply with the Code. The areas where the Company does not comply with the Code, and an explanation of why we do not comply, are contained in the section on corporate governance in the Annual Report. The position is regularly reviewed and monitored by the Board.

Board of Directors
At the Annual General Meeting of the Company in June 2014 we announced the retirement of Mr Alex Cooper as a non-executive Director after 11 years of service. We would like to thank Mr Cooper for his contribution to the Group and wish him every success for the future. On the same day, we were pleased to announce the appointment of Mr Andrey Berzins by the Board as a non-executive Director of Ocean Wilsons Holdings Limited. Mr Berzins is 55 and lives in Singapore. He is currently Managing Director of Suez Asia Holdings and a Director of Aberdeen Asian Income Fund. Mr Berzins has extensive experience of the Asian investment business having lived and worked there since 1984. He has held a number of positions throughout the investment industry including Managing Director on the Asian private equity arm of the French based Compagnie de Suez (now GDF Suez) group. Mr Berzins has a BSc Honours (1st Class) in Statistics from the University of Bath and is a member of the Institute of Chartered Accountants in England and Wales.

Outlook
We remain confident in the fundamental strengths and quality of our Brazilian business but the steep fall in the price of oil and challenging economic and political environment in Brazil brings concerns for the coming year. The full impact of the fall in oil prices and uncertainty surrounding the Brazilian oil and gas industry remains unclear. Despite this uncertainty our shipyard order book remains healthy with six offshore support vessels for third parties, including two oil spill recovery vessels (OSRV's), completion of a further OSRV and a remotely operated vehicle support vessel, in addition to PSV's for our offshore joint venture, Wilson, Sons Ultratug Participações S.A. Our offshore joint venture currently operates nineteen PSVs all under long-term contract with three contracts concluding in 2015. We are optimistic that these three Brazilian flag vessels will not experience material off-hire. In addition to the two PSVs being built at our shipyard, Wilson Sons Ultratug is constructing a further three PSVs in international shipyards with one programmed for delivery at the end of 2015 and the remaining two in the second half of 2016. The expansion of Brasco Cajú is forecast to be completed by the end of 2015. We remain optimistic regarding the long-term prospects for this business although the expected ramp up in operations may take longer to materialise than originally anticipated as international oil companies revise their future investment plans. Demand for harbour towage services remains strong with volumes growing 10% in the first two months of the year compared with 2014 while container terminal volumes continue to be sluggish. The Brazilian Real "BRL" has depreciated approximately 22% against the US Dollar since the year end. If the weakness in the BRL is maintained at period end this will again negatively impact our bottom line earnings in the year.

Global growth remains sluggish and substantially below pre-financial crisis levels. The fall in oil prices should boost consumption in developed markets but will negatively impact oil producers. Stronger economic data coming out of the US raises the likelihood that the US Federal Reserve will hike interest rates earlier than markets are anticipating resulting in rising US bond yields although bond yields in the euro zone and Japan should remain suppressed by their accommodating monetary policy. We remain positive on the long-term prospects for emerging markets and our portfolio although slowing growth in China, the decline in oil prices and the expectation that the US will raise interest rates earlier than expected may hinder market performance in the short-term.

Management and staff
On behalf of your Board and shareholders, I would like to thank our management and staff for their efforts and hard work during the year.

J F Gouvêa Vieira
Chairman
24 March 2015

Tecon Rio Grande in Rio Grande, Rio Grande do Sul. In 2014 Tecon Rio Grande moved 687,100 TEU's, (twenty-foot equivalent units).

Financial Review

Revenue from Maritime Services
The Group's revenue declined 4% to US$633.5 million (2013: US$660.1 million) due to a slowdown in Brazilian trade in the fourth quarter of the year, the contraction of our logistics and ship agency businesses and the adverse impacts of the weaker BRL. Demand for towage services remains strong with the number of harbour towage manoeuvres in the year increasing 9% to 58,543 from 53,869 in 2013, and towage revenue increasing 7% to US$211.0 million (2013: US$196.6 million). Towage volumes benefited from new port operations in the Amazonian state of Pará, and increased market share in São Paulo state resulting from the growth of our operating fleet in the region. Our ship agency business continued to suffer from the industry trend for liner operators to insource this activity with revenue falling 30% to US$17.1 million (2013: US$24.5 million).

Shipyard third party revenue increased 3% to US$103.4 million (2013: US$100.3 million) following the significant increase in 2013 resulting from the completion of our new dry-dock facility in the fourth quarter of 2012. In addition to third party revenue recognised in the income statement the shipyard invoiced US$45.6 million of intercompany sales in the year (2013: US$70.8 million). The shipyard order book remains healthy for 2015 although the impact from the fall in oil prices and uncertainty surrounding the Brazilian oil and gas industry on medium and longer-term demand for new vessel construction is unclear. Revenue at our terminal and logistics business fell 11% to US$302.0 million (2013: US$338.7 million). Logistics revenue declined 24% to US$73.4 million (2013: US$96.8 million) due to a higher average USD/BRL exchange rate used to convert revenue into our reporting currency, US Dollars and the planned withdrawal from our lower margin operations. Terminal revenue at US$228.6 million was US$13.3 million lower than prior year (2013: US$241.9 million). Revenue at Brasco, our offshore oil and gas support base, fell as a result of the impact of the higher average USD/BRL exchange rate and fewer vessel turnarounds that is largely explained by the completion of four support operations, two in Bahia and two at our base in Rio de Janeiro. Container terminal revenue declined due to the higher average USD/BRL exchange rate and a less favourable sales mix despite higher container volumes handled at Tecon Rio Grande and Tecon Salvador, increasing 4% to 971,500 TEU's (2013: 937,500 TEU's). All Group revenue is derived from Wilson Sons operations in Brazil.

Operating profit
Operating profit at US$89.4 million was US$29.6 million lower than prior year (2013: US$119.0 million) largely due to the fall in turnover, lower operating margins and a profit on the disposal of property, plant and equipment of US$10.0 million in the prior year (2014: US$0.3 million). The profit on the disposal of property, plant and equipment in 2013 arose from the sale of surplus commercial real estate in downtown Rio de Janeiro and São Paulo as well as towage and logistic equipment.

Group operating margins for the year declined to 14.1% (2013: 16.5%). The fall in operating margins was principally due to higher depreciation and amortisation expense in the period, increased raw material consumption and poorer margins at our logistics business. Depreciation and amortisation increased US$6.4 million to US$65.1 million from US$58.7 million in 2013 as a result of capital investment in our terminal and towage businesses. Raw materials and consumables used in the year were US$6.3 million higher at US$100.6 million (2013: US$94.3 million) principally due to the type of vessel constructed at the shipyard in the period. The decrease in logistics margins was mainly attributable to restructuring costs associated with the closing of some in-house logistic operations, start-up costs associated with our new EADI in Suape, Pernambuco and increased competition at EADI Santo Andre.

Employee expenses were US$13.6 million lower at US$195.9 million (2013: US$209.5 million) mainly due to a reduced headcount, lower social security costs and the positive impact of the higher average USD/BRL exchange rate when converting BRL expenses into USD. The fall in social security costs for the year, reflects the reduction in payroll tax rates at both our towage and shipyard businesses. Other operating expenses fell from US$188.6 million to US$182.8 million in 2014 mainly as a result of the decrease in turnover and higher average USD/BRL exchange rate.

Share of results of joint ventures
The share of results of joint ventures is Wilson Sons' 50% share of net profit for the period mainly from our offshore joint venture, which grew US$4.7 million from US$2.4 million in 2013 to US$7.1 million in the current year, due to a 24% increase in our own fleet operating days and improved pricing. Our new PSVs enjoy higher daily contract rates. During the period, the offshore joint venture repaid US$13.0 million in intergroup loans.

Investment revenue
Investment revenue for the year decreased to US$17.0 million (2013: US$17.8 million). Higher dividends from equity investments of US$5.8 million (2013: US$5.2 million) were offset by lower interest on bank deposits of US$11.2 million (2013: US$11.9 million).

Investment gains and losses
Other gains of US$6.2 million arise from the Group's portfolio of trading investments (2013: US$13.7 million) and reflect unrealised gains in trading investments of US$1.4 million (2013: US$14.6 million) and profits on the disposal of trading investments of US$4.9 million (2013: US$0.9 million loss).

Finance costs
The Group's finance charge for the year increased to US$23.6 million (2013: US$21.9 million) principally due to higher other interest costs of US$2.2 million (2013: nil). Other interest relates mainly to interest on outstanding tax balances. Higher interest on bank loans of US$12.5 million (2013: US$11.6 million) was offset by lower exchange losses on foreign currency borrowings of US$8.0 million (2013: US$9.6 million).

Foreign exchange losses on monetary items
Exchange losses on monetary items of US$17.6 million (2013: US$30.6 million) arise from the Group's foreign currency monetary items and principally reflect the depreciation of the BRL against the USD during the period. Although the depreciation of the BRL of 13% during the year was similar to the 15% devaluation in 2013, exchange losses on monetary items was lower in 2014 largely due to the decrease in our net exposure to BRL denominated assets and the exchange rate fluctuations that occurred in the year.

The tugboat Uranus manoeuvring a vessel in Guanabara Bay,
Rio de Janeiro. The Uranus was built in our shipyard in Guarujá in 2009.

Financial Review

Exchange rates

The Group reports in USD and has revenue, costs, assets and liabilities in both BRL and USD. Therefore movements in the USD/BRL exchange rate can impact the Group both positively and negatively from year to year. During 2014 the BRL depreciated 13% against the USD from R$2.34 at 1 January 2014 to R$2.66 at the year end, (2013: 15% depreciation).

The principal effects from the depreciation of the BRL against the USD on the income statement are:

	2014 US$ million	2013 US$ million
Exchange losses on monetary items (i)	17.6	30.3
Exchange loss on foreign currency borrowings	8.0	9.6
Deferred tax on retranslation of fixed assets (ii)	15.9	18.8
Deferred tax on exchange variance on loans (iii)	(8.0)	(11.8)
Total	33.5	46.9

(i) This arises from the translation of BRL denominated monetary items in USD functional currency entities.

(ii) The Group's fixed assets are located in Brazil and therefore future tax deductions from depreciation used in the Group's tax calculations are denominated in BRL. When the BRL depreciates against the US Dollar the future tax deduction in BRL terms remain unchanged but is reduced in US Dollar terms.

(iii) Deferred tax credit arising from the exchange losses on USD denominated borrowings in Brazil.

A currency translation adjustment loss of US$7.1 million (2013: US$4.1 million) on the translation of operations with a functional currency other than USD is included in other comprehensive income and recognised directly in equity.

The average USD/BRL exchange rate in the period was 9% higher at 2.35 (2013: 2.16). A higher average exchange rate adversely affects BRL denominated revenues and benefits BRL denominated costs when converted into our reporting currency the USD.

Profit before tax

Group profit before tax for the year at US$78.5 million was US$22.0 million lower than prior year, US$100.5 million, principally due to the US$29.6 million decrease in operating profit and reduced gains from the investment portfolio, US$7.5 million lower. This was partially offset by a US$13.0 million decrease in exchange losses on monetary items and US$4.7 million increase in the share of results of joint ventures.

Taxation

Income tax expense for the year at US$41.9 million was in line with prior year (2013: US$42.2 million). This represents an effective tax rate for the period of 53% (2013: 42%). The corporate tax rate prevailing in Brazil is 34%. The difference in the effective tax rate is due to expenses that are not included in determining taxable profit (principally foreign exchange losses on monetary items) and a deferred tax charge in the period of US$9.1 million (2013: US$8.7 million). The current year effective tax rate is higher than prior year mainly due to lower profits at our Bermudian companies that are not subject to income or capital gains tax, higher tax losses at our Brazilian subsidiaries not recognised in deferred tax and in 2013 the Group benefited from fiscal planning relating to the sale of fixed assets.

The deferred tax charge in the period of US$9.1 million was consistent with 2013 (US$8.7 million) due to a comparable devaluation of the BRL against the USD in both years, 13% in 2014 against 15% in 2013. As explained in the section on exchange rates above, the depreciation of the BRL against the USD generates a deferred tax charge arising on the retranslation of BRL denominated fixed assets in Brazil and a deferred tax credit on the exchange losses on USD denominated borrowings.

Profit for the year

After deducting profit attributable to non-controlling interests of US$13.4 million (2013: US$20.4 million), profit attributable to equity holders of the parent is US$23.2 million (2013: US$37.9 million).

Earnings per share

Basic earnings per share for the year were 65.6cents (2013: 107.1 cents).

Cash flow

Net cash inflow from operating activities for the year at US$105.6 million is marginally lower than 2013, US$108.4 million. The decrease in operating profit was offset by an increase in non-cash expenses and lower profit on the disposal of property, plant and equipment. The working capital movement in the year includes US$7.1 million in payments to settle the Wilson Sons long-term incentive plan.

Capital expenditure of US$107.5 million was in line with prior year (2013: US$106.1 million) and was mainly invested in towage vessel construction, the expansion of the Brasco Caju Oil and Gas support terminal and the expansion of the warehouse at Tecon Salvador. New loans to finance capital expenditure of US$64.1 million were raised in the period (2013: US$50.8 million) and capital repayments of US$38.1 million (2013: US$36.8 million) made on existing loans.

At 31 December 2014 the Group had US$103.8 million in cash and cash equivalents (2013: US$106.5 million) of which US$70.3 million was denominated in Brazilian Real (2013: US$84.0 million). Included in the Group's trading investments of US$278.0 million at 31 December 2014 is US$24.0 million (2013: US$33.0 million) in USD denominated fixed rate certificates held by Wilson Sons Limited. These investments are not part of the Group's investment portfolio managed by Hanseatic Asset Management LBG and are intended to fund Wilson Sons Limited operations in Brazil.

Balance sheet

At 31 December 2014 the equity attributable to shareholders of the parent company was US$549.8 million, a decrease of US$2.4 million from 2013 (US$552.2 million). The principal movements in the year were profits for the period of US$23.2 million, less dividends paid of US$21.2 million and a negative currency translation adjustment of US$4.0 million. The currency translation adjustment arises from exchange differences on the translation of operations with a functional currency other than USD. On a per share basis

The Wilson Sons Towage Operations Centre was implemented to improve efficiency and safety in our towage operations. The centre currently monitors in real time 51 tugboats in 14 ports throughout Brazil.

Financial Review

net equity is the equivalent of US$15.55 per share (31 December 2013: US$15.61 per share).

Net debt and financing

All debt at the year end was held in the Wilson Sons Limited Group and has no recourse to the parent company, Ocean Wilsons Holdings Limited, or the investment portfolio held by Ocean Wilsons Investments Limited.

The Group's borrowings are long-term with defined repayment schedules repayable over different periods up to 18 years and an average weighted maturity of 11 years. At 31 December 2014, 91% of the Group's borrowings are USD denominated or linked to the USD with a favourable weighted average interest rate of 3.00%. A significant portion of the Group's pricing is denominated in US Dollars and acts as a natural hedge to our long-term exchange rate exposure. At 31 December 2014, 87% of our debt was non-current.

At 31 December 2014, The Group had net debt of US$271.4 million (2013: US$239.2 million):

	2014	2013
	US$ million	US$ million
Debt		
Short-term	51.2	39.5
Long-term	344.0	339.2
Total debt	395.2	378.7
Cash and cash equivalents*	(123.8)	(139.5)
Net debt	271.4	239.2

* Included in cash and cash equivalents are short-term investments in Wilson Sons Limited which are intended to fund Wilson Sons Limited operations in Brazil

The Group's borrowings are used principally to finance vessel construction and the development of our terminal business. The Group's main sources of financing are the Fundo da Marinha Mercante "FMM", a Brazilian Government fund dedicated to funding vessel construction in Brazil and the International Finance Corporation. The FMM is funded by a levy on inbound freight to Brazil and the BNDES and Banco do Brasil act as lending agents for the FMM.

The Group's reported borrowings do not include US$257.4 million of debt from the Company's 50% share of borrowings in our Offshore Vessel joint venture.

Keith Middleton
Finance Director

Wilson Sons Limited

The Wilson Sons 2014 Earnings Report released on 24 March 2015 is available on the Wilson Sons Limited website: www.wilsonsons.com.br

In it Cezãr Baião, CEO of Operations in Brazil said:

"Wilson Sons' soft EBITDA and Operating Profit in the fourth quarter are a consequence of a negative backdrop with challenging economic environment including weak international demand and low local GDP growth pressuring the Container Terminals business and particularly Tecon Salvador.

Subsequent to the year end, the fall in the oil price has created some uncertainty and stimulated revision by clients for their future investment plans. Beyond existing contracts in the Offshore Support Vessels joint venture and our Shipyards, this scenario reduces visibility of medium term demand particularly for our new Oil & Gas Terminal.

We are still positive with long-term growth, but, in order to enhance competitiveness, we will be diligently looking at ways to increase the services to customers, utilising a greater proportion of installed capacity, reducing costs and improving efficiency."

The Wilson Sons Strategy is to:

Continue to consolidate our position in all the segments in which we operate, maximising economies and efficiency, quality and the range of our services we provide to customers.

Fulfilling capacity in our expanded port terminals. In order to meet demand from domestic and international trade, we have expanded our two container terminals since the inception of the concessions. By maximising utilisation of this installed capacity, we are best able to continue increases in productivity and service to our clients with economies of scale. We will diligently pursue this objective. We will evaluate new concessions and the development of new terminals in other Brazilian ports and analyse these potential investments in light of our existing operations, and their ability to provide a strong return on shareholders' equity.

Increasing capacity of our Upstream Oil and Gas Support Terminals (Brasco). We are completing the development of a continuous 500 metres of berth in the Brasco Caju (Briclog) base to attend offshore support vessels with excellent access to the Campos and Santos oil producing basins. When completed, this expanded capacity will consolidate Brasco's position as one of the largest offshore support base operators for the Brazilian Oil and Gas industry. We are continuously monitoring offshore operations along the Brazilian coast to meet the demand for such services.

Strengthening our position as the leading provider of towage services in the Brazilian market. We intend to continue to modernise and expand our fleet of tugboats in order to provide consistently high-quality service to our customers and consolidate our leading position in the Brazilian towage market. We regularly review our fleet deployment to optimise efficiency, and to seek out new niches in the market where we may be able to provide additional services. Consistent with our focus on operating on a national scale, we seek to increase our geographical footprint of towage services to new ports in Brazil.

Maximising potential of our expanded shipyard facilities and future projects through a mix of in-house and third-party vessel construction, as well as providing repair, maintenance and dry docking services to meet the demand of national and international vessel owners in Brazil.

Solidifying our Offshore Support Vessel services to oil and natural gas platforms. Using our knowledge and experience, we intend to continue to consolidate our activities through the delivery of contracted vessels and maintain our position amongst the leading suppliers of services to the offshore oil and gas industry in Brazil.

Exploring new opportunities and strategies to provide the best and most complete set of services to our customers. We are always looking to provide new and innovative services to our customers, and to anticipate their needs. We intend to continue our strategy with shipping companies in order to provide a complete set of local and international trade-related services across a nationwide network. We also seek to make these services more efficient and cost-effective, in order to maintain our strong customer base and strengthen our relationships with those customers.

Increasing economies of scale and productivity, realisation of potential synergies and cost savings across our business segments. We continuously seek to optimise our operations and productivity and reduce our costs through synergies and the exchange of know-how among our businesses and administrative areas. We are and will continue to be focused on integrating similar activities in order to realise savings in administrative and back-office areas, especially in our branch offices. We seek to achieve economies of scale and reduce costs wherever possible. We demand that the managers of our different divisions continually develop new strategies that may improve our operations and explore new businesses.

Health, Safety and the Environment are a priority for the execution of our overall strategy of sustainable ethical business. We continue programmes to promote best practice safety throughout the Group through the training of our personnel and the promotion of a safety oriented environment and culture.

Investment Portfolio

Investment Objective
The Investment Objective is to achieve real returns through long-term capital growth, whilst emphasising preservation of capital. Investment views are expressed through an unconstrained globally diversified portfolio, without regard to short-term moves in equity markets or any benchmark allocation. An individual opportunity is considered on the contribution that the investment's expected return would make to the overall portfolio set against the potential impact of a permanent loss of capital.

Performance is measured against an absolute benchmark of one-year US Dollar LIBOR (prevailing on 1 January each year) plus 2%. This benchmark reflects the portfolio's long-term time horizon and unconstrained mandate where there is no compulsion to invest in any specific asset class or geographic region. Moreover, the Investment Manager is more concerned about absolute loss of capital rather than any short-term underperformance versus an index.

Investment Policy
The Investment Manager will seek to achieve the Investment Objective through investments in publically quoted and private (unquoted) assets across four 'silos': public equities, private assets (predominantly private equity), market neutral funds and bonds. Cash levels will be managed to meet future commitments (e.g. to private assets), whilst maintaining an appropriate balance for opportunistic investments.

Commensurate with the long-term horizon, it is expected that the majority of investments will be concentrated in equity, across both 'public' and 'private' markets. In most cases, investments will be made either through collective funds or limited partnership vehicles, working alongside expert managers in specialised sectors or markets to access the best opportunities.

The Investment Manager maintains a global network to find the best opportunities across the four silos worldwide. The portfolio contains a high level of investments which would not normally be readily accessible to investors without similar resources. Furthermore, a large number of holdings are closed to new investors. There is currently no gearing although the Board would, under the appropriate circumstances, be open-minded to modest levels of gearing. Likewise, the Board may, from time to time, permit the Investment Manager opportunistically to use derivative instruments (such as index hedges using call and put options) actively to protect the portfolio.

Investment Process
Manager selection is central to the successful management of the investment portfolio. Potential individual investments are considered based on their risk-adjusted expected returns in the context of the portfolio as a whole.

Initial meetings are usually a result of: (i) a 'top-down' led search for exposure to a certain geography or sector, (ii) referrals from the Investment Manager's global network or (iii) relationships from sell-side institutions and other introducers. The Investment Manager reviews numerous investment opportunities each year, favouring active specialist managers who can demonstrate an ability to add value over the longer-term, often combining a conviction-based approach, an unconstrained mandate and the willingness to take unconventional decisions (e.g. investing according to conviction and not fear of short-term underperformance versus an index).

Excessive size is often an impediment to continued outperformance and the bias is therefore towards managers who are prepared to restrict their assets under management to a level deemed appropriate for the underlying opportunity set. Track records are important but transparency is an equally important consideration. Alignment of interest is essential and the Investment Manager will always seek to invest on the best possible terms. Subjective factors are also important in the decision making process – these qualitative considerations would include an assessment of the integrity, skill and motivation of a fund manager.

When the Investment Manager believes there is a potential fit, thorough due diligence is performed to verify the manager's background and identify the principal risks. The due diligence process would typically include visiting the manager in their office (in whichever country it may be located), onsite visits to prospective portfolio companies, taking multiple references and seeking a legal opinion on all relevant documentation.

All investments are reviewed on a regular basis to monitor the ongoing compatibility with the portfolio, together with any 'red flags' such as signs of 'style drift', personnel changes or lack of focus. Whilst the Investment Manager is looking to cultivate long-term partnerships, every potential repeat investment with an existing manager is assessed as if it were a new relationship.

Portfolio Characteristics
The portfolio has several similarities to the 'endowment model'. These similarities include an emphasis on generating real returns, a perpetual time horizon and broad diversification, whilst avoiding asset classes with low expected returns (such as government bonds in the current environment). This diversification is designed to make the portfolio less vulnerable to permanent loss of capital through inflation, adverse interest rate fluctuations and currency devaluation and to take advantage of market and business cycles. The Investment Manager believes that outsized returns can be generated from investments in illiquid asset classes (such as private equity). In comparison to public markets, the pricing of assets in private markets is less efficient and the outperformance of superior managers is more pronounced.

Investment Managers Report

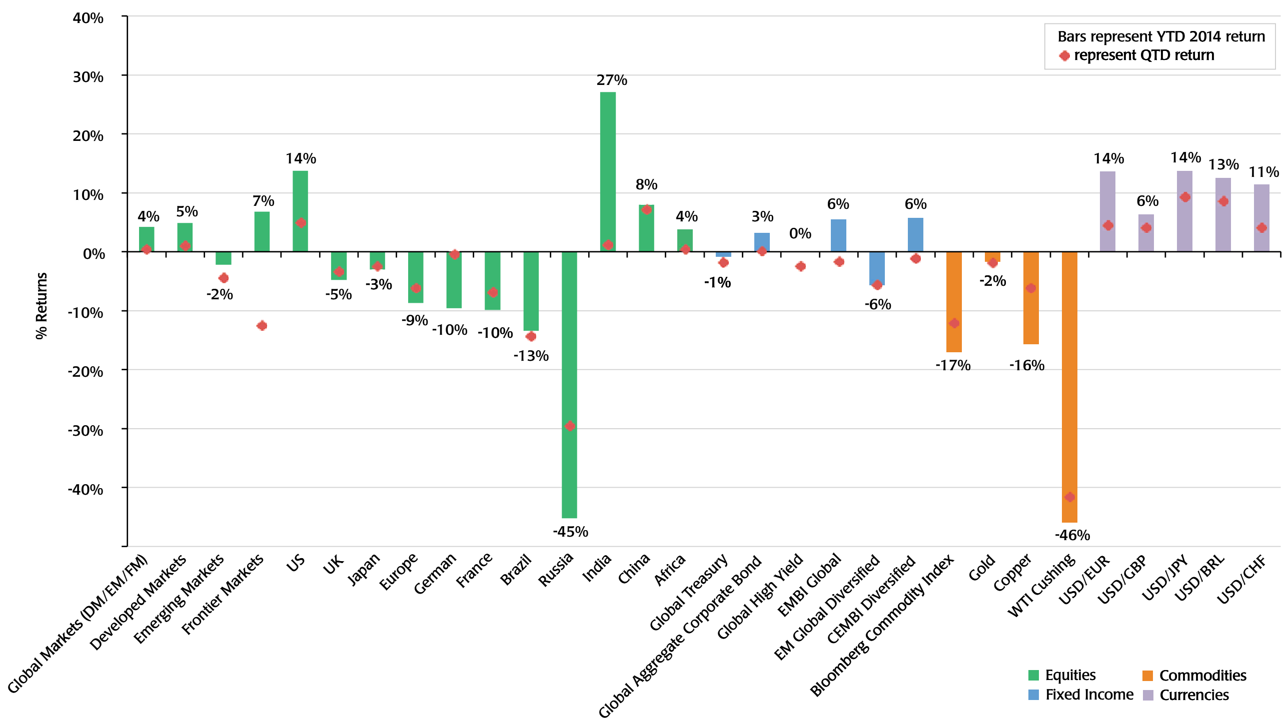
Hanseatic Asset Management LBG, the manager of the Group's investment portfolio report as follows:

Market Commentary

On the surface, markets appeared relatively stable in 2014, with world equities rising by 4.2% in US dollar terms. Below the surface, though, life was a little more frantic, with notable dispersions in performance at a regional level.

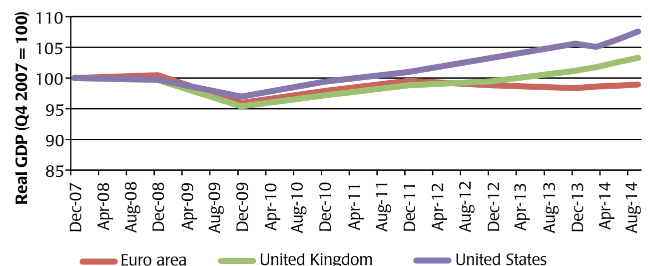
Amongst the Developed markets, US equities rose sharply, increasing by 13.7% in US dollar terms. In contrast, European, Japanese and UK equities fell by -8.7%, -3.0% and -4.8%, respectively. Emerging markets declined by -2.2% for the year. However the composition of this was very varied at the country level. Indian equities rose by 27.1% and China by some 8.0% (the local Chinese A share market produced an extremely strong 52.0% with 42.6% coming in the last quarter alone). In contrast, the commodity-exposed Latin American markets fell by -12.3% and Russia by some -45.2%.

Chart 1: Market performance (year-to-date/USD terms)



Underlying this divergence in performance is the maturing of the stock market cycle. In the early stages of the cycle, when valuations were low, most risk asset-classes rose as investors recognised that economies were not plummeting into oblivion and valuations normalised having over-reacted on the downside. As the cycle has developed, however, the backdrop has become more nuanced. Economic growth has started to diverge with the US clearly leading the way with robust, almost normal, growth coming through. The UK is lagging a little behind and Europe is teetering dangerously on the brink of persistent deflation in what some are terming the 'Japanification of Europe'.

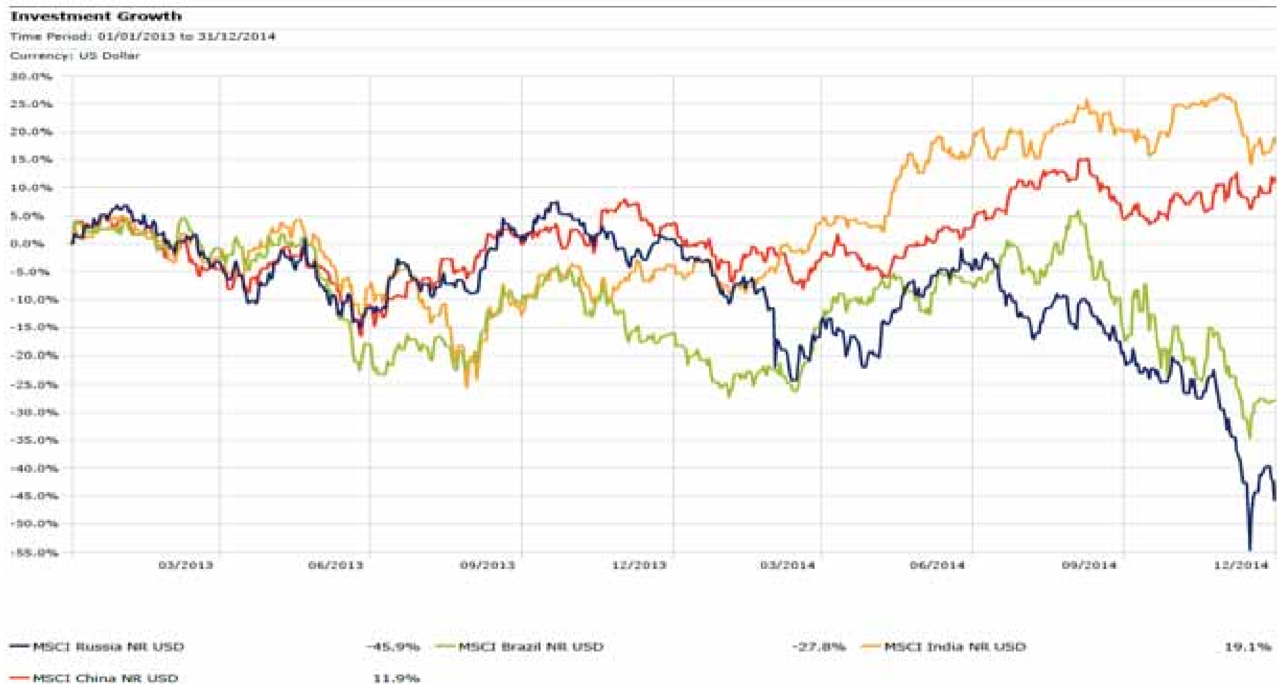
Chart 2: Diverging economic performance



Emerging markets, having initially bounced strongly after the global financial crisis, are now exhibiting very varied performance. On the one hand, those oil importing countries (benefiting from the falling oil price) that are managing their economies in a sensible fashion and adopting progressive, market friendly policies are being rewarded. Sitting firmly in this camp is India with the new Prime Minister, Narendra Modi, promising significant change. Conversely, those emerging market economies which are exporters of oil, have poor financial positions and whose governments are unwilling to modernise are being punished. The leading member of this group is clearly Russia, being heavily dependent on oil and the subject of painful sanctions as President Putin pursues an increasingly nationalistic mandate.

Investment Managers Report

Chart 3: Equity performance of oil exporting versus importing Emerging market countries



Market Outlook

As the business cycle matures and valuations increase this naturally raises the question as to the outlook for equities. Whilst we think that the markets will become increasingly choppy, we ultimately think that they will continue to rise. The global economic backdrop continues to improve albeit at a more subdued pace compared to previous cycles and, as discussed earlier, with increasing differentiation between markets. Valuations have lifted to average or even higher in some classes with the US looking notably full. This however is normal at this stage of the cycle and typically leads to company profitability being a more important driver of market performance rather than valuations being further increased. The liquidity picture also remains positive albeit again now varying on a country-by-country basis with the US and UK likely to move to a tightening phase as the year progresses (but importantly still a very loose monetary policy picture overall), while Europe starts its QE programme.

Within equities, one's investment horizon is key. For an investor with a 10 year horizon, it looks increasingly likely that emerging markets will do somewhat better than developed markets as the valuation differential becomes stretched in favour of emerging. However, over the next couple of years, developed markets look the more attractive option with their economic growth improving whilst emerging market growth is still under pressure in many cases (we watch China very closely). With US interest rates expected to rise at some point in 2015/16, capital is likely to flow from Emerging Markets back into the US, reversing a significant source of liquidity. Many Emerging markets are also oil producers whereas the West tends to be consumers, again transferring wealth back into developed markets.

Much has been written about Europe's slide into deflation and inflation is falling in the developing world as well. The collapse in oil prices has sparked a plunge in bond yields as inflation expectations have fallen, with some arguing that the UK's latest 0.5% inflation level is a portent of a damaging and sustained period of deflation. However, deflation is damaging when spending, wages, prices and asset values are all falling in money terms (i.e. falling nominal demand), but this is clearly not the current UK situation. Central banks will find it hard to raise interest rates at a time of falling inflation, so an interest rate hike in the UK and US is becoming a dimmer prospect for 2015, while the ECB has only just started QE.

Overall, we are encouraged by the progress made in 2014 with your Fund well positioned for the year ahead in what is likely to be a period of volatility and more modest, but ultimately positive, returns.

Hanseatic Asset Management LBG
March 2015

Portfolio Construction

The net asset value at the end of December 2014 was $251.7million. The portfolio is comprised of four 'sub-portfolios' as detailed below:

Sub-Portfolio	$m	% NAV
Global Equities	144.6	57.4
Private Assets	74.7	29.7
Market Neutral Funds	8.4	3.3
Bonds/Other	24.0	9.6
Total	**$251.7m**	**100.0%**

1) '**Global Equities**' is comprised of holdings that are sensitive to stock market movements and may take the form of 'long-only' or 'long/short' funds, as well as direct quoted equities. There is a strong bias towards fundamental, research-driven stock-pickers with a proven ability to produce attractive compounded returns.

2) '**Private Assets**' contains fixed life investments typically with lives of approximately ten years and often structured through commitments to limited partnership vehicles that make investments in private equity, real assets (such as property and natural resources) and private debt.

These investments are driven by a 'bottom-up' analysis of the manager's value creation attributes, regardless of the prevailing economic climate. Managers dependent on financial engineering as a primary driver of returns are avoided. Moreover, it is essential that the manager provides more than capital to its portfolio companies – e.g. strong operational capabilities. Investments should be made into companies where there is a clearly defined exit route, which is not solely reliant on IPO markets.

By investing in Private Assets it is often possible to access differentiated opportunities and fast growing businesses that are not normally available through public markets. For example, many Emerging Market countries have relatively immature capital markets, which can make it difficult to access the most attractive sectors in the public markets at reasonable valuations. Furthermore, Private Assets often exhibit low correlation to public security markets and the phased drawdown of capital helps to reduce market timing risk.

- 28 commitments (totalling $120.7 million) have been made as at 31 December 2014.
- $95.4 million has been drawn down.
- Outstanding commitments of $36.6 million (the majority of which will be drawn down over the next five years) are covered by cash and investments in market neutral funds. In addition, based on conservative estimates, distributions from the current private assets portfolio should enable this sub-portfolio to become self-funding.
- To date, cumulative distributions received total $30.3 million.

3) '**Market Neutral Funds**' contains generally lower volatility investments in a small number of funds that engage in a variety of trading strategies across asset classes. Each market neutral fund has a different investment mandate and it is expected that their collective performance will not be dependent on the direction of global security markets. What they have in common is a focus on generating positive absolute returns while providing downside protection in volatile markets.

In addition, Market Neutral Funds act as a secondary backstop to cash in covering long-term capital commitments (thus helping to avoid excessive cash drag – especially in the current environment of near-zero interest rates) and other opportunistic investments. In short, the Investment Manager believes that they provide a better risk/reward allocation than other investments that are perceived to be 'lower risk' such as government bonds.

4) '**Bonds/Other**' – Bonds, both sovereign and credit, are comprised of two constituents: (i) Investment Grade Bonds and (ii) High Yield Bonds. Returns may be generated from rising capital value and coupons as well as currency exposure.

Investment Grade Bonds (0% of NAV) would contain investments in sovereign (government) bonds as well as corporate bonds with high credit ratings (typically at least 'BBB' as defined by Standard & Poor's).

High Yield Bonds $9.1 million, (3.6% of NAV) include investments in Emerging Market (sovereign and corporate debt) and other Developed Market high yield corporate debt.

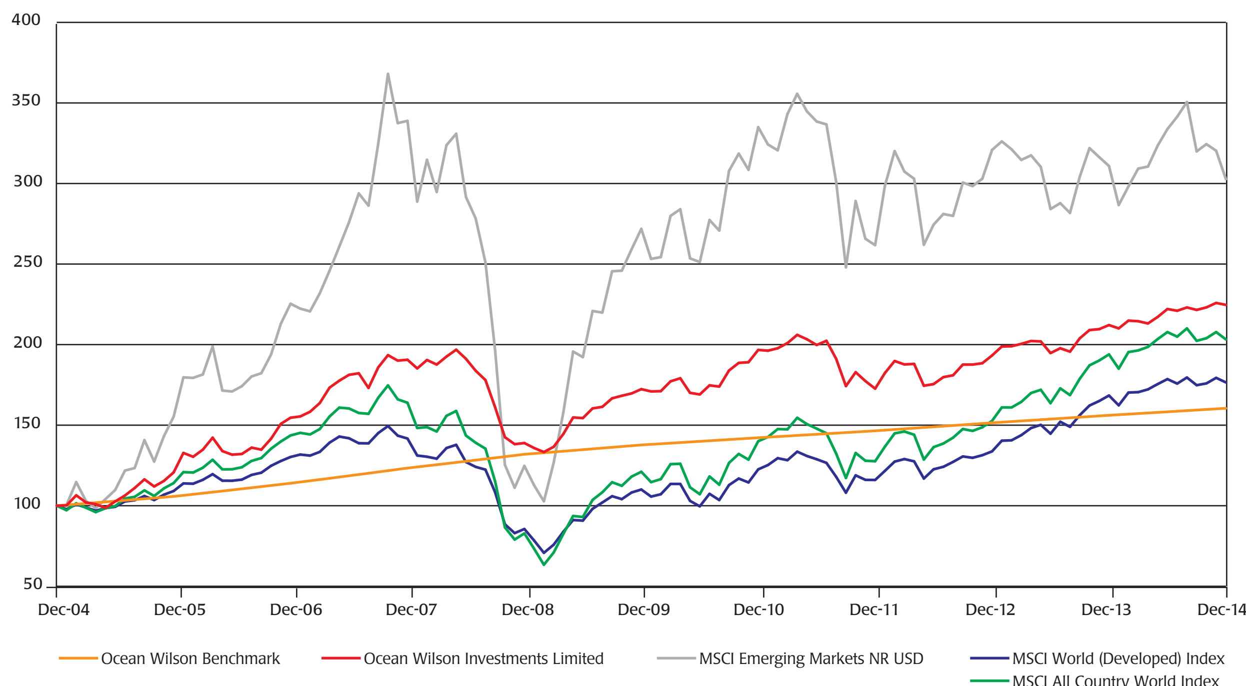
'Other' is comprised of cash valued at $14.9 million (6.0% of NAV).

Cumulative Portfolio Returns

Performance (Time-weighted)	1 Year	3 Year p.a.	5 Year p.a.	10 Year p.a.	Since Inception p.a. (i)
Portfolio Performance	4.7%	7.1%	4.3%	6.1%	7.5%
Performance Benchmark	2.6%	2.9%	2.9%	4.5%	3.9%
MSCI World (Developed) Index	4.9%	15.5%	10.2%	6.0%	4.0%
MSCI All Country World Index	4.2%	14.1%	9.2%	6.1%	n/a
MSCI Emerging Markets Index	(6.5%)	4.0%	1.8%	8.4%	9.7%

Investment Managers Report

Performance



Notes:

(i) Inception on 1 November 2000.

(ii) Performance is measured against an absolute benchmark of one-year US Dollar LIBOR (prevailing on 1 January each year) plus 2%.

(iii) MSCI All Country World Index includes Developed, Emerging and Frontier Markets (weighted by market capitalisation). Inception date for the index was 31 May 2002.

Performance Commentary

Sub-Portfolio	Valuation	Weighting	Performance	Contribution
31 December 2014	$m	%	YTD %	YTD $m
Global Equities	144.6	57.4	4.1	6.0
Private Assets	74.7	29.7	8.5	5.2
Market Neutral Funds	8.4	3.3	6.9	1.0
Bonds/Other	24.0	9.6	(2.1)	(0.3)
Total	**251.7**	**100.0**	**4.7**	**11.9**

During 2014, the portfolio generated a time weighted return of +4.7%. This compares favourably to a +2.6% gain for the Performance Benchmark and a +4.2% return for the MSCI All Country World Index.

2014 saw a continuation of gains in the regions that posted the strongest returns in the prior year, albeit returns were less robust. Notable gains in the portfolio came from North America (+11.0%), Europe ex UK (+15.7%) and Global Developed (+6.1%). The largest contributors to the portfolio's performance came from: **Findlay Park American Fund** (+11.2%), **Greenspring Global Partners IV, LP** (+31.7%), **NTAsian Discovery Fund** (+15.6%), **Adelphi European Select Equity Fund** (+13.0%) and **BlackRock European Hedge Fund** (+13.0%).

Losses were generated primarily by the portfolio's exposure to Emerging Markets ex-Asia (-29.2%), Commodities (-27.5%) and Commodity Equity (-29.2%). The largest detractors to performance were concentrated in commodity-related geographies and sectors: Prosperity Quest Fund (-40.7%), **Phaunos Timer Fund Limited** (-27.5%), **Hupomone Capital Fund** (-86.9%), **Prusik Asian Smaller Companies Fund** (-8.0%), and **Schroder ISF Global Energy** (-33.5%).

The energy sector experienced significant volatility, with the oil price falling by -40.0% over the year amidst increasing disconnect between supply/demand fundamentals, and with further evidence of a slowdown in China. The Russian economy was negatively impacted by the oil price fall, while ongoing political tensions produced an extremely difficult environment for investors. However, Prosperity emphasize the healthy balance sheets across the corporate landscape, which has resulted in an increase in strategic M&A in Russia. They also point towards attractive valuations, which are currently lower than those seen in 1999.

The large loss recorded at Hupomone reflects the new valuation that Borelli Walsh, the replacement Manager, has produced following a full audit and review of the portfolio. Borelli Walsh were appointed on 16 August 2013, following the unanimous decision of the LP Advisory Board to remove Hupomone Capital. A significant write-down had been expected, and it is now hoped that Borelli Walsh will be able to work hard to produce the best results for investors.

In aggregate, Macro/Market Neutral Funds posted strong performance of +6.9%, primarily owing to strong performance from **BlueCrest All Blue**

Leveraged Feeder (+8.2%). On the other hand, the portfolio's exposure to Corporate and Global High Yield generated negative returns of -0.9% and -2.8% respectively. **Oaktree Value Opportunities Fund** fell -4.7% over the fourth quarter, ending the year down -2.4%. Poor performance was attributed to significant mark-to-market losses in energy and power related names as oil prices collapsed in the latter half of the year, as well as a slowdown in Chinese coal imports which impacted the portfolio's exposure to dry bulk shipping.

Private Assets (29.7% of net asset value) – Private Assets generated robust performance of +8.°4% during the year, outperforming Global Equities, Market Neutral, Bonds/Other and Cash. The private assets programme is maturing, with 56.5% of the overall programme having completed their investment period.

During the year, there were drawdowns of $23.2 million, the largest coming from **KKR Special Situations Fund** ($5.2 million), **Gramercy Distressed Opportunity Fund II** ($3.0 million) and **Hony Capital Fund V** ($2.4 million). The portfolio received distributions of $10.1 million, the largest inflows being from **African Development Partners I** ($1.8 million), **Greenspring Global Partners IV** ($1.4 million) and **Oaktree Principal V** ($1.0 million). African Development Partners ('ADP') achieved their first two exits in 2014. Libstar (fast-moving consumer goods) was sold to the Abraaj Group in October 2014, generating an IRR of 21% and a 1.7x multiple of cost. During the period of ADP's ownership (June 2011 – October 2014), sales and EBITDA increased by 64% and 44% respectively. The sale of Mansard (insurance) to the AXA Group occurred in December 2014. Together with previous distributions, the Mansard investment achieved an IRR of 40% and a 2.8x multiple of cost. The remaining portfolio is performing well and the General Partner will continue to focus on achieving realisations.

Greenspring Global Partners IV was one of the strongest performers in the overall portfolio for the year. The Fund is being carried at a net IRR of 20.2% and a 1.9x multiple of invested capital. An exit of note worth highlighting in the portfolio is Zulily, which underwent an IPO in 2013. As the Fund's holdings were in lock-up until May 2014, partial sales were completed on the open market in May, September and October, with the final realisation being made in November. Collectively, the Fund generated $59.3 million in proceeds, with represented a 5.3x multiple of cost.

On the other hand, **Capital International Private Equity Fund V** was a poor performer over the year. The portfolio currently consists of eight remaining investments. The Portfolio Manager highlighted that sanctions on Russia, combined with the falling rouble and the oil price decline have had a material effect on **QGOG Constellation** (Brazil's leading offshore drilling company), **Seven Energy International** (Nigerian oil and gas exploration and production) and Danone-Unimilk (largest dairy producer in Russia).

Overall, the underlying limited partnerships are showing increasing visibility on their potential for value creation. The Investment Manager remains confident that the significant capital deployed into post-crisis vintages represents an attractive store of future value.

The top five contributors to the overall portfolio performance were:

Top Five Contributors (in USD)	Contribution %	Performance %/x	Gain $m
Findlay Park American Fund	0.7	11.2%	1.8
Greenspring Global Partners IV, LP	0.6	1.9x	1.5
NTAsian Discovery Fund	0.6	15.6%	1.5
Adelphi European Select Equity Fund	0.5	13.0%	1.3
BlackRock European Hedge Fund	0.5	13.0%	1.2
Total	**2.9**		**7.3**

***Notes:**

(i) Performance for Private Assets Investments is measured as a multiple (since inception of the investment) based on the following equation: Cash Multiple = (Profit / Loss + Drawn Capital) / Drawn Capital (since inception not for the period) where Profit / Loss = (Investment Value + Distributions) – (Initial Costs + Taxes).

(ii) Partially sold during the period.

Portfolio Activity* – for the year ended 31 December 2014

During 2014, there were total purchases of $33.7 million, including purchases of new positions totalling $27.3 million and total sales of $66.0 million.

New Positions	$m
Adelphi European Select Equity Fund	10.0
Select Equity Offshore, Ltd	4.5
Vulcan Value Equity Fund	4.5
GAM Star Technology	4.5
Goodhart Partners Longitude Fund: Hanjo Fund	3.8
Additions to Existing Investments	
Odey Absolute Return Fund	3.5
BlackRock European Hedge Fund	2.9
Total	**33.7**

Purchases

Adelphi European Select Equity Fund – The Fund invests long-only in Pan-European equities, with a fundamental bottom-up approach.

Select Equity Offshore, Ltd – The Fund invests long-only in North American equities, focusing on quality stocks, with a value consideration, across small and mid-capitalisations.

Vulcan Value Equity Fund – The Fund invests long-only in North American equities, focusing on value plays with a quality bias across all market capitalisations.

GAM Star Technology – The Fund invests long-only in global technology companies, with a focus on intrinsic valuations derived by the team's analysis.

Goodhart Partners Longitude Fund: Hanjo Fund – The Fund invests long-only in smaller capitalisation Japanese stocks.

Sales

There were sales totalling $65.9 million in 2014.

Investment Managers Report

Private Assets – Commitments

There were three new commitments to private assets in 2014, totalling $13.0 million:

New Commitments	$m
Primary Capital IV, LLP	5.0
MCP Private Capital Fund II, LP	5.0
Greenspring Global Partners VI, LP	3.0
Total	**13.0**

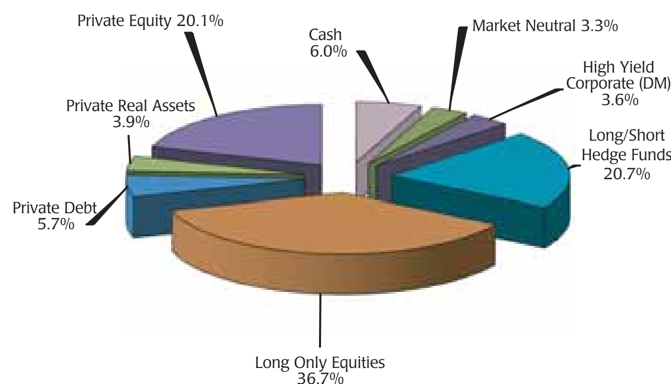
Primary Capital IV, LLP – will continue the strategy of the predecessor Primary funds. It will invest in eight to 12 privately negotiated investments in lower middle-market management buy-outs and buy-ins with a deal size focus of between £20 million – £100 million and equity commitments of between £10 million – £40million. The geographical focus will be on businesses headquartered or with substantial operations in the UK.

MCP Private Capital Fund II, LP – the manager will make 12 to 18 privately negotiated senior debt investments in middle market companies operating in Northern Europe. The Fund's investment strategy will be to deploy capital to finance management buy-outs, buy-ins, build-ups, roll-outs, re-financings and acquisition financings of middle market companies that face difficulty in securing traditional forms of financing and where stakeholders are not looking for pure private equity capital. Whilst the investments will primarily be in senior secured debt, the manager will structure the deals with equity upside often granted on a zero cost basis.

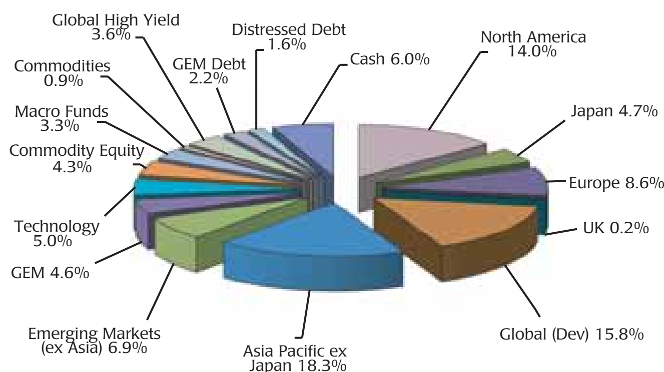
Greenspring Global Partners VI, LP – will continue the strategy of the predecessor Greenspring funds, investing approximately 75% in Venture funds and 25% in later stage Direct Investments. As such the Fund will provide an appropriately diversified exposure to Venture Private Equity in North America.

*For the purpose of the Investment Management report, Private Asset cash movements and dividend reinvestments have been excluded from the purchases and sales.

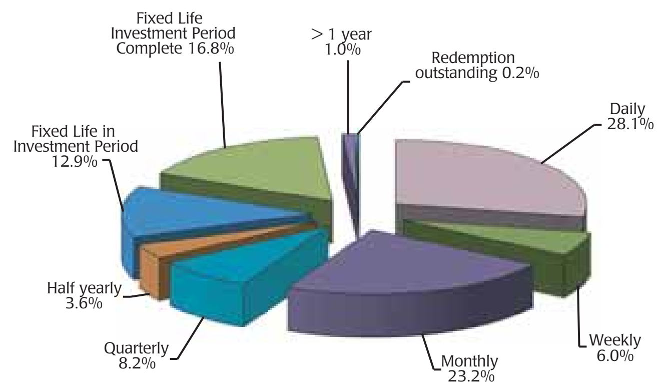
Asset Allocation (as at 31 December 2014)



Geographical Distribution (as at 31 December 2014)



Underlying Liquidity* (as at 31 December 2014)



*Frequency at which underlying investments track does not include notice periods, lock in periods or settlement terms.

Investment Portfolio at 31 December 2014

	Market Value $000	% of NAV	Primary Focus
Findlay Park American Fund	18,090	7.2	US equities – long-only
Egerton European Dollar Fund	13,415	5.3	Europe/US equities – hedged
Adelphi European Select Equity Fund	11,295	4.5	Europe – equities
NTAsian Discovery Fund	11,245	4.5	Asia ex-Japan equities – long-only
Lansdowne Developed Markets Fund	11,045	4.4	Europe/US equities – hedged
Odey Absolute Return Fund	10,589	4.2	Europe/US equities – hedged
BlackRock European Hedge Fund	9,966	4.0	Europe equities – hedged
Oaktree CM Value Opportunities Fund	9,078	3.6	US high yield corporate debt – hedged
BlueCrest AllBlue Leveraged Feeder	8,374	3.3	Market Neutral – multi-strategy
JO Hambro Japan Fund	7,909	3.1	Japan equities – long-only
Top 10 Holdings	**111,006**	**44.1**	
Hirzel Capital Fund	6,666	2.7	US equities – hedged
Schroder ISF Asian Total Return Fund	6,067	2.4	Asia ex-Japan equities – long-only
China Harvest Fund II, LP	5,603	2.2	Private Assets – China
Greenspring Global Partners IV, LP	5,544	2.2	Private Assets – US Venture Capital
Gramercy Distressed Opportunity Fund II, LP	5,481	2.2	Private Assets – distressed debt
Prince Street Opportunities Fund	5,348	2.1	Emerging Markets equities – long-only
Vulcan Value Equity Fund	5,144	2.0	US equities – long-only
Helios Investors II, LP	5,114	2.0	Private Assets – Africa
Select Equity Offshore, Ltd	4,919	2.0	US equities – long-only
L Capital Asia, LP	4,814	1.9	Private Assets – Asia (Consumer)
Top 20 Holdings	**165,706**	**65.8**	
KKR Special Situations Fund, LP	4,661	1.9	Private Assets – distressed debt
African Development Partners I, LLC	4,578	1.8	Private Assets – Africa
GAM Star Technology	4,559	1.8	Technology – long-only
African Minerals Exploration & Develop Fund	4,102	1.6	Private Assets – Mining
Oaktree Principal Fund V, LP	4,081	1.6	Private Assets – US distressed debt
Prosperity Quest Fund	4,060	1.6	Russian equities – long-only
Goodhart Partners Longitude Fund: Hanjo Fund	3,813	1.5	Japan equities – long-only
Hony Capital Fund V, LP	3,771	1.5	Private Assets – China
Prusik Asian Smaller Companies Fund	3,747	1.5	Asia ex-Japan equities – long-only
Riverstone/Carlyle Global Energy & Power Fund, LP IV, LP	3,494	1.4	Private Assets – Energy
Top 30 Holdings	**206,572**	**82.0**	
22 remaining holdings	**30,204**	**12.0**	
Cash	**14,966**	**6.0**	
TOTAL	**251,742**	**100.0**	

Directors and Advisers

Directors
J F Gouvêa Vieira* (Chairman)
W Salomon* (Deputy Chairman)
K Middleton
A Berzins*
C Maltby*
A Rozental*
C Townsend*
*Non-executive

Secretary
Malcolm S Mitchell

Profiles of Non-executive Directors
Mr J F Gouvêa Vieira is Brazilian, aged 65 and joined the Group in 1991. He is a partner of the Brazilian law firm of Gouvêa Vieira Advogados. He is chairman of Wilson Sons Limited, a member of the Board of Concremat , Banco PSA Finance Brasil S.A. and a number of other Companies. Mr Gouvêa Vieira is also a member of the Corporate Governance Committee for the American Chamber of Commerce in São Paulo.

Mr W Salomon is German and British, aged 57 and joined the Group in 1995. He is senior partner of Hansa Capital Partners LLP. He is also a non-executive director of Hansa Trust PLC and Wilson Sons Limited.

Mr A Berzins is aged 55, British and resident in Singapore and joined the Group in 2014. He is a non-executive director of Aberdeen Asian Income Fund.

Mr C Maltby is aged 64, British and resident in Switzerland. He is a Director of BACIT Limited and Abingworth BioEquities Fund Limited, and a member of the Supervisory Board of BBGI SICAV SA.

Mr A Rozental is Mexican, aged 69 and is the founding partner of Rozental & Asociados. He is a non-executive director of Wilson Sons Limited, chairman of the Board of Directors of ArcelorMittal Mexico and an independent Director of ArcelorMittal Brazil. He serves on the advisory boards of Kansas City Southern de México, EADS de México, Toyota de México and is a non-executive Board member of HSBC Bank of Mexico.

Mr C Townsend is German and British and resident in Switzerland. He is aged 41 and is a solicitor and has an MBA from the London Business School. He is investment director of Hansa Capital GmbH.

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Registrars
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Ocean Wilsons Dividend Address
Ocean Wilsons Dividend Election
Capita Asset Services
The Registry
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Beckenham
Kent BR3 4TU

Auditor
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15 Canada Square
London E14 5GL

Bankers
Deutsche Bank International Limited
Jersey

Investment Managers
Hanseatic Asset Management LBG
Guernsey, Channel Islands

Brazilian Business Website
www.wilsonsons.com.br

Report of the Directors

The Directors submit herewith their Report and Accounts for the year ended 31 December 2014.

The Group accounts, presented under International Financial Reporting Standards (IFRS), comprise the Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement and the related notes 1-37.

Profits and Dividends
As permitted by Section 84(1A) of the Bermuda Companies Act 1981 the Group's accounts have been drawn up in accordance with International Financial Reporting Standards.

The Group's profit after tax on ordinary activities attributable to equity shareholders amounted to US$23,182,000 (2013: US$37,873,000).

The Directors are declaring the payment of a dividend for the year of 63.0c (2013: 60.0c) gross per share. The dividend will be paid on 5 June 2015 to all shareholders who are on the register at close of business on 8 May 2015.

Principal Activities
The Group's principal activities during the year were the holding of investments and the provision of maritime and logistics services in Brazil.

The investment strategy agreed with the Group's investment managers is to maximise the total return on assets, by investing in a portfolio of diversified assets including global equities, fixed income and alternative assets with a particular emphasis on emerging markets. Investments are intended to add value over the medium to longer-term through a non-market correlated, conviction based investment style.

Our subsidiary, Wilson Sons Limited, has provided maritime services in Brazil for over 175 years. Wilson Sons Limited strategy is to provide maritime and logistics services to the domestic economy, international trade and the oil and gas market.

Details of our activities are set out in the Investment Managers report and Financial review on pages 6 to 19.

Directors
The present Members of the Board are as shown on page 20.

Mr A Berzins was appointed as a non-executive Director of Ocean Wilsons Holdings Limited on the 3 June 2014. Mr Berzins is 55 and lives in Singapore. He is currently Managing Director of Suez Asia Holdings and a Director of Aberdeen Asian Income Fund. Mr Berzins has extensive experience of the Asian investment business having lived and worked there since 1984. He has held a number of positions throughout the investment industry including Managing Director of the Asian private equity arm of the French based Compagnie de Suez (now GDF Suez) group. Mr Berzins has a BSc Honours (1st Class) in Statistics from the University of Bath and is a member of the Institute of Chartered Accountants in England and Wales. In the last five years Mr Berzins was previously a non-executive director of the Cubit Long/Short Commodity Fund.

In accordance with the Company's (Ocean Wilsons Holdings Limited) bye-laws, Mr A Berzins, Mr W Salomon and Mr C Townsend retire at the next annual general meeting and, being eligible, offer themselves for re-election. The Directors who held office at 31 December 2014 had the following interest in the Company shares:

	Interest	**2014**	2013
J F Gouvêa Vieira	Beneficial	151,600	146,600
K Middleton	Beneficial	30,000	10,000
W Salomon*	Beneficial	4,659,349	4,659,349
C Townsend	Beneficial	40,000	40,000
C Maltby	Beneficial	5,000	5,000
A Berzins	Beneficial	5,000	–

*Additional indirect interests of W H Salomon in the Company are set out in substantial shareholdings below.

Service Contracts
Regarding the Directors proposed for re-election at the Annual General Meeting there are no service contracts between Mr A Berzins, Mr W Salomon or Mr C Townsend and the company.

Employees
The average number of persons, including Directors, employed by the Group was 5,972 (2013: 6,363).

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

On 10 January, 2014 options for the acquistion of 2,914,100 BDR's were granted under the Stock Option Plan with an exercise price of R$31.23 and on 13 November, 2014 options for the acquistion of 139,000 BDR's were granted under the Stock Option Plan with respective exercise prices of R$31.23 and R$33,98 as detailed in note 31.

Report of the Directors

Auditor

KPMG LLP were reappointed auditor at the 2014 annual general meeting and have expressed their willingness to continue in office as auditor and a resolution to reappoint them under the provisions of Section 89 of the Bermuda Companies Act 1981 will be proposed at the forthcoming Annual General Meeting.

Substantial Shareholdings

As at 5 March 2015, the Company has been notified of the following holdings of its shares, in excess of 3% of the issued ordinary share capital:

Name of holder	Number of shares	% held
Hansa Trust PLC	9,352,770	26.4
Codan Trust Company Limited and Helen Cooper	4,435,064	12.5
Peter A S Pearman and Codan Trust Company Limited	3,929,049	11.1
Utilico Emerging Markets Utilities Limited	2,365,838	6.7

The Company has been advised that Mr W Salomon is interested in 4,435,064 shares registered in the name of Codan Trust Company Limited and Helen Cooper and Mrs C Townsend is interested in 3,929,049 shares registered in the name of Peter A S Pearman and Codan Trust Company Limited. The Company has also been advised that Mr W Salomon has an interest in 26.4% and Mrs. C Townsend an interest in 25.9% of the voting shares of Hansa Trust PLC. Mr C Townsend is the son of Mrs. C Townsend.

Contracts and agreements with substantial shareholders

No contracts existed at the end of the year in which a substantial shareholder of the Company is or was materially interested.

Corporate Governance

The Board has put in place corporate governance arrangements that it believes are appropriate for the operation of your Company. The Board has considered the principles and recommendations of the 2012 UK Corporate Governance Code ("the Code") issued by the Financial Reporting Council and decided to apply those aspects which are appropriate to the business. This reflects the fact that Ocean Wilsons Holdings Limited is an investment holding Company incorporated by an act of parliament in Bermuda with significant operations in Brazil. The Company complies with the Code where it is beneficial for its business to do so, and has done so throughout the year and up to the date of this report, but as noted below, it does not fully comply with the Code. The position is regularly reviewed and monitored by the Board.

Below are the areas where Ocean Wilsons Holdings Limited does not comply with the 2012 UK Corporate Governance Code and the rationale for not complying:

- The Code states the Company should have a Board nomination committee.

  The Board does not have a separate nomination committee as the identification and appointment of a new Board member is a matter for the full Board. The Board evaluates the balance of skills, experience, independence and knowledge on the board and, in the light of this evaluation, prepares a description of the role and capabilities required for a particular appointment. An independent external search consultant will conduct a search for appropriate candidates with the right blend of skills and experience which are then submitted to the Board for evaluation.

- The Code states that non-executive directors who have served longer than nine years should be subject to annual re-election.

  Directors serving more than nine years are not subject to annual re-election as your Board considers continuity and knowledge of the Company's investments and business acquired over time is of great value. The Directors who have served longer than nine years are Mr J F Gouvêa Vieira, Mr W Salomon and Mr K Middleton.

- The Code requires that there should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors.

  As there is only one employee outside the Wilson Sons Limited Group the group does not have a formal procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. The Board of Wilson Sons Limited is responsible for all remuneration matters relating to Wilson Sons Limited and its subsidiaries.

The Board

The Board currently comprises the chairman, Mr J F Gouvêa Vieira, deputy chairman Mr W Salomon, a further four non-executive directors, Mr A Berzins, Mr A Rozental, Mr C Townsend and Mr C Maltby and one executive director, Mr K Middleton. Mr Rozental, Mr Berzins and Mr Maltby are considered by the Board to be independent under the Code. The Board has appointed Mr A Rozental as the senior independent director. The directors' biographies appear on page 20.

All directors are subject to election by shareholders at the first AGM following their appointment to the Board and are subject to re-election by shareholders once every three years. Mr A Berzins, Mr W Salomon and Mr C Townsend are offering themselves for re-election at the next AGM. The Board considers on a regular basis how to refresh itself.

Non-executive directors hold letters of appointment. The other commitments of directors appear on page 20 as part of their biographies and the Board is satisfied that these commitments do not conflict with their ability to carry out effectively their duties as directors of the Company.

The division of responsibilities between the chairman and the executive director have been clearly established, set out in writing and agreed by the Board. The Group does not have a chief executive.

The Board has appointed an executive director, Mr K Middleton to administer the Holding Company.

Our maritime services subsidiary, Wilson Sons Limited (an autonomous listed company) is supervised by the Board of Wilson Sons Limited who have appointed Mr C Baião as chief executive to run the business in Brazil. The chief executive in turn delegates responsibility to senior executives, in particular strategic business unit directors. Ocean Wilsons Holdings Limited manages its interest in Wilson Sons Limited through the appointment of three Ocean Wilsons Holdings Limited Directors as non-executive directors of Wilson Sons Limited, (presently Mr J F Gouvêa Vieira, Mr W Salomon and Mr A Rozental), voting on matters requiring Wilson Sons Limited shareholder approval and through the relationship agreement between Ocean Wilsons Holdings Limited and Wilson Sons Limited signed following the listing of Wilson Sons Limited on the Sao Paulo and Luxembourg Stock Exchanges. The relationship agreement details areas of co-operation between Ocean Wilsons Holdings Limited and Wilson Sons Limited in meeting accounting, reporting and compliance requirements for both companies.

The Board delegates authority to manage the portfolio of investments to Hanseatic Asset Management LBG.

The Ocean Wilsons Holdings Limited Board has a formal schedule of matters specifically reserved for its attention. As previously stated, autonomy is given to the Wilson Sons Limited Board to supervise the Wilson Sons Limited business and decisions taken by the Wilson Sons Board do not require ratification by the Board of Ocean Wilsons Holdings Limited. The schedule of matters reserved for the Board of Ocean Wilsons Holdings Limited includes:

- Determining the overall strategy of the Group
- Establishing the finance committee and their terms of reference
- Determining the responsibilities of the chairman and directors
- Approving changes to the capital structure of the Company or other matters relevant to its status as a listed Company
- Approving significant matters relating to capital expenditure, acquisitions and disposals and consideration of significant financial matters outside the Wilson Sons Limited Group
- Appointment of directors to Ocean Wilsons Holdings Limited and Ocean Wilsons Investments Limited
- Appointment and removal of the company secretary
- Appointment and removal of executives
- To decide on potential conflicts of interest
- Approval of annual and interim reports
- Approving any dividends and dividend policy
- Appointment of external auditor, financial advisor or corporate broker
- To vote the shares in Wilson Sons Limited on matters presented to shareholders for shareholder approval
- To approve changes in Wilson Sons Limited auditor or accounting policies
- Agree the strategy of Wilson Sons Limited
- Undertaking a formal and rigorous annual evaluation of its own performance and that of its committees and individual directors
- Review of the Company's overall corporate governance arrangements

The Board of Ocean Wilsons Investments Limited is currently constituted by the same directors as the Board of Ocean Wilsons Holdings Limited. The Board delegates authority to run the investment portfolio held by Ocean Wilsons Investments Limited to the investment manager within certain guidelines. The Board of Ocean Wilsons Investments Limited has a formal schedule of matters specifically reserved for its attention which include:

- Appointment, removal and terms of an investment manager
- Determine investment guidelines and restrictions in conjunction with the investment manager
- Approval of the investment objective and benchmark
- To approve and set borrowing limits
- To approve and set limits on the use of derivative instruments
- Review the performance of the investment manager
- Approval of the annual accounts for Ocean Wilsons Investments Limited
- Approving any dividends

The Company has a procedure in place by which directors can seek independent professional advice at the Company's expense if the need arises. The Board has full and timely access to all relevant information to enable it to perform its duties. The Company has directors and officers insurance in place. The executive director is responsible for advising the Board on all corporate matters. Each director has access to the advice and services of the company secretary Mr M Mitchell and the executive director.

During 2014, five scheduled meetings of the Ocean Wilsons Holdings Limited Board were held at different locations. Details of attendance at Board meetings and meetings of the Board committees are set out below. In addition to

Report of the Directors

scheduled Board meetings if matters arise at short notice requiring urgent attention a telephone Board meeting is arranged. During 2014 two telephone Board meetings were held.

Directors' attendance at Board and Finance Committee meetings:

Director	Board Meetings attended	Finance Committee Meetings attended
Mr J F Gouvêa Vieira	6	4
Mr W Salomon	5	4
Mr A Cooper	4	2
Mr K Middleton	7	–
Mr A Rozental	5	4
Mr C Townsend	6	4
Mr C Maltby	7	4
Mr A Berzins	4	3

Mr A Berzins attended the Board meetings following his appointment.

The formal agenda for each scheduled Board meeting is set by the chairman in consultation with the executive director. The Board of Ocean Wilsons Holdings Limited is invited to attend Wilson Sons Limited Board meetings where appropriate to receive operational updates, including one meeting a year in Brazil where the Board of Ocean Wilsons Holdings Limited is invited to attend the Wilson Sons Limited Board meeting to meet business unit directors and receive detailed management reports on the Brazilian business.

The non-executive directors also meet informally, without any executives present, to discuss matters in respect of the business.

All new directors receive an induction on joining the Company. This covers such matters as strategy, operation and activities of the Group and corporate governance matters. Site visits and meetings with senior management are also arranged. The Board as a whole make periodic operational site visits. Directors are encouraged to visit other sites. Directors are also provided with industry and regulatory updates.

The Board has in place a procedure for the consideration and authorisation of conflicts or possible conflicts of interest with the Company's interests annually. If a director has a conflict of interest he leaves the meeting prior to discussion unless requested to remain and leaves determination of such matters to the other directors.

Board Evaluation

The Board undertakes an annual formal performance evaluation for the Board and individual directors. The process involves completion of internally prepared questionnaires. The chairman discusses their responses with each director and then reports the results of the process to the Board which discusses the results highlighting any areas for improvement.

Board Diversity Policy

The Board considers diversity, including the balance of skills, experience, knowledge and nationality, amongst many other factors, when reviewing the appointment of new Directors. The Board does not consider it appropriate to establish targets or quotas in respect of Board appointments. With respect to gender diversity, the Board considers that a merit based approach is the only appropriate approach for determining the composition of the Board and as such has not set specific targets for gender diversity.

Remuneration

Non-executive Directors' fees are set out within limits set in the Company's Articles of Association. The present limit is US$700,000 in aggregate per annum and the approval of shareholders in a General Meeting is required to change this amount.

The Board of Wilson Sons Limited is responsible for all remuneration matters relating to Wilson Sons Limited and its subsidiaries. Mr J F Gouvêa Vieira, Mr W Salomon and Mr A Rozental receive directors fees from Wilson Sons Limited in addition to their fees as directors of Ocean Wilsons Holdings Limited.

Board Committees

The Board has established a finance committee which has formal terms of reference approved by the Board and are reviewed on an ongoing basis by the Board. The committee's terms of reference are available at the Company's registered office. Mr C Maltby, an independent director, is chairman of the committee.

The Board will review Board composition on an ongoing basis (including as part of the formal Board evaluation process) and regularly consider whether any skill gap exists. The Board will evaluate the balance of skills, experience, independence and knowledge on the Board.

If the Board considers that a skill gap exists in either the Board or its committees a description of the role and capabilities required for a particular appointment will be prepared and passed to an independent external search consultant. The external search consultant will conduct a search for appropriate candidates with the right blend of skills and experience which are then submitted to the Board for evaluation.

Any director may suggest a person to be appointed a non-executive director of the Company. The procedure to be followed is:

(a) The C.V. and qualifications of the candidate for the position will be submitted to the chairman who will discuss the proposal with at least two other directors.

(b) The candidate will be interviewed by the chairman, sponsor and at least one other director.

(c) If thought fit, a resolution will be submitted to the Board for the appointment of the candidate.

Following an internal review of our Board composition and evaluation of the balance of skills, the Board considered it appropriate to appoint an additional Board member in 2014. A description of the role and candidate capabilities required for the appointment was prepared and passed to an independent external search consultant. The external search consultant (Trust Associates) conducted a search for appropriate candidates with the right blend of skills and experience which were then submitted to the Board. Mr A Berzins was appointed as a non-executive Director of Ocean Wilsons Holdings Limited effective from the 3 June 2014.

Finance Committee report

The finance committee comprises all non-executive directors, three of whom are considered by the Board to be independent during 2014. The Board is satisfied that during 2014 four directors, Mr C Maltby, Mr W Salomon, Mr A Berzins and Mr A Rozental, have recent and relevant financial experience as all have served on the audit committees of other listed companies. Mr W Salomon also has considerable experience in finance and investment banking and Mr C Maltby and Mr A Berzins both hold accounting qualifications.

The finance committee met four times in 2014. At the request of the finance committee the chief executive of Wilson Sons Limited, the finance director of Wilson Sons Limited and the executive director of Ocean Wilsons Holdings Limited attended each of these meetings. The external auditor attended two meetings.

The finance committee meets with the external auditor without the executive present.

The finance committee is chaired by Mr C Maltby, an independent director. The committee has defined terms of reference. The principal responsibilities of the committee are:

- to review the integrity of the interim and full year financial statements of the company, reviewing significant financial reporting judgements contained in them;
- to review the Company's internal control and risk management systems;
- to make recommendations to the Board, for it to put to the shareholders for their approval in general meeting, in relation to the appointment, reappointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor;
- to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant professional and regulatory requirements;
- to consult with the Group's auditor and, where necessary the auditor of the subsidiary companies, regarding any matters arising in the course of the annual audit which should be brought to the attention of the Board;
- to monitor the Group's risk exposure;
- to consider the need for an internal audit function;
- to determine the remuneration for all executives, the chairman and non-executive directors;
- to determine the level of awards made under the Company long-term incentive plan and performance conditions and vesting periods that apply;
- to determine bonuses payable under the Company Bonus scheme; and
- The finance committee to review arrangements by which staff of the company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters.

Overview of the actions taken by the Finance Committee to discharge its duties

Since the beginning of 2014 the Finance committee has:

- reviewed the December 2013 report and financial statements, the June 2014 half yearly financial report and the interim management statement issued in May and quarterly update issued in November. As part of the review of the December 2013 report, the Committee received a report from the external auditor on their audit of the annual report and financial statements;
- reviewed the functional currencies of the Wilson Sons Limited businesses. As a result the Group has approved that two businesses (TECON Rio Grande and WSCI) are currently determined as functional currency US Dollar be reclassified as functional currency Brazilian Real effective from the 1 January 2015;
- reviewed arrangements by which staff of the company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. As part of this review the committee considered a proposed "whistle blowing policy" and following discussion approved its adoption;
- reviewed the effectiveness of the Group's internal controls and disclosures made in the annual report and financial statements on this matter. As part of this review, the Committee considered a report on internal controls and the Group's risk register and suggested amendments;
- reviewed and approved the scope of audit work to be undertaken by the auditor;
- agreed the fees to be paid to the external auditor for the audit of the December 2013 financial statements including consideration of the levels of non-audit fees which the committee concluded were immaterial;

Report of the Directors

- assessed the qualification, expertise and resources, and independence of the external auditor; and

- reviewed the need for an internal audit function.

To fulfil its responsibility regarding the independence of the external auditor, the finance committee reviewed:

- the external auditor plan for the current year, noting the role of the audit partner, who signs the audit report and who, in accordance with professional rules, has not held office for more than five years and any changes in key audit staff;

- a report from the external auditor describing their arrangements to identify, report and manage any conflicts of interest; and

- the overall extent of non-audit services provided by the external auditor, in addition to approving the provision of significant non-audit services by the external auditor.

In addition the Group does not currently employ any former external audit staff. KPMG LLP have been the Group's auditor since 31 December 2012 following a competitive tender.

After discussion with management, the Board of Wilson Sons Limited and the external auditor, the committee determined that the key risks of misstatement of the Group's financial statements relate to:

- *Provisions* – Legal claims against the Brazilian operations comprise civil and environmental cases, tax cases and labour claims. The reporting risk relates to the completeness of claims recorded and the estimation of the provisions held against these exposures. There remains a significant number of contingent liabilities, particularly concerning labour and taxation claims. Provisions are based on prior experience, management's best knowledge of the relevant facts and circumstances and expert legal advice relative to each case. The committee questioned management on their assumptions used in determining provisions and the procedure for classification of legal liabilities as probable, possible or remote loss by the external lawyers. The committee reviewed quarterly legal reports from management on contingencies and asked questions on the background and progress of material claims. The committee evaluated the current level of provisions in light of historical trends and claim history to ensure provisions were adequate. The committee further ensured that adequate resources are allocated to recording, evaluating and monitoring legal claims to ensure the completeness of claims recorded and provisions made.

- *Impairment Risk to Goodwill and Intangibles* – The Group has significant Goodwill and Intangibles balances. The reporting risk is that these balances may be overstated. Management perform impairment reviews for Intangibles and tests goodwill as required by IAS 36, Impairment of Assets. The impairment test is performed by comparing the carrying value of goodwill to its value in use, calculated using the discounted cash flow forecasts under the principles of IAS 36. The Committee examined and challenged management's key assumptions used in the impairment tests to understand their impact on the recoverable amounts. The Committee was satisfied that the significant assumptions used were appropriate and sufficiently robust. The Committee was further satisfied with the impairment disclosures in the financial statements.

- *Revenue recognition* – The revenue recognition risk could arise from inappropriate revenue recognition policies, incorrect application of policies or cut-off errors surrounding year end. The committee considered the Group's revenue recognition policies and the level of transactions compared to previous periods. The committee reviewed external auditor reports on revenue recognition and discussed their findings and the potential risks with the external auditor and management.

Internal Controls
The Board is responsible for the system of internal control and reviewing its effectiveness. The internal controls are designed to cover material risks to achieving the Group's objectives and include business, operational, financial and compliance risks. These controls have been in place throughout the year. The internal controls are designed to identify, evaluate and manage rather than eliminate risk of failure to meet business objectives. The internal control process distinguishes between the parent group and the principal operating subsidiary, Wilson Sons Limited, which is managed by an autonomous board.

Wilson Sons Limited is listed on both the Sao Paulo Stock Exchange "BOVESPA" and Luxembourg Stock Exchange, whose rules are different from the London Stock Exchange. The company's internal control procedures, whilst sufficient for the Board of Wilson Sons Limited to identify, manage and control the principal risks, may differ from the requirements of the Turnbull Committee. The Board of the principal operating subsidiary is responsible for identifying key business risks and establishing and reviewing internal control procedures.

The Board reviews the need for an internal audit department annually and considers that the parent group is not sufficiently large to justify an internal audit function. Wilson Sons Limited operates an internal audit function and the Wilson Sons Limited board monitors their internal financial control systems through reports received from the internal audit function.

In reviewing Wilson Sons Limited, the Board receives reports from the Wilson Sons Limited internal audit department, legal department and the Wilson Sons Limited external auditor.

The parent group (including Ocean Wilsons Investments Limited) has an ongoing process for identifying, evaluating and managing key risks including financial, operational and compliance controls. A risk register is maintained detailing business risks, together with controls and responsibilities. The risk register is regularly reviewed by the finance committee.

The systems operated both by the parent group and principal operating subsidiary are reviewed annually. The Board is satisfied that these systems are operating effectively.

During 2014 Ocean Wilsons Holdings Limited adopted an employee whistle blowing policy.This policy is designed to enable employees of the Company to raise concerns internally and at a high level and to disclose information which the individual believes shows malpractice or impropriety. The Wilson Sons Limited Group whistle blowing policy and procedures enable employees who have concerns about the application of the Group's Code of Ethics to raise them with the Ethics Committee. The Ethics Committee will maintain their anonymity and report back to the employee on actions taken.

Relations with Shareholders

Communications with shareholders are important to the Board. Ocean Wilsons Holdings Limited sends both its annual report and accounts and half year accounts to all shareholders. To ensure Board members develop an understanding of the views of major shareholders there is regular dialogue with major institutional shareholders. The chairman, Deputy Chairman and executive director usually attend a number of these meetings. A report of meetings with shareholders is distributed to all directors. All broker reports are distributed to all Board members. The Annual General Meeting of the Company will be held in Bermuda. The Company website oceanwilsons.bm contains copies of the annual and interim report and stock exchange announcements.

Going Concern

The Group closely monitors and manages its liquidity risk. The Group has considerable financial resources including US$103.8 million in cash and cash equivalents and the Group's borrowings have a long maturity profile. The Group's business activities together with the factors likely to affect its future development and performance are set out in the chairman's statement, operating review and investment managers report on pages 1 to 19. The financial position, cash flows and borrowings of the Group are set out in the Financial review in pages 6 to 10. In addition note 36 to the financial statements include details of its financial instruments and hedging activities and its exposure to credit risk and liquidity risk. Details of the Group's borrowings are set out in note 22. Based on the Group's forecasts and sensitivities run, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

Directors' responsibilities

The Directors are responsible for preparing the annual report in accordance with applicable laws and regulations.

The Directors are required by Bermuda company law to lay financial statements before the Company in a general meeting. In doing this the Directors prepare accounts on a going concern basis for each financial year which give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period. In preparing those accounts, the Directors have considered whether:

- suitable accounting policies have been adopted and applied consistently;
- judgements and estimates are reasonable and prudent; and
- applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts.

The Board consider the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's performance, business model and strategy.

By Order of the Board

Malcolm Mitchell
Secretary
24 March 2015

Independent Auditor's Report

to the Members of Ocean Wilsons Holdings Limited Only

Opinions and conclusions arising from our audit

1. Our opinion on the financial statements is unmodified

We have audited the Group financial statements ("the financial statements") of Ocean Wilsons Holdings Limited ("the Group") for the year ended 31 December 2014 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement and the related notes.

In our opinion the financial statements give a true and fair view of the state of the Group's affairs as at 31 December 2014 and of its profit for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

2. Our assessment of risks of material misstatement

In arriving at our audit opinion above on the financial statements the risks of material misstatement that had the greatest effect on our audit were as follows:

Maritime services revenue recognition (US$633.5m)

Refer to page 26 (Finance Committee Report), page 40 (accounting policy) and page 42 (financial disclosures).

The risk – Revenue is made up from various sources of maritime shipping services where we considered two principal risks of material misstatement: determining the percentage of completion on shipbuilding contracts; and determining when services or obligations have been delivered to assess whether other revenue in this segment has been recognised in the correct period. The Group recognises shipbuilding revenue based on the stage of completion of contracts, which is assessed by reference to the proportion of contract costs incurred for the work performed to the balance sheet date relative to the estimated total contract costs to completion. The recognition of revenue therefore relies on estimates in relation to the final out-turn of costs on each contract. Changes to these estimates could give rise to material variances in the amount of revenue recognised.

The Group also recognises revenue when services in its port terminals, towage operations, logistics and offshore businesses have been fulfilled. The recognition of this revenue could be susceptible to timing errors in determining when services or obligations have been delivered resulting in revenue being recognised in the incorrect period.

- *Our response* – In evaluating shipbuilding revenue, our audit procedures included using both quantitative and qualitative factors to select a sample of contracts and then to assess and challenge the most significant and complex contract estimates. We obtained the detailed project management review papers from the Group to support the estimates made and challenged the judgements underlying those papers with senior operational, commercial and financial management. We evaluated the financial performance of contracts against budget and historical trends, undertook site visits to physically inspect the stage of completion of individual projects and to identify areas of complexity through observation and discussion with site personnel. In addition, we challenged the Group's judgement in respect of forecast contract out-turn and the recoverability of contract balances via agreement to third party certifications and confirmations and with reference to our own assessments, historical outcomes and industry norms and inspected the selected contracts for key clauses and assessing whether these key clauses have been appropriately reflected in the amounts recognised in the financial statements.

In evaluating the timing of the recognition of other maritime services revenue, we visited a number of sites, including both of the Group's operational port terminals (Tecon Salvador and Tecon Rio Grande) and discussed the revenue recognition policies with operational and financial management. Our procedures included control procedures in all segments, specific sample testing on revenue accrued and deferred at year end based on the specific contract terms, IT sampling of transactions, and performing substantive analytical procedures at each of the operating terminals.

We also considered the adequacy of the Group's accounting policy disclosures in respect of revenue recognition.

Impairment risk to goodwill and intangible assets relating to business combinations (US$35.0m and US$25.8m respectively)

Refer to page 26 (Finance Committee Report), pages 38 to 39 (accounting policy) and pages 47 to 48 (financial disclosures).

- The risk – The Group's investment in Tecon Rio Grande, Tecon Salvador and Brasco Caju (Briclog) all gave rise to intangible assets and goodwill on acquisition. Due to the inherent risk and uncertainty involved in forecasting and discounting future cash flows in this industry in a developing economy, which are the basis of the assessment of recoverability, this is one of the key judgemental areas that our audit is concentrated on. There is a risk of recoverability of the Group's significant goodwill and intangible balances due to possible weakening demand or the variability of the cost base in this industry. The recoverable amount of the Group's goodwill and intangible assets relating to the acquisitions is assessed at a cash generating unit ("CGU") level annually (for goodwill) or when there is an indication of impairment (for intangible assets and goodwill) through production of a discounted future cash flow model.

- Our response – In this area our audit procedures included, among others, testing the Group's forecasting process by:

  - considering the historical accuracy of previous forecasts. We compared actual results in the current year to • forecasts prepared in previous periods and substantiated significant variances;

  - comparing the Group's port terminal cash-flow assumptions against underlying contracts to agree revenue streams and contract end dates. In addition, we used our own experience and discussions with a range of operational personnel to assess the probability of contracts being won, renewed or lost with respect to future contracts.

- using our own corporate finance valuation specialists to assist us in evaluating the Directors' assumptions and judgements relating to projected economic growth, inflation, exchange rates and discount rates used to derive recoverable amount. We compared the Group's assumptions to externally derived data, industry norms and our expectations based on our knowledge of the client and experience of the industry in which it operates.

We considered the adequacy of the Group's disclosures in respect of impairment testing and whether disclosures about the sensitivity of the outcome of the impairment assessment to changes in key assumptions properly reflected the risks inherent in the key assumptions and the requirements of accounting standards.

Provisions (US$15.7m)

Refer to page 26 (Finance Committee Report), page 40 (accounting policy) and pages 61 and 62 (financial disclosures).

- The risk – Provisions are measured at the Directors' best estimate of the Group's liability to settle an obligation arising from a past event. As is common for businesses in Brazil, the Group receives a high volume of legal claims from general civil proceedings, labour claims and changing tax legislation. These resultant contingent liabilities are potentially significant and the application of accounting standards to determine the amount, if any, to be provided as a liability, is inherently subjective. In making these decisions, the Directors use their judgement and where appropriate receive external advice, in order to make their best estimate of provisions to be made in the financial statements. This is one of the key areas that our audit concentrated on as a result of the impact that a material claim could have on the Group's financial position and result for the year.

- *Our response* – Our audit procedures included, obtaining an understanding from the Directors and in-house legal counsel of the basis for their best estimates, challenging the basis used with reference to the latest available corroborative information and an assessment of correspondence with the Group's external counsel on all significant legal cases and discussions with them when further clarity was deemed necessary. In addition, we obtained direct formal confirmations from the Group's external counsel for all significant litigation. With regard to open tax cases, in addition to the above we used our own tax specialists to assess the Group's tax positions and its correspondence with the relevant tax authorities. We analysed and challenged the assumptions used to determine tax provisions based on our knowledge and experiences of the application of the international and local legislation by the relevant authorities and courts.

We also assessed whether the Group's disclosures detailing significant legal proceedings adequately disclose the contingent liabilities of the Group.

3. Our application of materiality and an overview of the scope of our audit

The materiality for the Group financial statements as a whole was set at US$6.5m. This has been calculated with reference to a benchmark of Group profit before taxation (of which it represents 8.3%). In assessing the appropriateness of the selected materiality level regard was given to the impact on reported results of foreign exchange movements in the last quarter of the year. For comparison, the prior year materiality was $7m (7% of profit before tax).

We agreed with the finance committee to report to it all corrected and uncorrected misstatements we identified through our audit with a value in excess of US$325,000, in addition to other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

There are two key components in the Group, one audited by KPMG Brazil and the other by the Group team. Group procedures covered 100% of total Group revenue; 97% of Group profit before taxation; and 99% of total Group assets. The segment disclosures in Note 4 set out the individual significance of a specific segment and country.

The audits undertaken for Group reporting purposes at the key components of the company were all performed to materiality levels set by, or agreed with, the Group audit team. These materiality levels were set individually for each component and were US$5.0m for the component in the Channel Islands to US$6.0m for the component in Brazil.

Detailed audit instructions were sent to the component audit team in Brazil. These instructions included the significant audit areas that should be covered by this audit (which included the relevant risks of material misstatement detailed above) and set out the information required to be reported back to the Group audit team. The Group audit team visited Brazil twice in the year, including to assess the audit risk and strategy. Telephone conference meetings were also held with these component auditors. At these visits and meetings, the findings reported to the Group audit team were discussed in more detail, and any further work required by the Group audit team was then performed by the component auditor.

4. We have nothing to report in respect of the matters on which we are required to report by exception

Under ISAs (UK and Ireland) we are required to report to you if, based on the knowledge we acquired during our audit, we have identified other information in the annual report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

In particular, we are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our audit and the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy; or

- the finance committee report does not appropriately address matters communicated by us to the finance committee.

Independent Auditor's Report

to the Members of Ocean Wilsons Holdings Limited Only

Under the Listing Rules we are required to review:

- the directors' statement, set out on page 27, in relation to going concern; and

- the part of the Corporate Governance Statement on pages 22 to 27 relating to the company's compliance with the ten provisions of the 2012 UK Corporate Governance Code specified for our review.

We have nothing to report in respect of the above responsibilities.

Respective responsibilities of Directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 27, the Directors are responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and international Standards of Auditing (UK and Ireland). Those standards require us to comply with the UK Ethical Standards for Auditors.

Scope of an audit of financial statements performed in accordance with ISAs (UK and Ireland)

A description of the scope of an audit of financial statements is provided on our website at www.kpmg.com/uk/auditscopeother2014. This report is made subject to important explanations regarding our responsibilities, as published on that website, which are incorporated into this report as if set out in full and should be read to provide an understanding of the purpose of this report, the work we have undertaken and the basis of our opinions.

The purpose of this report and restrictions on its use by persons other than the Company's members as a body

This report is made solely to the Company's members, as a body, in accordance with section 90 of the Bermudan Companies Act 1981. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

John Luke
for and on behalf of KPMG LLP
Chartered Accountants
15 Canada Square, London E14 5GL
24 March 2015

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2014

	Notes	**Year to 31 December 2014 US$'000**	Year to 31 December 2013 US$'000
Revenue	3	**633,520**	660,106
Raw materials and consumables used		**(100,588)**	(94,330)
Employee benefits expense	6	**(195,893)**	(209,459)
Depreciation & amortisation expense	5	**(65,120)**	(58,674)
Other operating expenses		**(182,819)**	(188,569)
Profit on disposal of property, plant and equipment		**326**	9,966
Operating profit		**89,426**	119,040
Share of results of joint venture		**7,090**	2,392
Investment revenue	7	**16,975**	17,838
Other gains and losses	8	**6,233**	13,684
Finance costs	9	**(23,607)**	(21,863)
Foreign exchange losses on monetary items		**(17,621)**	(30,589)
Profit before tax		**78,496**	100,502
Income tax expense	10	**(41,928)**	(42,216)
Profit for the year		**36,568**	58,286
Other comprehensive income:			
Items that are or may be reclassified subsequently to profit and loss			
Employee benefits		**709**	(2,251)
Effective portion of changes in fair value of derivatives		**(988)**	(1,269)
Exchange differences arising on translation of foreign operations		**(7,143)**	(4,088)
Other comprehensive loss for the year		**(7,422)**	(7,608)
Total comprehensive income for the year		**29,146**	50,678
Profit for the period attributable to:			
Equity holders of parent		**23,182**	37,873
Non-controlling interests		**13,386**	20,413
		36,568	58,286
Total comprehensive income for the period attributable to:			
Equity holders of parent		**19,072**	33,853
Non-controlling interests		**10,074**	16,825
	5	**29,146**	50,678
Earnings per share			
Basic and diluted	12	**65.6c**	107.1c

Consolidated Balance Sheet

as at 31 December 2014

	Notes	**As at 31 December 2014 US$'000**	As at 31 December 2013 US$'000
Non-current assets			
Goodwill	13	**35,024**	37,622
Other intangible assets	14	**38,565**	46,650
Property, plant and equipment	15	**639,480**	616,924
Deferred tax assets	24	**31,665**	30,099
Trade and other receivables	21	**51,535**	23,998
Investment in joint venture	17	**11,500**	2,577
Other non-current assets	27	**11,838**	10,209
		819,607	768,079
Current assets			
Inventories	19	**32,460**	29,090
Trading investments	18	**260,491**	277,969
Trade and other receivables	21	**96,199**	150,819
Cash and cash equivalents		**103,810**	106,512
		492,960	564,390
Total assets		**1,312,567**	1,332,469
Current liabilities			
Trade and other payables	26	**(78,879)**	(135,920)
Derivatives		**(156)**	(110)
Current tax liabilities		**(1,994)**	(210)
Obligations under finance leases	25	**(1,444)**	(1,547)
Bank overdrafts and loans	22	**(51,195)**	(37,997)
		(133,668)	(175,784)
Net current assets		**359,292**	388,606
Non-current liabilities			
Bank loans	22	**(343,990)**	(334,394)
Derivatives		**(1,843)**	(1,130)
Employee benefits		**(1,570)**	(2,251)
Deferred tax liabilities	24	**(45,197)**	(33,761)
Provisions	27	**(15,702)**	(10,262)
Obligations under finance leases	25	**(3,253)**	(4,812)
		(411,555)	(386,610)
Total liabilities		**(545,223)**	(562,394)
Net assets		**767,344**	770,075
Capital and reserves			
Share capital	28	**11,390**	11,390
Retained earnings		**508,298**	505,922
Capital reserves		**31,760**	31,760
Translation and hedging reserve		**(1,677)**	3,128
Equity attributable to equity holders of the parent		**549,771**	552,200
Non-controlling interests		**217,573**	217,875
Total equity		**767,344**	770,075

The accounts on pages 31 to 77 were approved by the Board on 24 March 2015. The accompanying notes are part of this Consolidated Balance Sheet.

J. F. Gouvêa Vieira
Chairman

K. W. Middleton
Director

Consolidated Statement of Changes in Equity

as at 31 December 2014

For the year ended 31 December 2013	Share capital US$'000	Retained earnings US$'000	Capital reserves US$'000	Hedging and Translation reserve US$'000	Attributable to equity holders of the parent US$'000	Non-controlling interests US$'000	Total equity US$'000
Balance at 1 January 2013	11,390	482,799	31,760	5,966	531,915	211,653	743,568
Currency translation adjustment	–	–	–	(2,024)	(2,024)	(2,064)	(4,088)
Employee benefits (note 37)	–	(1,312)	–	–	(1,312)	(939)	(2,251)
Effective portion of changes in fair value of derivatives	–	–	–	(684)	(684)	(585)	(1,269)
Profit for the year	–	37,873	–	–	37,873	20,413	58,286
Total income and expense for the period	–	36,561	–	(2,708)	33,853	16,825	50,678
Dividends	–	(13,438)	–	–	(13,438)	(10,510)	(23,948)
Derivatives	–	–	–	(130)	(130)	(93)	(223)
Balance at 31 December 2013	11,390	505,922	31,760	3,128	552,200	217,875	770,075
For the year ended 31 December 2014							
Balance at 1 January 2014	11,390	505,922	31,760	3,128	552,200	217,875	770,075
Currency translation adjustment	–	–	–	(3,989)	(3,989)	(3,154)	(7,143)
Employee benefits (note 37)	–	412	–	–	412	297	709
Effective portion of changes in fair value of derivatives	–	–	–	(533)	(533)	(455)	(988)
Profit for the year	–	23,182	–	–	23,182	13,386	36,568
Total income and expense for the period	–	23,594	–	(4,522)	19,072	10,074	29,146
Dividends	–	(21,218)	–	–	(21,218)	(13,239)	(34,457)
Derivatives	–	–	–	(283)	(283)	(203)	(486)
Share based payment expense	–	–	–	–	–	3,066	3,066
Balance at 31 December 2014	11,390	508,298	31,760	(1,677)	549,771	217,573	767,344

Share capital

The Group has one class of ordinary share which carries no right to fixed income.

Capital reserves

The capital reserves arise principally from transfers from revenue to capital reserves made in the Brazilian subsidiaries arising in the following circumstances:

(a) profits of the Brazilian subsidiaries and Brazilian holding company which in prior periods were required by law to be transferred to capital reserves and other profits not available for distribution; and

(b) Wilson Sons Limited bye-laws require the company to credit an amount equal to 5% of the company's net profit to a retained earnings account to be called legal reserve until such amount equals 20% of the Wilson Sons Limited share capital.

Hedging and translation reserve

The hedging and translation reserve arises from exchange differences on the translation of operations with a functional currency other than US Dollars and effective movements on hedging instruments.

Amounts in the statement of changes of equity are stated net of tax where applicable.

Consolidated Cash Flow Statement

for the year ended 31 December 2014

	Notes	**Year to 31 December 2014 US$'000**	Year to 31 December 2013 US$'000
Net cash inflow from operating activities	29	**105,556**	108,416
Investing activities			
Acquisition of Briclog less net of cash acquired		**(26,677)**	(10,153)
Interest received		**9,062**	9,938
Dividends received from trading investments		**5,786**	4,664
Proceeds on disposal of trading investments		**103,396**	53,701
Proceeds on disposal of property, plant and equipment		**6,490**	17,912
Purchase of property, plant and equipment		**(107,475)**	(106,148)
Purchase of intangible assets		**(2,136)**	(2,960)
Purchase of trading investments		**(79,685)**	(75,874)
Additional investment in joint venture		**–**	(4,000)
Net cash used in investing activities		**(91,239)**	(112,920)
Financing activities			
Dividends paid	11	**(21,218)**	(13,438)
Dividends paid to non-controlling interests in subsidiary		**(13,239)**	(10,511)
Repayments of borrowings		**(38,076)**	(36,772)
Repayments of obligations under finance leases		**(1,879)**	(1,540)
New bank loans raised		**64,086**	50,752
Derivative paid		**(154)**	(39)
Net cash from financing activities		**(10,480)**	(11,548)
Net increase/(decrease) in cash and cash equivalents		**3,837**	(16,052)
Cash and cash equivalents at beginning of year		**106,512**	136,680
Effect of foreign exchange rate changes		**(6,539)**	(14,116)
Cash and cash equivalents at end of year		**103,810**	106,512

Notes to the Accounts

for the year ended 31 December 2014

1 General Information

Ocean Wilsons Holdings Limited is a company incorporated in Bermuda under the Companies Act 1981 and the Ocean Wilsons Holdings Limited Act, 1991. The address of the registered office is given on page 20. The nature of the Group's operations and its principal activities are set out in the operating and financial review on pages 6 to 19.

These financial statements are presented in US Dollars because that is the currency of the primary economic environment in which the Group operates. Entities with a functional currency other than US Dollars are included in accordance with the policies set out in note 2.

2 Significant accounting policies and critical accounting judgements

Basis of accounting

The financial statements have been prepared in accordance with IFRSs adopted for use by the International Accounting Standards Board ("IASB").

The financial statements have been prepared on the historical cost basis, except for the revaluation of financial instruments and share-based payments liabilities that are measured at fair values. The principal accounting policies adopted are set out below.

Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements. The directors' assessment of going concern is included in the Report of the Directors.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year (collectively the "Group"). The Group controls and entity when it is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling interest's share of changes in equity since the date of the combination.

Where a change in percentage of interests in a controlled entity does not result in a change of control, the difference between the consideration paid for the additional interest and the book value of the net assets in the subsidiary at the time of the transaction is taken direct to equity.

Foreign currency

The functional currency for each Group entity is determined as the currency of the primary economic environment in which it operates (its functional currency). Transactions other than those in the functional currency of the entity are translated at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at year end exchange rates.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the statement of comprehensive income for the period. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

On consolidation, the statement of comprehensive income items of entities with a functional currency other than US Dollars are translated into US Dollars, the Group's presentational currency, at average rates of exchange. Balance sheet items are translated into US Dollars at year end exchange rates. Exchange differences arising on consolidation of entities with functional currencies other than US Dollars are classified as equity and are recognised in the Group's translation reserve.

Notes to the Accounts

2 Significant accounting policies and critical accounting judgements (continued)

Investments in entities accounted for using the equity method

The Group's investments in entities accounted for using the equity method include its interests in associates and jointly controlled (joint ventures) ventures.

Associates are those entities in which the Group, directly or indirectly, has significant influence but not control or joint control, over the financial and operating policies. A jointly controlled entity is in a contractual agreement whereby the Group has joint control, where the Group is entitled to the net assets of the contractual agreement, and not entitled to specific assets and liabilities arising from the agreement.

Investments in associates and jointly controlled entities are accounted for using the equity method. Such investments are initially recognised at cost, which includes expenses for the transaction. After initial recognition, the financial statements include the Group's share in the profit or loss for the year and other comprehensive income of the investee until the date that significant influence or joint control ceases.

Investments in associates

An associate is an entity over which the Group is in a position to exert significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results, assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Under this method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are not recognised.

Where a Group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

Investments in joint ventures

Interests in joint ventures

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

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

Interests in joint operations

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

The joint operations assets and any liabilities incurred jointly with other ventures are recognised in the financial statements of the relevant entity and classified according to their nature.

The Group's share of the assets, liabilities, income and expenses of joint operation entities are combined with the equivalent items in the consolidated financial statements on a line-by-line basis.

The consolidated financial statements include the accounts of joint ventures and joint operations which are listed in Note 17.

Employee Benefits

Short-term employee benefits

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

2 Significant accounting policies and critical accounting judgements (continued)

Employee Benefits (continued)

Share-Based payment transactions

The fair value at grant date of share-based payments granted to employees is recognised as a personnel expense with a corresponding increase in equity over the period that the employees unconditionally become entitled to the equity instruments. For the award of share-based payments that do not contain vesting conditions (non-vesting conditions), the fair value at grant date of share-based payment is measured to reflect such conditions and no further adjustments are made for differences between the expected and actual results.

The fair value of the amount payable to employees regarding the rights on the valuation of the shares, which are settled in cash, is recognised as an expense with a corresponding increase in liabilities during the period that the employees unconditionally entitled to payment. The liability is remeasured at each balance sheet date and at settlement date based on the fair value of the rights on valuation. Any changes in the fair value of the liability are recognised in income as personnel expenses.

Other long-term employee benefits

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

Benefits of termination of employment relationship

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

Taxation

Tax expense for the period comprises current tax and deferred tax.

Current tax is based on assessable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on temporary differences (i.e. differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit). Deferred tax is accounted for using the balance sheet liability method and is provided on all temporary differences with certain limited exceptions as follows. Deferred tax is not provided:

- in respect of tax payable on undistributed earnings of subsidiaries, associates and joint ventures where the Group is able to control the remittance of profits and it is probable that there will be no remittance of past profits earned in the foreseeable future;

- on the initial recognition of an asset or liability in a transaction that does not affect accounting profit or taxable profit and is not a business combination; nor is deferred tax provided on subsequent changes in the carrying value of such assets and liabilities, for example where they are depreciated; and

- on the initial recognition of any non-tax deductible goodwill.

Deferred tax assets are recognised only to the extent that it is probable that they will be recovered through sufficient future taxable profit. The carrying amount of deferred tax assets is reviewed at each balance sheet date.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also taken directly to equity.

A company will normally have a legally enforceable right to set off a deferred tax asset against a deferred tax liability when they relate to income taxes levied by the same taxation authority and the taxation authority permits the company to make or receive a single net payment. In the consolidated financial statements, a deferred tax asset of one entity in the Group cannot be offset against a deferred tax liability of another entity in the Group, as there is no legally enforceable right to offset tax assets and liabilities between Group companies.

Notes to the Accounts

2 Significant accounting policies and critical accounting judgements (continued)

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost or valuation of assets, other than land and assets under construction, over their estimated useful lives, using the straight-line method as follows:

Freehold Buildings:	25 years
Leasehold Buildings:	Period of the lease
Floating Craft:	25 to 35 years
Vehicles:	5 years
Plant and Equipment:	5 to 20 years

Assets in the course of construction are carried at cost, less any recognised impairment loss. Costs include professional fees for qualifying assets. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for intended use.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets.

Dry docking costs are capitalised and depreciated over the period in which the economic benefits are received, or until the next scheduled dry dock.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income.

Borrowing costs

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

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

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

Goodwill

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired. The recoverable amounts are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rate, growth rates and expected changes to selling prices and costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value money and the risks specific to the cash generating unit. Growth rates are based on management's forecasts and historical trends. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

Business combinations

Business combinations are accounted using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated considering the sum of the acquisition-date fair values of assets, liabilities and the equity interests transferred to the Group when the control of the acquisition is transferred. Acquisition-related costs are recognised in profit or loss as incurred. Any goodwill that arises is tested annually for impairment.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively.

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

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments is recognised in profit or loss.

2 Significant accounting policies and critical accounting judgements (continued)

Sale of non-controlling interest

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling interest's share of changes in equity since the date of the combination.

Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. There is no indefinite life intangible asset.

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

Impairment of tangible and other intangible assets

Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows.

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

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

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials, spare parts and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Financial instruments

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

- *Trade Receivables:* Trade receivables, loans and other amounts receivable are stated at the initial fair value of the amounts due, less provision for impairment. A provision for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is recognised in the statement of comprehensive income.
- *Investments:* Investments are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at the fair value, plus directly attributable transaction costs.

  Where securities are held for trading purposes, gains and losses arising from changes in fair value are included in the income statement for the period. The fair value of financial assets traded in active markets are based on the mid market price the close of trading on the reporting date. Unquoted investments held for trading purposes are stated at fair value through profit and loss as determined by using various valuation techniques, except where fair value cannot be reliably measured, when the investment is held at cost less any provision for impairment.

  For available-for-sale investments, gains and losses arising from changes in fair value are recognised directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the profit or loss for the period. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.
- *Cash and Cash Equivalents:* Cash and cash equivalents comprise cash on hand and other short-term highly liquid investments that are convertible to a known amount of cash and are subject to an insignificant risk of changes in value.
- *Bank Borrowings:* Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis to the statement of comprehensive income using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Notes to the Accounts

2 Significant accounting policies and critical accounting judgements (continued)

Derivatives

The Group periodically uses derivative financial instruments to reduce exposure to foreign exchange and interest rate movements. Derivatives are measured at each balance sheet date at fair value. Gains and losses arising from changes in fair value are included in the income statement for the period within investment revenue or finance costs for exchange and interest derivatives.

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of host contracts and the host contracts are not carried at fair value, with gains or losses reported in the statement of comprehensive income.

Hedge Accounting (Cash flow hedge)

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

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date and discounted where the effect is material.

In the normal course of business in Brazil, the Group is exposed to local legal cases. Provisions for legal cases are made when the Group's management, together with their legal advisors, consider the probable outcome is a financial settlement against the Group. Provisions are measured at the director's best estimate of the expenditure required to settle the obligation based upon legal advice received. For labour claims, the provision is based on prior experience and management's best knowledge of the relevant facts and circumstances. For tax cases, the provision is based on managements' best knowledge of the relevant facts and circumstances and legal advice received.

Construction contracts

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

Construction contracts in progress is presented as part of trade and other receivables in the statement of financial position for all contracts in which costs incurred plus recognised profits exceed progress billings and recognised losses. If progress billings and recognised losses exceed costs incurred plus recognised profits, then the difference is presented as deferred income/revenue in the statement of financial position. Customer advances are presented as deferred income/revenue in the statement of financial position.

Revenue

Revenue is measured at fair value of the consideration received or receivable for goods and services provided in the normal course of business net of trade discounts and other sales related taxes.

Maritime revenue

Revenue related to of services is recognised when the work in proportion to the stage of completion of transaction contracted has been performed in accordance with contracted terms. Revenue from construction contracts is recognized by reference to the stage of completion of the contract, in accordance with the Group's aforementioned accounting policy on construction contracts.

Revenue from providing containerised and associated services is recognised on the date in which the services have been performed.

Revenue from providing towage services is recognised on the date in which the services have been performed.

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

Investment revenue

Interest revenue is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

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

2 Significant accounting policies and critical accounting judgements (continued)

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease, or if lower the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the statement of comprehensive income.

Rentals payable under finance leases are charged to income on a straight-line basis over the term of the relevant lease.

Critical accounting judgements and key sources of estimation uncertainty

In the process of applying the Group's accounting policies, which are described above, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements.

Provisions (including provision for Brazilian taxes)

In the normal course of business in Brazil, the Group is exposed to local legal cases. Provisions for legal cases are made when the Group's management, together with their legal advisors, consider the probable outcome is a financial settlement against the Group. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation based upon legal advice received. For labour claims, the provision is based on prior experience and management's best knowledge of the relevant facts and circumstances. For tax cases the provision is based on management's best knowledge of the relevant facts and circumstances and legal advice received.

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

Current and deferred tax

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

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

Impairment of goodwill and intangibles

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

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

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

Notes to the Accounts

2 Significant accounting policies and critical accounting judgements (continued)

Revenue recognition

Construction contracts in progress represents the gross amount expected to be collected from customers for contract work performed to date. Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion.

Valuation of unquoted investments

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Valuation techniques used include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014, and have not been applied in preparing these consolidated financial statements. That which may be relevant to the Group is set out below.

The Group does not plan to adopt new standards in advance.

IFRS 9 Financial instruments

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

IFRS 15 Revenue from Contracts with Customers

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

IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2017, with early adoption permitted, but still under discussion.

3 Revenue

An analysis of the Group's revenue is as follows:

	Year ended 31 December 2014 US$'000	Year ended 31 December 2013 US$'000
Sales of services	**530,080**	559,825
Revenue from construction contracts	**103,440**	100,281
	633,520	660,106
Investment income (note 7)	**16,975**	17,838
	650,495	677,944

All revenue is derived from continuing operations.

4 Business and geographical segments

Business segments

Ocean Wilsons Holdings has two reportable segments: maritime services and investments. The maritime services segment provides towage, port terminals, ship agency, offshore, logistics and shipyard services in Brazil. The investment segment holds a portfolio of international investments.

Segment information relating to these businesses is presented below.

For the year ended 31 December 2014

	Maritime Services Year ended 31 December 2014 US$'000	Investment Year ended 31 December 2014 US$'000	Unallocated Year ended 31 December 2014 US$'000	Consolidated Year ended 31 December 2014 US$'000
Revenue	633,520	–	–	633,520
Result				
Segment result	94,942	(3,258)	(2,258)	89,426
Share of results of joint ventures	7,090	–	–	7,090
Investment revenue	11,187	5,788	–	16,975
Other gains and losses	–	6,233	–	6,233
Finance costs	(23,607)	–	–	(23,607)
Foreign exchange losses on monetary items	(17,590)	(170)	139	(17,621)
Profit before tax	72,022	8,593	(2,119)	78,496
Tax	(41,928)	–	–	(41,928)
Profit after tax	30,094	8,593	(2,119)	36,568
Other information				
Capital additions	(111,186)	–	–	(111,186)
Depreciation and amortisation	(65,119)	–	(1)	(65,120)
Balance Sheet				
Assets				
Segment assets	1,057,586	252,678	2,303	1,312,567
Liabilities				
Segment liabilities	(544,055)	(815)	(353)	(545,223)

Notes to the Accounts

4 Business and geographical segments (continued)

For the year ended 31 December 2013

	Maritime Services Year ended 31 December 2013 US$'000	Investment Year ended 31 December 2013 US$'000	Unallocated Year ended 31 December 2013 US$'000	Consolidated Year ended 31 December 2013 US$'000
Revenue	660,106	–	–	660,106
Result				
Segment result	124,080	(2,609)	(2,431)	119,040
Share of results of joint ventures	2,392	–	–	2,392
Investment revenue	12,621	5,217	–	17,838
Other gains and losses	–	13,684	–	13,684
Finance costs	(21,863)	–	–	(21,863)
Foreign exchange losses on monetary items	(31,018)	53	376	(30,589)
Profit before tax	86,212	16,345	(2,055)	100,502
Tax	(42,216)	–	–	(42,216)
Profit after tax	43,996	16,345	(2,055)	58,286
Other information				
Capital additions	(136,947)	–	–	(136,947)
Depreciation and amortisation	(58,673)	–	(1)	(58,674)
Balance Sheet				
Assets				
Segment assets	1,079,017	249,971	3,481	1,332,469
Liabilities				
Segment liabilities	(561,791)	(259)	(344)	(562,394)

Finance costs and associated liabilities have been allocated to reporting segments where interest costs arise from loans used to finance the construction of fixed assets in that segment.

Geographical Segments

The Group's operations are located in Bermuda, Brazil, and Guernsey.

All of the Group's sales are derived in Brazil.

The following is an analysis of the carrying amount of segment assets, and additions to property, plant and equipment and intangible assets, analysed by the geographical area in which the assets are located.

	Carrying amount of segment assets		Additions to property, plant and equipment and intangible assets	
	31 December 2014 US$'000	31 December 2013 US$'000	**Year ended 31 December 2014 US$'000**	Year ended 31 December 2013 US$'000
Brazil	**1,018,380**	1,032,017	**111,186**	136,947
Bermuda	**294,187**	300,452	**–**	–
	1,312,567	1,332,469	**111,186**	136,947

5 Profit for the year

Profit for the year has been arrived at after charging:

	Year ended 31 December 2014 US$'000	Year ended 31 December 2013 US$'000
Depreciation of property, plant and equipment	**58,179**	52,372
Amortisation of intangible assets	**6,941**	6,302
Operating lease rentals	**17,835**	13,966
Auditor's remuneration for audit services (see below)	**516**	586
Non-executive directors emoluments	**439**	446
A more detailed analysis of auditor's remuneration is provided below:		
Financial statement audit of group and subsidiaries	**516**	586
Other services	**11**	–
	527	586

6 Employee benefits expense

	Year ended 31 December 2014 US$'000	Year ended 31 December 2013 US$'000
Aggregate remuneration comprised:		
Wages and salaries	**170,984**	176,308
Share based payment (credit)	**(652)**	(1,430)
Social security costs	**24,588**	33,070
Other pension costs	**973**	1,511
	195,893	209,459

7 Investment revenue

	Year ended 31 December 2014 US$'000	Year ended 31 December 2013 US$'000
Interest on bank deposits	**11,189**	11,891
Dividends from equity investments	**5,786**	5,193
Other interest	**–**	754
	16,975	17,838

8 Other gains and losses

	Year ended 31 December 2014 US$'000	Year ended 31 December 2013 US$'000
Increase in fair value of trading investments held at year end	**1,360**	14,594
Profit/(loss) on disposal of trading investments	**4,873**	(910)
	6,233	13,684

Other gains and losses form part of the movement in trading investments as outlined in note 18.

Notes to the Accounts

9 Finance costs

	Year ended 31 December 2014 US$'000	Year ended 31 December 2013 US$'000
Interest on bank overdrafts and loans	**12,547**	11,572
Exchange loss on foreign currency borrowings	**8,014**	9,576
Interest on obligations under finance leases	**872**	715
Other interest	**2,174**	–
	23,607	21,863

Borrowing costs incurred on qualifying assets of US$1.0 million (2013: US$1.5 million) were capitalised in the year at an average interest rate of 2.97% (2013: 3.05%).

10 Taxation

	Year ended 31 December 2014 US$'000	Year ended 31 December 2013 US$'000
Current		
Brazilian taxation		
Corporation tax	**22,835**	23,610
Social contribution	**10,037**	9,898
Total current tax	**32,872**	33,508
Deferred tax		
Credit for the year in respect of deferred tax liabilities	**(7,242)**	(10,448)
Charge for the year in respect of deferred tax assets	**16,298**	19,156
Total deferred tax	**9,056**	8,708
Total taxation	**41,928**	42,216

Brazilian corporation tax is calculated at 25% (2013: 25%) of the assessable profit for the year. Brazilian social contribution tax is calculated at 9% (2013: 9%) of the assessable profit for the year.

At the present time, no income, profit, capital or capital gains taxes are levied in Bermuda and accordingly, no provision for such taxes has been recorded by the company. In the event that such taxes are levied, the company has received an undertaking from the Bermuda Government exempting it from all such taxes until 31 March 2035.

The charge for the year can be reconciled to the profit per the statement of comprehensive income as follows:

	Year ended 31 December 2014 US$'000	Year ended 31 December 2013 US$'000
Profit before tax	**78,496**	100,502
Tax at the standard Brazilian tax rate of 34% (2013: 34%)	**26,689**	34,171
Deferred tax	**9,056**	8,708
Tax effect of foreign exchange losses on monetary items	**5,685**	10,258
Change in unrecognised deferred tax assets	**509**	(943)
Tax effect of share of results of joint ventures	**(2,411)**	(813)
Tax effect of calculating tax on presumed profit	**(81)**	(2,891)
Tax effect relating to legal claims	**1,842**	(348)
Tax effect of other items that are not included in determining taxable profit	**2,290**	(1,995)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(1,651)**	(3,931)
Tax expense and effective rate for the year	**41,928**	42,216
Effective rate for the year	**53%**	42%

The Group earns its profits primarily in Brazil. Therefore, the tax rate used for tax on profit on ordinary activities is the standard rate in Brazil of 34%, consisting of corporation tax, 25% and social contribution 9%.

11 Dividends

	Year ended 31 December 2014 US$'000	Year ended 31 December 2013 US$'000
Amounts recognised as distributions to equity holders in the period:		
Final dividend paid for the year ended 31 December 2013 of 60c (2012: 38c) per share	**21,218**	13,438
Proposed final dividend for the year ended 31 December 2014 of 63c (2013: 60c) per share	**22,279**	21,218

12 Earnings per share

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

	Year ended 31 December 2014 US$'000	Year ended 31 December 2013 US$'000
Earnings:		
Earnings for the purposes of basic earnings per share being net profit attributable to equity holders of the parent	**23,182**	37,873
Number of shares:		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	**35,363,040**	35,363,040

13 Goodwill

	31 December 2014 US$'000	31 December 2013 US$'000
Cost and carrying amount attributed to:		
Tecon Rio Grande	**13,132**	13,132
Tecon Salvador	**2,480**	2,480
Brazilian Intermodal Complex (Brasco Caju)	**19,412**	22,010
Total	**35,024**	37,622

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

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

The key assumptions used in determining value in use relate to growth rate, discount rate, inflation and interest rate. Further projections include sales and operating margins, which are based on past experience, taking into account the effect of known or likely changes in market or operating conditions. Each cash-generating unit is assessed for impairment annually and whenever there is an indication of impairment.

An estimated average growth rate used does not exceed the historical average for Tecon Rio Grande and Tecon Salvador. Growth rate of 7% has been estimated for Brasco Caju, and a discount rate of 8.2% for all business units has been used. These growth rates reflect the products, industries and countries in which the operating segments operate. These medium- to long-term growth rates have been reviewed by management during 2014 and are considered to be appropriate.

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

- if the discount rate was increased by 30%; or
- if the cash flow projections of all businesses were reduced by 25%

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

Brasco Caju's goodwill arose from the acquisition of Briclog, and is composed partly of expectation for future profitability and partially for deferred tax on intangibles. This goodwill ´s historical value is equivalent to US$19.4 million (R$51.6 million), with negative foreign exchange impact of US$3.7 million (2013: US$1.3 million) due to the translation effect.

Notes to the Accounts

14 Other intangible fixed assets

	US$'000
Cost	
At 1 January 2013	44,056
Additions	26,028
Acquired with acquisition of Briclog	266
Write off	(30)
Exchange differences	(3,469)
At 1 January 2014	66,851
Additions	2,136
Write off	(90)
Exchange differences	(4,549)
At 31 December 2014	**64,348**
Amortisation	
At 1 January 2013 – (Restated)	14,711
Acquired with acquisition of Briclog	206
Charge for the year	6,302
Write off	(23)
Exchange differences	(995)
At 1 January 2014	20,201
Charge for the year	6,941
Write off	(89)
Exchange differences	(1,270)
At 31 December 2014	**25,783**
Carrying amount	
31 December 2014	**38,565**
31 December 2013	46,650

Intangible fixed assets arose from (i) the acquisition of concession rights for the container and heavy cargo terminal in Salvador in 2000, and the Ponta Norte expansion at Tecon Salvador in 2010 (ii) the implementation of integrated management software (SAP) (iii) the Briclog acquisition in 2013 (Brasco Caju).

The breakdown of intangibles by type is as follows:

	31 December 2014 US$'000	31 December 2013 US$'000
Brasco Caju	**18,280**	21,454
Tecon Salvador	**7,483**	9,263
Computer software	**5,630**	7,613
Other	**7,172**	8,320
Total	**38,565**	46,650

Lease concessions are amortised over the remaining terms of the concessions at the time of acquisition, which for Tecon Salvador is 25 years and Ponta Norte is 15 years. The computer software is amortised over 5 years following completion of the installation.

15 Property, plant and equipment

	Land and buildings US$'000	Floating Craft US$'000	Vehicles, plant and equipment US$'000	Assets under construction US$'000	Total US$'000
Cost or valuation					
At 1 January 2013	272,359	313,861	243,491	15,876	845,587
Additions	38,153	7,197	30.234	19,091	94,675
Additions – Briclog	12,687	–	3,291	–	15,978
Transfers	(5,033)	11,913	5,033	(11,913)	–
Exchange differences	(16,663)	–	(14,108)	–	(30,771)
Disposals	(2,006)	(11,809)	(16,282)	–	(30,097)
At 1 January 2014	299,497	321,162	251,659	23,054	895,372
Additions	46,907	14,085	13,843	34,215	109,050
Transfers	1,032	45,799	(1,032)	(45,799)	–
Exchange differences	(20,353)	–	(10,454)	–	(30,807)
Disposals	(420)	(11,459)	(12,019)	–	(23,897)
At 31 December 2014	**326,663**	**369,587**	**241,997**	**11,470**	**949,717**
Accumulated depreciation and impairment					
At 1 January 2013	45,932	115,758	89,020	–	250,710
Charge for the year	17,584	11,523	23,265	–	52,372
Additions – Briclog	530	–	1,489	–	2,019
Elimination on construction contracts	–	3,744	–	–	3,744
Exchange differences	(3,188)	–	(6,015)	–	(9,203)
Disposals	(649)	(11,355)	(9,190)	–	(21,194)
At 1 January 2014	60,209	119,670	98,569	–	278,448
Charge for the year	19,897	13,908	24,374	–	58,179
Transfers	(65)	–	65	–	–
Elimination on construction contracts	–	1,977	–	–	1,977
Exchange differences	(4,394)	–	(6,321)	–	(10,715)
Disposals	(303)	(11,056)	(6,293)	–	(17,652)
At 31 December 2014	**75,344**	**124,499**	**110,394**	**–**	**310,237**
Carrying Amount					
At 31 December 2014	**251,319**	**245,088**	**131,603**	**11,470**	**639,480**
At 31 December 2013	239,288	201,492	153,090	23,054	616,924

The carrying amount of the Group's vehicles, plant and equipment includes an amount of US$19.7 million (2013: US$22.3 million) in respect of assets held under finance leases.

Land and buildings with a net book value of US$0.2 million (2013: US$0.2 million) and tugs with a value of US$1.8 million (2013: US$2.0 million) have been given in guarantee of various legal processes.

The Group has pledged assets having a carrying amount of approximately US$214.7 million (2013: US$234.1 million) to secure loans granted to the Group.

At 31 December 2014, the Group had entered into contractual commitments for the acquisition of property, plant and equipment amounting to US$13.5 million (2013: US$5.5 million).

Notes to the Accounts

16 Subsidiaries

	Place of incorporation and operation	Effective interest*	Method used to account for investment
OCEAN WILSONS (INVESTMENTS) LIMITED Investment holding and dealing company	Bermuda	100%**	Consolidation
WILSON SONS LIMITED Holding company	Bermuda	58.25%**	Consolidation
WILSON SONS DE ADMINISTRAÇÃO E COMÉRCIO LTDA Holding company	Brazil	58.25%	Consolidation
SAVEIROS CAMUYRANO SERVIÇOS MARÍTIMOS LTDA Tug operators	Brazil	58.25%	Consolidation
WILSON, SONS S.A., COMÉRCIO, INDÚSTRIA, E AGÉNCIA DE NAVEGAÇÃO LTDA Shipbuilders	Brazil	58.25%	Consolidation
WILSON, SONS ESTALEIRO LTDA Shipbuilders	Brazil	58.25%	Consolidation
WILSON SONS AGENCIA MARÍTIMA LTDA Ship Agents	Brazil	58.25%	Consolidation
WILSON, SONS NAVEGAÇÃO LTDA Ship Agents	Brazil	58.25%	Consolidation
SOBRARE-SERVEMAR LTDA Tug operator	Brazil	58.25%	Consolidation
WILPORT OPERADORES PORTUÁRIOS LTDA Stevedoring	Brazil	58.25%	Consolidation
WILSON, SONS LOGÍSTICA LTDA Logistics	Brazil	58.25%	Consolidation
WILSON, SONS TERMINAIS DE CARGAS LTDA Transport services	Brazil	58.25%	Consolidation
EADI SANTO ANDRÉ TERMINAL DE CARGA LTDA Bonded warehousing	Brazil	58.25%	Consolidation
VIS LIMITED Holding company	Guernsey	58.25%	Consolidation
TECON RIO GRANDE S.A. Port operator	Brazil	58.25%	Consolidation
WILSON, SONS APOIO MARITIMO LTDA Tug operator	Brazil	58.25%	Consolidation
WILSON SONS OPERACOES MARÍTIMAS ESPECIAS LTDA Tug operator	Brazil	58.25%	Consolidation
BRASCO LOGÍSTICA OFFSHORE LTDA Port operator	Brazil	58.25%	Consolidation
TECON SALVADOR S.A. Port operator	Brazil	53.88%	Consolidation

* Effective interest is the net interest of Ocean Wilsons Holdings Limited after non-controlling interests.

** Ocean Wilsons Holdings Limited holds direct interests in Ocean Wilsons Investments Limited and Wilsons Sons Limited.

The Group also has a 58.25% effective interest in a private investment fund Hydrus Fixed Income Private Credit Investment Fund. This private fund is administrated by Itau bank and the investment policy and objectives are determined by the Group's treasury department in line with Group policy.

17 Joint ventures

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

	Place of incorporation and operation	Proportion of ownership	
		31 December 2014	31 December 2013
Towage			
Consórcio de Rebocadores Barra de Coqueiros	Brazil	**50%**	50%
Consórcio de Rebocadores Baia de São Marcos	Brazil	**50%**	50%
Logistics			
Porto Campinas, Logística e Intermodal Ltda	Brazil	**50%**	50%
Offshore			
Wilson, Sons Ultratug Participações S.A.*	Brazil	**50%**	50%
Atlantic Offshore S.A.**	Panamá	**50%**	50%

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

** Atlantic Offshore S.A. controls South Patagonia S.A. This company is indirect joint venture of the company.

The Group's interests on joint ventures are equity accounted.

	Year ended 31 December 2014 US$'000	Year ended 31 December 2013 US$'000
Revenue	**153,760**	108,837
Raw materials and consumables used	**(6,098)**	(5,190)
Employee benefits expense	**(47,959)**	(42,192)
Depreciation and amortisation expenses	**(35,273)**	(26,249)
Other operating expenses	**(21,268)**	(15,240)
Loss on disposals of property, plant & equipment	**–**	(72)
Results from operating activities	**43,162**	19,894
Finance income	**1,354**	1,292
Finance costs	**(18,316)**	(15,391)
Foreign exchange gains/(losses) on monetary items	**(4,807)**	1,890
Profit/(loss) before tax	**21,393**	7,685
Income tax expense	**(7,213)**	(2,900)
Profit for the period	**14,180**	4,785
Participation	**50%**	50%
Equity result	**7,090**	2,392

Notes to the Accounts

17 Joint ventures (continued)

	31 December 2014 US$'000	31 December 2013 US$'000
Other non-current Assets	**1,566**	465
Property, plant and equipment	**598,497**	603,137
Long-term investment	**2,140**	2,131
Other current assets	**1,367**	864
Trade and other receivables	**35,782**	33,607
Derivatives	**79**	–
Cash and cash equivalents	**37,061**	23,401
Total assets	**676,492**	663,605

Bank overdrafts and loans	**514,861**	501,713
Other non-current liabilities	**16,596**	8,878
Trade and other payables	**81,596**	102,782
Equity	**63,439**	50,232
Total liabilities	**676,492**	663,605

Guarantees

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

Magallanes Navegação Brasileira's loan agreement with Banco do Brasil is guaranteed by a lien on the financed supply vessels. The security package also includes a standby letter of credit issued by Banco de Crédito e Inversiones – Chile for part of the debt balance, assignment of Petrobras' long-term contracts and a corporate guarantee issued by Inversiones Magallanes Ltda – Chile. A cash reserve account, accounted for under long term investments, funded with US$2.1 million (R$5.7 million) should be maintained until full repayment of the loan agreement.

Covenants

The joint venture Magallanes Navegação Brasileira S.A. has to comply with specific financial covenants.

Tax, labour and civil risks

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

In addition to the cases for which the Group booked the provision, there are other tax, civil and labour disputes amounting to US$12.6 million (2013: US$1.9 million), whose probability of loss was estimated by the legal counsel as possible.

The breakdown of possible losses is described as follows:

	31 December 2014 US$'000	31 December 2013 US$'000
Civil cases	**2**	9
Tax cases	**9,189**	639
Labour claims	**3,387**	1,231
Total	**12,578**	1,879

18 Investments

	2014 US$'000	2013 US$'000
Trading investments		
At 1 January	**277,969**	241,582
Additions, at cost	**79,685**	77,879
Disposals, at market value	**(103,396)**	(55,176)
Increase in fair value of trading investments held at year end	**1,360**	14,594
Profit/(loss) on disposal of trading investments	**4,873**	(910)
At 31 December	**260,491**	277,969
Ocean Wilsons Investment Limited Portfolio	**236,491**	244,969
Wilson Sons Limited	**24,000**	33,000
Trading investments held at fair value at 31 December	**260,491**	277,969

Wilson Sons Limited

The Wilson Sons Limited investments are held and managed separately from the Ocean Wilsons Investment Portfolio and consist of US Dollar denominated depository notes.

Ocean Wilsons Investment Portfolio

The Group has not designated any financial assets that are not classified as trading investments as financial assets at fair value through profit or loss.

Trading investments above represent investments in listed equity securities, funds and unquoted equities that present the Group with opportunity for return through dividend income and capital appreciation.

Included in trading investments are open ended funds whose shares may not be listed on a recognised stock exchange but are redeemable for cash at the current net asset value at the option of the company. They have no fixed maturity or coupon rate. The fair values of these securities are based on quoted market prices where available. Where quoted market prices are not available, fair values are determined by third parties using various valuation techniques that include inputs for the asset or liability that are not based in observable market data (unobservable inputs).

19 Inventories

	31 December 2014 US$'000	31 December 2013 US$'000
Operating materials	**11,498**	13,433
Raw materials and spare parts	**20,962**	15,657
Total	**32,460**	29,090

Inventories are expected to be recovered in less than one year and there were no obsolete items.

Notes to the Accounts

20 Construction contracts

	31 December 2014 US$'000	31 December 2013 US$'000
Contract costs incurred plus recognised profits less recognised losses to date	**123,483**	81,995
Less progress billings	**(129,821)**	(110,540)
Amounts due to contract customers included in trade and other payables	**(6,338)**	(28,545)

21 Trade and other receivables

	31 December 2014 US$'000	31 December 2013 US$'000
Trade and other receivables		
Amount receivable for the sale of services	**50,617**	65,542
Allowance for doubtful debts	**(1,154)**	(1,718)
	49,463	63,824
Income taxation recoverable	**9,352**	15,082
Other recoverable taxes and levies	**34,000**	32,760
Loans to related parties	**31,314**	42,200
Prepayments	**12,431**	7,089
Other	**11,174**	13,862
	147,734	174,817
Total current	**96,199**	150,819
Total non-current	**51,535**	23,998
	147,734	174,817

Non-current trade receivables relate to: recoverable taxes with maturity dates in excess of one year, which comprise mainly PIS, COFINS, ISS and INSS, customers with maturities over one year, receivables from Intermarítima relating to the sale of the non-controlling interest in Tecon Salvador, intergroup loans. There are no indicators of impairment related to these receivables.

Included in the Group's trade receivable balances are debtors with a carrying amount of US$8.8 million (2013: US$12.8 million) which are past due but not impaired at the reporting date for which the Group has not provided as there has not been a change in credit quality and the Group believes the amounts are still recoverable. The Group does not hold any collateral over these balances.

Ageing of past due but not impaired trade receivables	31 December 2014 US$'000	31 December 2013 US$'000
From 0 – 30 days	**6,942**	9,046
From 31 – 90 days	**1,086**	3,015
From 91 – 180 days	**791**	771
more than 180 days	**–**	–
Total	**8,819**	12,832

The average credit period taken on services ranges from zero to 30 days. Interest is charged at up to 1% per month on the outstanding balances with an additional fine of up to 2% per month. The Group has provided in full for all receivables over 180 days because historical experience is such that receivables that are past due 180 days are generally not recoverable.

Included in the Group's allowance for doubtful debts are individually impaired trade receivables with a balance of US$1.2 million, which are aged, greater than 180 days. The impairment recognised represents the difference between the carrying amount of these trade receivables and the present value of the expected settlement proceeds.

The Group does not hold any collateral over these balances.

21 Trade and other receivables (continued)

Ageing of impaired trade receivables	**31 December 2014 US$'000**	31 December 2013 US$'000
From 0 – 30 days	**–**	–
From 31 – 90 days	**–**	–
From 91 – 180 days	**–**	–
more than 180 days	**1,154**	1,718
Total	**1,154**	1,718

Movement in the allowance for doubtful debts	**2014 US$'000**	2013 US$'000
Balance at the beginning of the year	**1,718**	2,506
Amounts written off as uncollectable	**(3,106)**	(10,332)
Increase in allowance recognised in profit or loss	**2,743**	9,682
Exchange differences	**(201)**	(138)
Balance at the end of the year	**1,154**	1,718

In determining recoverability of trade receivables, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. The directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

The directors consider that the carrying amount of trade and other receivables approximates their fair value.

22 Bank loans and overdrafts

	Annual interest rate %	**31 December 2014 US$'000**	31 December 2013 US$'000
Secured borrowings			
BNDES – FMM linked to US Dollar[1]	2.07% to 6%	**200,022**	214,826
BNDES – Real	6.76% to 7.16%	**26,796**	9,849
BNDES – linked to US Dollar	5.07% to 5.36%	**9,410**	11,591
BNDES – FINAME Real	3.50% to 12.00%	**4,461**	10,366
BNDES – FMM Real[1]	5.90% to 8.71%	**2,692**	3,247
Total BNDES		**243,381**	249,879
IFC – US Dollar	3.08%	**67,815**	75,296
BB – FMM linked to US Dollar[1]	2.00% – 3.00%	**54,985**	24,387
Itaú – US Dollar linked to Real	11.89%	**12,233**	–
Eximbank – US Dollar	2.03%	**9,462**	11,563
Finimp – US Dollar	1.96% – 4.13%	**6,287**	9,528
IFC – Real	14.09%	**1,022**	1,738
Total others		**151,804**	122,512
Total secured borrowings		**395,185**	372,391
Total		**395,185**	372,391

1. As an agent of Fundo da Marinha Mercante's (FMM), BNDES finances the construction of tugboats and shipyard facilities.

Notes to the Accounts

22 Bank loans and overdrafts (continued)

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

	31 December 2014 US$'000	31 December 2013 US$'000
Within one year	**51,195**	37,997
In the second year	**39,926**	37,370
In the third to fifth years (inclusive)	**120,389**	110,115
After five years	**183,675**	186,909
Total	**395,185**	372,391
Amounts due for settlement within 12 months	**51,195**	37,997
Amounts due for settlement after 12 months	**343,990**	334,394

The analysis of borrowings by currency is as follows:

	$Real US$'000	US Dollars linked to $Real US$'000	$Real linked to US Dollars US$'000	US Dollars US$'000	Total US$'000
31 December 2014					
Bank loans	**34,971**	**12,233**	**264,417**	**83,564**	**395,185**
Total	**34,971**	**12,233**	**264,417**	**83,564**	**395,185**
31 December 2013					
Bank loans	25,200	–	250,804	96,387	372,391
Total	25,200	–	250,804	96,387	372,391

Guarantees

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

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

The loans that Tecon Salvador holds with IFC are guaranteed by shares of the company, projects' cash flows, equipment and buildings.

The loan with "The Export-Import Bank of China" is guaranteed by a "Standby Letter of Credit" issued for Tecon Rio Grande by Itaú BBA S.A., with the financing bank as beneficiary, as counter-guarantee, Tecon Rio Grande pledged the equipment funded by "The Export-Import Bank of China" to Itaú BBA S.A.

Loan with Itaú BBA S.A. is guaranteed by the corporate guarantee from Wilson Sons de Administração e Comércio Ltda and the pledge of the respective financed equipment. One contract is additionally guaranteed by a promissory note.

22 Bank loans and overdrafts (continued)

Undrawn credit facilities

At 31 December 2014, the Group had available US$89.7 million of undrawn borrowing facilities. For each disbursement, there is a set of conditions precedent that must be satisfied.

In June 2014, the Group signed a termination of Rio Grande Shipyard's loan agreement with BNDES, reducing the amount of undrawn borrowing facilities by US$106.2 million.

Covenants

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

The subsidiary Tecon Salvador has to observe affirmative and negative covenants stated in its loan agreement with the Internantional Finance Corporation – IFC, including the maintenance of specific liquidity ratios and a capital structure.

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

Fair value

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

	31 December 2014 US$'000	31 December 2013 US$'000
Bank loans		
BNDES	**243,381**	249,879
BB	**68,837**	24,387
IFC	**54,985**	77,034
Itau	**12,233**	–
Eximbank	**9,462**	11,563
Finimp	**6,287**	9,528
Total bank loans	**395,185**	372,391
Total	**395,185**	372,391

23 Derivative financial instruments

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

The Group uses cash flow hedges to limit its exposure that may result from the variability of floating interest rates. On 16 September 2013, its subsidiary, Tecon Salvador, entered into an interest rate swap agreement with a notional amount of $74.4 million to hedge a portion of its outstanding floating-rate debt with IFC. This swap converts floating interest rate based on the London Interbank Offered Rate, or LIBOR, into fixed-rate interest and expires in March 2020.The derivatives were entered into with Santander Brasil as counterparty, whose credit rating was AAA, as of 31 December 2014, according to Standard & Poor's Brazilian local rating scale.

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

Notes to the Accounts

23 Derivative financial instruments (continued)

	US$'000 Outflows	Net effect
Within one year	(156)	(156)
In the second year	(763)	(763)
In the third to fifth years (including)	(1,039)	(1,039)
After five years	(41)	(41)
	(1,999)	(1,999)
Fair Value		(1,999)

The fair value of the swap was estimated based on the yield curve as of 31 December 2014, and represents its carrying value. As of 31 December 2014, the interest rate swap balance in other non-current liabilities was US$2.0 million; and the balance in accumulated other comprehensive income on the consolidated balance sheet was US$2.0 million. The net change in fair value of the interest rate swap recorded as other comprehensive income for the year ended 31 December 2014 was an after-tax loss of US$2.0 million.

31 December 2014	Notional Amount US$000's	Maturity	Fair Value US$000's
Financial Assets			
Interest Rates Swap	74,400	Mar/2020	(1,999)
Total			(1,999)

Derivative Sensitivity Analysis

This analysis is based on 6-month Libor interest rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular foreign exchange rates, remain constant and ignores any impact of forecast sales and purchases. Three scenarios were simulated: the likely scenario (Probable) and two possible scenarios of reduction of 25% (Possible) and 50% (Remote) in the interest rate. Even if the Group has to pay adjustments in future fixings, the swap contract fixes the total interest amount that the Group will pay is equal as the rate agreed. In this case in both scenarios the risk associated on 31 December 2014 is US$2.0 million.

Cash Flow Hedge

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

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

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

Under this methodology, the swap was deemed to be highly effective for the period ended 31 December 2014. There was no hedge ineffectiveness recognised in profit or loss for the year ended 31 December 2014.

24 Deferred tax

The following are the major deferred tax liabilities and assets recognised by the Group and movements thereon during the current and prior reporting period.

	Accelerated tax depreciation US$'000	Exchange variance on loans US$'000	Other differences US$'000	Retranslation of non-current asset valuation US$'000	Total US$'000
At 1 January 2013	(17,873)	5,405	34,145	(7,073)	14,604
(Charge)/credit to income	(1,320)	11,768	(416)	(18,740)	(8,708)
Deferred tax from acquisitions	–	–	(7,793)	–	(7,793)
Exchange differences	–	(166)	(1,599)	–	(1,765)
At 1 January 2014	**(19,193)**	**17,007**	**24,337**	**(25,813)**	**(3,662)**
(Charge)/credit to income	(717)	7,959	(426)	(15,872)	(9,056)
Exchange differences	–	(366)	(448)	–	(814)
At 31 December 2014	**(19,910)**	**24,600**	**23,463**	**(41,685)**	**(13,532)**

Certain tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes.

	31 December 2014 US$'000	31 December 2013 US$'000
Deferred tax liabilities	**(45,197)**	(33,761)
Deferred tax assets	**31,665**	30,099
	(13,532)	(3,662)

At the balance sheet date the Group had unused tax losses of US$48.9 million (2013: US$42.0 million) available for offset against future profits in the company in which they arose. No deferred tax asset has been recognised in respect of US$7.1 million (2013: US$7.2 million) due to the unpredictability of future profit streams.

Retranslation of non-current asset valuation deferred tax arises on Brazilian property, plant and equipment held in US dollar functional currency businesses. Deferred tax is calculated on the difference between the historical US Dollar balances recorded in the Groups accounts and the $Real balances used in the Group's Brazilian tax calculations.

Deferred tax on exchange variance on loans arises from exchange gains or losses on the Group's US Dollar and $Real denominated loans linked to the US Dollar that are not deductible or payable for tax in the period they arise. Exchange gains on these loans are taxable when settled and not in the period in which gains arise.

25 Obligations under finance leases

	Minimum lease payments	
	31 December 2014 US$'000	31 December 2013 US$'000
Amounts payable under finance leases		
Within one year	**1,859**	2,042
In the second to fifth years inclusive	**4,604**	6,546
After five years	**–**	–
	6,463	8,588
Less future finance charges	**(1,766)**	(2,229)
Present value of lease obligations	**4,697**	6,359
Less: Amounts due for settlement within 12 months (shown under current liabilities)	**1,444**	1,547
Amount due for settlement after 12 months	**3,253**	4,812

Notes to the Accounts

25 Obligations under finance leases (continued)

	Present value of Minimum lease payments	
	31 December 2014 US$'000	31 December 2013 US$'000
Amounts payable under finance leases		
Within one year	**1,444**	1,547
In the second to fifth years inclusive	**3,253**	4,812
After five years	**–**	–
	4,697	6,359
Less future finance charges	**–**	–
Present value of lease obligations	**–**	–
Less: Amounts due for settlement within 12 months (shown under current liabilities)	**1,444**	1,547
Amount due for settlement after 12 months	**3,253**	4,812

It is the Group's policy to lease certain of its fixtures and equipment under finance leases. The average lease term is 5 years.

For the year ended 31 December 2013, the average effective borrowing rate was13.94% (2013: 13.61%). Interest rates are fixed at contract date. All leases are denominated in Brazilian Real and include a fixed repayment and a variable finance charge linked to the Brazilian interest rate. Interest rates range from 13.04% to 17.78%.

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

26 Trade and other payables

	31 December 2014 US$'000	31 December 2013 US$'000
Trade creditors	**46,007**	73,908
Amounts due to construction contract customers (note 20)	**6,338**	28,545
Other taxes	**11,064**	12,437
Accruals and deferred income	**15,409**	10,132
Share based payment liability	**61**	10,898
Total current	**78,879**	135,920

Trade creditors and accruals principally comprise amounts outstanding for trade purposes and ongoing costs.

The average credit period for trade purchases is 40 days (2013: 76 days). For most suppliers interest is charged on outstanding trade payable balances at various interest rates. The Group has financial risk management policies in place to ensure that payables are paid within the credit timeframe.

The directors consider that the carrying amount of trade payables approximates their fair value.

27 Provisions

	US$'000
At 1 January 2013	10,966
Increase in provisions in the year	4,252
Utilisation of provisions	(1,239)
Exchange difference	(3,717)
At 31 December 2013	10,262
Increase in provisions in the year	9,118
Utilisation of provisions	(3,683)
Exchange difference	5
At 31 December 2014	**15,702**

Provisions comprise legal claims relating to civil cases, tax cases and legal claims by former employees.

Analysis of provisions by type:

	31 December 2014 US$'000	31 December 2013 US$'000
Civil and environmental cases	**3,119**	2,078
Tax cases	**3,818**	1,822
Labour claims	**8,765**	6,362
	15,702	10,262

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

In addition to the cases for which the Group booked the provision there are other tax, civil and labour disputes amounting to US$112.3 million (2013: US$133.4 million) with probability of loss was estimated by the legal counsels as possible.

The breakdown of possible claims is described as follows:

The analysis of possible losses by type:

	31 December 2014 US$'000	31 December 2013 US$'000
Civil and environmental cases	4,292	10,174
Tax cases	82,416	56,799
Labour claims	25,582	66,416
	112,290	133,389

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

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

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

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

Procedure for classification of legal liabilities as probable, possible or remote loss is by the external lawyers:

Upon receipt of the notification of a new judicial lawsuit, the external lawyer generally classifies it as a possible claim, recording the total amount involved. From 2014, the Group is using the estimated value in risk and not the total amount involved in each process.

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

Notes to the Accounts

27 Provisions (continued)

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

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

28 Share capital

	2014 US$'000	2013 US$'000
Authorised		
50,060,000 ordinary shares of 20p each	**16,119**	16,119
Issued and fully paid		
35,363,040 ordinary shares of 20p each	**11,390**	11,390

The company has one class of ordinary shares which carry no right to fixed income.

Share capital is converted at the exchange rate prevailing at 31 December 2002, the date at which the Group's presentational currency changed from Sterling to US$, being US$1.61 to £1.

29 Notes to the cash flow statement

	Year ended 31 December 2014 US$'000	Year ended 31 December 2013 US$'000
Reconciliation from profit before tax to net cash from operating activities		
Profit before tax	**78,496**	100,502
Share of results of joint venture	**(7,090)**	(2,392)
Investment revenues	**(16,975)**	(17,838)
Other gains and losses	**(6,233)**	(13,684)
Finance costs	**23,607**	21,863
Foreign exchange losses on monetary items	**17,621**	30,589
Operating profit	**89,426**	119,040
Adjustments for:		
Depreciation of property, plant and equipment	**58,179**	52,372
Amortisation of intangible assets	**6,941**	6,302
Share based payment credit	**(652)**	(1,430)
Gain on disposal of property, plant and equipment	**(326)**	(9,966)
Increase/(decrease) in provisions	**5,713**	(2,528)
Operating cash flows before movements in working capital	**159,281**	163,790
(Increase) in inventories	**(3,370)**	(3,085)
Decrease in receivables	**21,227**	62,154
(Decrease) in payables	**(25,027)**	(73,194)
(Increase) in other non-current assets	**(1,629)**	(999)
Cash generated by operations	**150,482**	148,666
Income taxes paid	**(29,518)**	(27,306)
Interest paid	**(15,408)**	(12,944)
Net cash from operating activities	**105,556**	108,416

Cash and cash equivalents

Cash and cash equivalents comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

29 Notes to the cash flow statement (continued)

Private investment funds

Wilson Sons Limited has investments in private investment funds that are consolidated in the financial statements as cash equivalents.

The Group has investments in a private investment fund called Hydrus Fixed Income Private Credit Investment Fund that are consolidated in these financial statements. This private investment fund comprises deposit certificates, financial notes and debentures, with final maturities ranging from January 2014 to January 2019. About 67.62% of the securities included in the portfolio of the Private Investment Fund have daily liquidity and are marked to fair value on a daily basis against current earnings. This private investment fund does not have significant financial obligations. Any financial obligations are limited to service fees to the asset management company employed to execute investment transactions, audit fees and other similar expenses.

Cash and cash equivalents held in Brazil amount to US$70.3 million (2013: US$84.3 million).

Cash equivalents are held for the purpose of meeting short-term cash commitments and not for cash investment purposes.

Additions to plant and equipment during the year amounting to US$0.5 million (2013: US$4.2 million) were financed by new finance leases.

30 Contingent liabilities

In the normal course of business in Brazil, the Group continues to be exposed to numerous local legal claims. It is the Group's policy to contest such claims vigorously, many of which appear to have little substance in merit, and to manage such claims through its legal advisers. The total estimated contingent claims at 31 December 2014 are US$112.3 million (2013: US$133.4 million). These have not been provided for as the Directors and the Group's legal advisors do not consider that there is any probable loss. Contingent liabilities relate to labour, civil and environmental, and tax claims.

31 Share options and share based payments

Wilson Sons Limited LTIP

On 9 April 2007, the boards of Ocean Wilsons Holding Limited and Wilson Sons Limited approved a stock option plan which allows for the grant of phantom options to eligible employees selected by the Wilson Sons Limited Board. The options provided cash payments, on exercise, based on the number of options multiplied by the growth in the price of a Wilson Sons Limited Brazilian Depositary Receipt "BDR" between the date of grant (the Base Price) and the date of exercise (the "Exercise Price"). The plan was a Brazilian Real denominated scheme and options were issued at R$23.74 during 2007. A further 135,000 options were issued under the plan at R$18.70 in 2008 and 2009 and a further 148,000 at R$24.58 in 2011. The awards vested in four tranches from two to six years from date of issue.

As at 31 December 2014 the scheme was closed and there were no outstanding options.

Details of the share options outstanding during the year as follows:

	2014 Number of share options	2013 Number of share options
Outstanding at the beginning of the period	**2,541,260**	2,541,260
Exercised during the period	**(2,541,260)**	–
Outstanding at the end of the period	**–**	2,541,260

The movement of the accrual relating to the plan is as follows:

	2014 US$'000	2013 US$'000
Liability at 1 January	**10,898**	12,328
(Credit)/charge for the year	**(3,780)**	(1,430)
Exercise of options	**(7,118)**	–
Liability at 31 December	**–**	10,898

Notes to the Accounts

31 Share options and share-based payments (continued)

The group has recorded no liability (2013: US$10.9 million) in respect of the scheme. Fair value was determined by using the Binomial model using the assumptions noted in the table below.

	2014	2013
Weighted average option price for awards made in 2007	**n/a**	R$23.74
Weighted average option price for awards made in 2008 and 2009	**n/a**	R$18.70
Weighted average option price for awards made in 2011	**n/a**	R$24.58
Expected volatility	**n/a**	26% – 29%
Expected life	**n/a**	10 years
Risk free rate	**n/a**	10.40%
Expected dividend yield	**n/a**	1.60%

Expected volatility was determined with reference to the historical volatility of the OWHL Group share price. The expected life used in the model was adjusted, based on management's best estimate for exercise restrictions and behavioural considerations. There were no exercisable options at period end.

Stock option scheme

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

On 10 January 2014 options for the acquistion of 2,914,100 BDR's were granted under the Stock Option Plan with an exercise price of R$ 31.23 and on 13 November 2014 options for the acquistion of 139,000 BDR's were granted under the Stock Option Plan with respective exercise prices of R$ 31.23 and R$ 33,98 as detailed below:

Options series	Number	Grant date	Vesting date	Expiry date	Exercise price (R$)
07 ESO – 3 Year	931,920	10/1/2014	10/1/2017	10/1/2022	31.23
07 ESO – 4 Year	931,920	10/1/2014	10/1/2018	10/1/2023	31.23
07 ESO – 5 Year	960,160	10/1/2014	10/1/2019	10/1/2024	31.23
07 ESO – 3 Year	45,870	13/11/2014	13/11/2017	10/1/2022	33.98
07 ESO – 4 Year	45,870	13/11/2014	13/11/2018	10/1/2023	33.98
07 ESO – 5 Year	47,260	13/11/2014	13/11/2019	10/1/2024	33.98

The options terminate on the expiry date or immediately on the resignation of the director or senior employee, whichever is earlier. Options lapse if not exercised within 6 months of the date that the participant ceases to be employed or hold office within the Group by reason of, amongst others: injury, disability or retirement; or dismissal without just cause. In the period between granting and 31 December 2014 a total of 90,100 options lapsed.

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

Period	Projected IFRS2 Fair Value expense US$'000*
2014	2,826
2015	2,826
2016	2,826
2017	1,660
2018	757
Total	10,895

* Amounts in Dollars converted at R$2.6562/US$1.00.

31 Share options and share-based payments (continued)

	10 January 2015
Closing share price (in Real)	R$30.05
Expected volatility	28%
Expected life	10 years
Risk free rate	10.8%
Expected dividend yield	1.7%

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

32 Operating lease arrangements

	2014 **US$'000**	2013 (Restated) US$'000
The Group as lessee		
Minimum lease payments under operating leases recognised in income for the year	**17,835**	13,966

At the balance sheet date, the minimum amount due in 2014 by the Group for future minimum lease payments under cancellable operating leases was US$11.6 million (2013: $12.5 million).

Lease commitments for land and buildings over 5 years comprise the minimum contractual lease obligations between Tecon Rio Grande and the Rio Grande port authority the Group and the Salvador port authority. The Tecon Rio Grande concession expires in 2022 and Tecon Salvador in 2025. Both have an option to renew the concession for a maximum period of 25 years.

Tecon Rio Grande guaranteed payments consist of two elements; a fixed rental, plus a fee per 1000 containers moved based on forecast volumes. The amount shown in the accounts is based on the minimum volume forecast. Volumes are forecast to rise in future years. If container volumes moved through the terminal exceed forecast volumes in any given year, additional payments will be required.Tecon Salvador guaranteed payments consists of three elements; a fixed rental, a fee per container moved based on minimum forecast volumes and a fee per ton of non-containerised cargo moved based on minimum forecast volumes.

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable/operating leases, which fall due as follows:

	2014 **US$'000**	20123 US$'000
Within one year	**23,268**	25,223
In the second to fifth year inclusive	**78,072**	90,634
After five years	**82,614**	108,516
	183,954	224,373

Non-cancellable lease payments represent rental payments by the Group for the bonded warehouse used by EADI Santo Andre. The unexpired lease term at 31 December 2014 is 3 years and 11 months and rental payments are corrected by a Brazilian general inflation index.

Notes to the Accounts

33 Commitments

At 31 December 2014 the Group had entered into the following commitment agreements with respect to trading investments. These commitments relate to capital subscription agreements entered into by Ocean Wilsons Investments Limited.

The details of these commitments are as follows:

	Commitment $'000	**Year ended Outstanding At 31 December 2014 US$'000**	Year ended Outstanding At 31 December 2013 US$'000
4 June 2018	5,000	**1,538**	1,700
31 December 2015	3,000	**68**	68
17 February 2017	3,000	**1,170**	1,652
22 February 2017 (a)	4,994	**135**	267
28 March 2017	5,000	**3,374**	4,884
05 December 2017	5,000	**434**	394
30 March 2018	5,000	**899**	914
18 July 2018	5,000	**738**	949
21 December 2018	5,000	**364**	623
31 December 2018	4,650	**445**	739
21 June 2019	5,000	**–**	3,000
22 November 2019	5,000	**550**	1,175
08 December 2019	5,000	**1,044**	1,356
31 December 2019	3,000	**240**	810
01 January 2020	4,500	**469**	4,500
18 December 2021	5,000	**1,200**	3,544
30 April 2022	7,500	**4,547**	5,226
11 July 2022 (b)	4,972	**3,917**	–
01 February 2023	5,000	**700**	1,000
01 April 2023	5,000	**3,723**	3,824
05 June 2023	3,200	**2,474**	3,048
22 August 2023	5,000	**2,235**	4,607
21 August 2024 (c)	4,999	**4,129**	–
11 April 2029	3,000	**2,160**	–
Total	114,815	**36,553**	44,551

(a) Commitment made in Euro. Total commitment €3,350,000 with amounts outstanding at 31 December 2014 €111,935 (2013: €193,987).

(b) Commitment made in Euro. Total commitment €3,650,000 with amounts outstanding at 31 December 2014 €3,237,059 (2013: nil).

(c) Commitment made in pounds sterling. Total commitment £3,000,000 with amounts outstanding at 31 December 2014 £2,650,030 (2013: nil).

There may be situations when commitments may be extended by the manager of the underlying structure beyond the initial expiry date dependent upon the terms and conditions of each individual structure.

34 Retirement benefit schemes

Defined contribution schemes

The Group operates defined contribution retirement benefit schemes for all qualifying employees of its Brazilian business. The assets of the scheme are held separately from those of the Group in funds under the control of independent managers.

The total cost charged to income of US$1.0 million (2013: US$1.5 million) represents contributions payable to the scheme by the Group at rates specified in the rules of the plan.

35 Related party transactions

Transactions between this company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Transactions between the group and its associates, joint ventures and others investments are disclosed below:

	Dividends received/ Revenue of services		Amounts paid/ Cost of services	
	31 December 2014 US$'000	31 December 2013 US$'000	**31 December 2014 US$'000**	31 December 2013 US$'000
Joint ventures				
1. Allink Transportes Internacionais Limitada	**31**	31	**–**	–
2. Consórcio de Rebocadores Barra de Coqueiros	**321**	313	**–**	–
3. Consórcio de Rebocadores Baía de São Marcos	**96**	12	**(26)**	(1,124)
4. Wilson Sons Ultratug and subsidiaries	**5,745**	55,687	**–**	–
5. Atlantic offshore	**–**	–	**–**	–
Others				
6. Hanseatic Asset Management	**–**	–	**3,054**	(2,420)
7. Gouvêa Vieira Advogados	**–**	–	**(121)**	(245)
8. CMMR Intermediacão Comercial Limitada	**–**	–	**(238)**	(244)
9. Jofran Services	**–**	–	**(165)**	(165)

	Amounts owed by related parties		Amounts owed to related parties	
	31 December 2014 US$'000	31 December 2013 US$'000	**31 December 2014 US$'000**	31 December 2013 US$'000
Joint ventures				
1. Allink Transportes Internacionais Limitada	**4**	–	**–**	(2)
2. Consórcio de Rebocadores Barra de Coqueiros	**118**	134	**–**	–
3. Consórcio de Rebocadores Baía de São Marcos	**2,285**	2,165	**–**	–
4. Wilson Sons Ultratug	**23,135**	20,350	**–**	–
5. Atlantic offshore	**5,997**	–	**–**	–
Others				
6. Hanseatic Asset Management	**–**	–	**(773)**	(211)
7. Gouvêa Vieira Advogados	**–**	–	**–**	–
8. CMMR Intermediacão Comercial Limitada	**–**	–	**–**	–
9. Jofran Services	**–**	–	**–**	–

1. Mr A C Baião is a shareholder and Director of Allink Transportes Internacionais Limitada. Allink Transportes Internacionais Limitada is 50% owned by the Group and rents office space from the Group.
6. Mr W H Salomon is chairman of Hanseatic Asset Management. Fees were paid to Hanseatic Asset Management for acting as investment managers of the Group's investment portfolio and administration services.
7. Dr J F Gouvêa Vieira is a partner in the law firm Gouvêa Vieira Advogados. Fees were paid to Gouvêa Vieira Advogados for legal services.
8. Mr C M Marote is a shareholder and Director of CMMR Intermediacao Comercial Limitada. Fees were paid to CMMR Intermediacao Comercial Limitada for consultancy services.
9. Mr J F Gouvêa Vieira is a Director of Jofran Services. Directors' fees were paid to Jofran Services.

Notes to the Accounts

35 Related party transactions (continued)

Remuneration of key management personnel

The remuneration of the executive directors and other key management of the Group, is set out below in aggregate for the categories specified in IAS 24 Related Party Disclosures.

	Year ended 2014 US$'000	Year ended 2013 US$'000
Short-term employee benefits	**12,128**	9,265
Other long-term employee benefits	**1,503**	1,807
Share options issued	**3,066**	–
Share-based payment	**(3,719)**	(1,430)
	12,978	11,183

36 Financial instruments

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern. The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 22, cash and cash equivalents and equity attributable to equity holders of the parent comprising issued capital, reserves and retained earnings and the consolidated statement of changes in equity.

The Group borrows to fund capital projects and looks to cash flow from these projects to meet repayments. Working capital is funded through cash generated by operating revenues.

Externally imposed capital requirement

The Group is not subject to externally imposed capital requirements.

Significant accounting policies

Details of significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expense are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the financial statements.

Categories of financial instruments

	Year ended 2014 US$'000	Year ended 2013 US$'000
Financial assets		
Designated as fair value through profit or loss	**236,491**	244,969
Receivables (including cash and cash equivalents and other non-current assets)	**289,530**	312,033
Financial liabilities		
Financial instruments classified as amortised cost	**(467,697)**	(502,233)
Financial instruments classified as cash flow hedge (Derivatives)	**(1,999)**	(1,240)

Financial risk management objectives

The Group's Corporate Treasury function provides services to the business, co-ordinates access to domestic and international financial markets and manages the financial risks relating to the operations of the Group through internal reports. The primary objective is to keep a minimum exposure to those risks by using financial instruments and by assessing and controlling the credit and liquidity risks according to the rules and procedures established by management. These risks include market risk, (including currency risk, interest rate risk and price risk) credit risk and liquidity risk.

The Group may use derivative financial instruments to hedge these risk exposures, with Board approval. The Group does not enter into trading financial instruments, including derivative financial instruments for speculative purposes.

36 Financial instruments (continued)

Credit risk

The Group's principal financial assets are cash, trade and other receivables and trading investments. The Group's credit risk is primarily attributable to its bank balances, trade receivables and investments. The amounts presented as receivables in the balance sheet are net of allowances for doubtful receivables as outlined above.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. The credit risk on investments held for trading is limited because the counterparties with whom the Group transacts are regulated institutions or banks with high credit ratings. The Company's appointed investment manager, Hanseatic Asset Management LBG, evaluates the credit risk on trading investments prior to and during the investment period.

In addition, the Company invests in Limited Partnerships and other similar investment vehicles. The level of credit risk associated with such investments is dependent upon the terms and conditions and the management of the investment structures. The board reviews all investments at its regular meetings from reports prepared by the company's investment managers.

The Group has no significant concentration of credit risk. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

Foreign currency risk management

The Group undertakes certain transactions denominated or linked to foreign currencies and therefore exposures to exchange rate fluctuations arise. The Group operates principally in Brazil with a substantial proportion of the Group's revenue, expenses, assets and liabilities denominated in the Real. Due to the cost of hedging the Real, the Group does not normally hedge its net exposure to the Brazilian Real, as the Board does not consider it economically viable.

Cash flows from investments in fixed assets are denominated in Brazilian Real and US Dollars. These investments are subject to currency fluctuations between the time that price of goods or services are settled and the actual payment date. The resources and their application are monitored with purpose of matching the currency cash flows and due dates.

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

In general terms, for operating cash flows, the Group seeks to neutralise the currency risk by matching assets (receivables) and liabilities (payments). Furthermore, the Group seeks to generate an operating cash surplus in the same currency in which the debt service of each business is denominated.

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

	Liabilities		Assets	
	2014	2013	**2014**	2013
	US$'000	US$'000	**US$'000**	US$'000
Real	**140,415**	168,913	**324,549**	262,387
Sterling	**27**	39	**9,931**	18,573
Euro	**–**	–	**6,662**	5,854
Singapore dollar	**–**	–	**3,747**	4,995
	140,442	168,952	**344,889**	291,809

Notes to the Accounts

36 Financial instruments (continued)

Foreign currency sensitivity analysis

The Group is primarily exposed to unfavourable movements in the Brazilian Real on its Brazilian liabilities held by US$ functional currency entities.

The sensitivity analysis presented in the following table simulates how movements in the exchange rate may impact the Group. The analysis uses a baseline scenario, represented by the carrying value of the operations, considering the exchange rate prevailing at 31 December 2014. The following table details the Group's sensitivity to three possible scenarios: the likely scenario (Probable) and two possible scenarios of deterioration of 25% (Possible) and 50% (Remote) in the exchange rate. The Group uses the focus reports published by the Brazilian Central Bank (BACEN) to determine the exchange rate used in the probable scenario which is also used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonable possible change in foreign exchange rates.

					31 December 2014 Exchange rates	
				Probable scenario	Possible scenario 25%	Remote scenario 50%
				R$2.80/US$1.00	R$3.50/US$1.00	R$4.20/US$1.00
Operation	Risk	Amount US Dollars	Result	Probable scenario	Possible scenario (25%)	Remote scenario (50%)
Total assets	BRL	324,549	Exchange Effects	(16,473)	(78,244)	(119,295)
Total liabilities	BRL	140,415	Exchange Effects	7,211	33,852	51,613
			Net Effect	(9,262)	(44,392)	(67,682)

					31 December 2013 Exchange rates	
				Probable scenario	Possible scenario 25%	Remote scenario 50%
				R$2.500/US$1.00	R$3.125/US$1.00	R$3.750/US$1.00
Operation	Risk	Amount US Dollars	Result	Probable scenario	Possible scenario (25%)	Remote scenario (50%)
Total assets	BRL	259,404	Exchange Effects	(16,332)	(64,946)	(97,356)
Total liabilities	BRL	168,913	Exchange Effects	10,635	42,290	63,394
			Net Effect	(5,697)	(22,656)	(33,962)

The Brazilian Real foreign currency impact is mainly attributable to the exposure of outstanding Brazilian Real receivables and payables at year end in the Group. The Sterling currency impact is mainly attributable to the exposure of sterling denominated investments.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk, as the yearend exposure does not reflect the exposure during the year.

Interest rate risk management

The Group is exposed to interest rate risk as entities in the Group borrow funds at both fixed and floating interest rates. The Group holds most of its debts linked to fixed rates. Most of the Group's fixed rates loans are with the FMM (Fundo da Marinha Mercante).

Other loans exposed to floating rates are as follows:

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

DI (Brazilian Interbank Interest Rate) for Brazilian Real-denominated funding in Logistics operations, and 6-month Libor (London Interbank Offered Rate) for US Dollar-denominated funding for Port Operations.

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

36 Financial instruments (continued)

The Group's strategy for managing interest rate risk is to maintain a balanced portfolio of fixed and floating interest rates in order to balance both cost and volatility. The Group may use derivative instruments to reduce cash flow interest rate attributable to interest rate volatility.

The Group has floating rate financial assets consisting of bank balances principally denominated in US Dollars and Brazilian Real that bear interest at rates based on the banks floating interest rate.

Interest rate sensitivity analysis

The Group uses two important information sources to estimate the probable scenarios in determining interest rate scenarios, BM&F (*Bolsa de Mercadorias e Futuros*) and Bloomberg. The following analysis concerns a possible fluctuation of revenue or expenses linked to the transactions and scenarios shown, without considering their fair value. For floating rate liabilities and investments, the analysis is prepared assuming the amount of the liability outstanding or cash invested at balance sheet date was outstanding or invested for the whole year.

		31 December 2014	
Transaction	Probable scenario	Possible scenario 25%	Remote scenario 50%
Loans – Libor	0.62%	0.78%	0.93%
Loans – CDI	12.40%	15.50%	18.60%
Loans – TJLP	5.50%	6.88%	8.25%
Investments – Libor	0.62%	0.78%	0.93%
Investments – CDI	12.40%	15.50%	18.60%

Transaction	Risk	Amount US Dollars	Result	Probable scenario	Possible scenario (25%)	Remote scenario (50%)
Loans – Libor	Libor	83,564	Interest	(177)	(272)	(366)
Loans – CDI	Libor	12,233	Interest	(58)	(170)	(280)
Loans – TJLP	Libor	30,858	Interest	–	(278)	(553)
Loans – fixed	Libor	268,530	None	–	–	–
		395,185		(235)	(720)	(1,199)
Investments – Libor	Libor	39,206	Income	44	106	168
Investments – CDI	CDI	65,777	Income	829	2,823	4,816
				873	2,929	4,984
			Net Income	638	2,209	3,785

The net effect was obtained by assuming a 12 month period starting 31 December 2014 in which interest rates vary and all other variables are held constant. The scenarios express the difference between the scenario rate and actual rate. The investment rate risk mix in Brazil is 37.34% Libor, 62.66% CDI.

Notes to the Accounts

36 Financial instruments (continued)

Transaction	Probable scenario	31 December 2013 Possible scenario 25%	Remote scenario 50%
Loans – Libor	0.57%	0.72%	0.86%
Loans – CDI	10.95%	13.69%	16.43%
Loans – TJLP	0.00%	0.00%	0.00%
Investments – Libor	0.33%	0.42%	0.50%
Investments – CDI	10.95%	13.69%	16.43%

Transaction	Risk	Amount US Dollars	Result	Probable scenario	Possible scenario (25%)	Remote scenario (50%)
Loans – Libor	Libor	96,387	Interest	(128)	(231)	(334)
Loans – CDI	Libor	–	Interest	–	–	–
Loans – TJLP	Libor	14,191	Interest	–	(113)	(225)
Loans – fixed	Libor	261,813	None	–	–	–
		372,391		(128)	(344)	(559)
Investments – Libor	Libor	39,206	Income	(105)	(45)	14
Investments – CDI	CDI	65,777	Income	2,590	5,178	7,766
				2,485	5,133	7,780
			Net Income	2,357	4,789	7,221

The net effect was obtained by assuming a 12 month period starting 31 December 2013 in which interest rates vary and all other variables are held constant. The scenarios express the difference between the scenario rate and actual rate. The interest rate mix is 37.24% Libor and 62.76% CDI.

Investment portfolio

Interest rate changes will always impact equity prices. The level and direction of change in equity prices is subject to prevailing local and world economics as well as market sentiment all of which are very difficult to predict with any certainty.

Derivative financial instruments

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

The Group uses cash flow hedges to limit its exposure that may result from the variability of floating interest rates. On 16 September 2013, its subsidiary, Tecon Salvador, entered into an interest rate swap agreement with a notional amount of $74.4 million to hedge a portion of its outstanding floating-rate debt with IFC. This swap converts floating interest rate based on the London Interbank Offered Rate, or LIBOR, into fixed-rate interest and expires in March 2020.The derivatives were entered into with Santander Brasil as counterparty, whose credit rating was AAA, as of 31 December 2014, according to Standard& Poor's Brazilian local rating scale.

36 Financial instruments (continued)

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

	Outflows	Net effect
Within one year	(156)	(156)
In the second year	(763)	(763)
In the third to fifth years (including)	(1,039)	(1,039)
After five years	(41)	(41)
	(1,999)	(1,999)
Fair Value		(1,999)

The fair value of the swap was estimated based on the yield curve as of 31 December 2013, and represents its carrying value. As of 31 December 2014, the interest rate swap balance in other non-current liabilities was $2.0 million; and the balance in accumulated other comprehensive income on the consolidated balance sheets was $2.0 million. The net change in fair value of the interest rate swap recorded as other comprehensive income for the year ended 31 December 2014 was an after-tax loss of $2.0 million.

31 December 2014	Notional Amount US$	Maturity	US$ Fair Value
Financial Assets			
Interest Rates Swap	74,400	Mar/2020	(1,999)
Total			(1,999)

Derivative Sensitivity Analysis

This analysis is based on 6-month Libor interest rate variances that the Group considered reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular foreign exchange rates, remain constant and ignores any impact of forecast sales and purchases. Three scenarios were simulated: the likely scenario (Probable) and two possible scenarios of reduction of 25% (Possible) and 50% (Remote) in the interest rate. Even if the Group has to pay adjustments in future fixings, the swap contract fixes the total interest amount that the Group will pay is equal as the rate agreed. In this case in both scenarios the risk associated on 31 December 2014 is US$2.0 million.

Cash Flow Hedge

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

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

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

Under this methodology, the swap was deemed to be highly effective for the period ended 31 December 2014. There was no hedge ineffectiveness recognised in profit or loss for the year ended 31 December 2014.

Notes to the Accounts

36 Financial instruments (continued)

Market price sensitivity

By the nature of its activities, the Company's investments are exposed to market price fluctuations. However the portfolio as a whole does not correlate exactly to any Stock Exchange Index as it is invested in a diversified range of markets. The investment manager and the board monitor the portfolio valuation on a regular basis and consideration is given to hedging the portfolio against large market movements.

The sensitivity analysis below has been determined based on the exposure to market price risks at the year end and shows what the impact would be if market prices had been 10 per cent higher or lower at the end of the financial year. The amounts below indicate an increase in profit or loss and total equity where market prices increase by 10 per cent, assuming all other variables are constant. A fall in market prices of 10 per cent would give rise to an equal fall in profit or loss and total equity.

	2014	2013
	US$'000	US$'000
Profit or loss	**23,649**	24,497
Total equity	**23,649**	24,497

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

The Group's sales policy is subordinated to the credit sales rules set by management, which seeks to mitigate any loss from customers' delinquency.

Trade receivables consist of a large number of customers except for one large customer, which makes up 12% of revenue. Ongoing credit evaluation is performed on the financial condition accounts receivable. Trade and other receivables disclosed in the balance sheet are shown net of the allowance for doubtful debts. The allowance is booked whenever a loss is identified, which based on past experience is an indication of impaired cash flows.

Liquidity risk management

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

Ultimate responsibility for liquidity risk management rests with the Board of Directors. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Group uses costing based on activities to price the products and services, which assist in monitoring cash flow requirements and optimizing the return on cash investments.

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

36 Financial instruments (continued)

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

	Weighted average effective interest rate %	Less than 12 months US$'000	1-5 years US$'000	5+ years US$'000	Total US$'000
31 December 2014					
Non-interest bearing	–	80,873	–	–	80,873
Finance lease liability	13.61%	1,444	3,253	–	4,697
Variable interest rate instruments	2.93%	28,592	79,200	18,863	126,655
Fixed interest rate instruments	2.98%	22,603	81,114	164,813	268,530
		133,512	163,567	183,676	480,755
31 December 2013					
Non-interest bearing	–	136,130	–	–	136,130
Finance lease liability	13.61%	1,547	4,812	–	6,359
Variable interest rate instruments	3.02%	16,354	68,708	25,518	110,580
Fixed interest rate instruments	3.06%	21,646	78,775	161,391	261,812
		175,677	152,295	186,909	514,881

The Group expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets.

Fair value of financial instruments

The fair value of non-derivative financial assets traded on active liquid markets are determined with reference to quoted market prices. The carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair value.

The fair value of financial assets and liabilities traded in active markets are based on quoted market prices at the close of trading on 31 December. The quoted market price used for financial assets held by the Company utilise the last traded market price financial assets.

Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which fair value is observable:

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 Inputs for the asset that are not based on observable market data. Fair value measurements are those derived from valuation techniques that include inputs for the assets or liability that are not based on observable data (unobservable inputs).

Notes to the Accounts

36 Financial instruments (continued)

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one of more of the significant inputs is not based on observable market data, the instrument is included in level 3.

31 December 2014	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Financial assets at FVTPL				
Non-derivative financial assets for trading	70,795	90,489	75,207	236,491

31 December 2013	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Financial assets at FVTPL				
Non-derivative financial assets for trading	65,831	121,965	51,173	244,969

Valuation Process

Investments whose values are based on quoted market prices in active markets and are classified within Level I include active listed equities. The Company does not adjust the quoted price for these instruments.

Financial instruments that trade in markets that are not considered active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. These include certain private investments that are traded over the counter. As Level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

Investments classified within Level 3 have significant unobservable inputs, as they trade infrequently. Level 3 instruments include holdings in Limited Partnerships and other funds. As observable prices are not available for these securities, the Company values these based on an estimate of their fair value, which is determined as follows:

(i) For entities that have recently begun trading, and for which detailed financial information is not available, the valuation will be determined with reference to the original cost plus any further drawdowns less any distributions received. This will be adjusted by reference to more recent benchmark subscriptions and investments which give a guide to fair value, or where there are other factors that indicate there has been a significant change in fair value.

(ii) For more established investments, the valuation will be determined by reference to recent financial information received from the underlying entity. This underlying information is determined in accordance with International Private Equity and Venture Capital Guidelines and is determined using methodologies that include applying an average sector earnings multiple to operating profits, reference to the valuation of the underlying net asset base and discounted cash flows.

Level 3 valuations are reviewed on a quarterly basis by the Company's investment manager who reports to the Board of Directors quarterly. The investment manager considers the appropriateness of the valuation model inputs used and the basis of the techniques used to ensure they are in line with industry standards. In selecting the most appropriate valuation model the investment manager considers historical alignment to actual market transactions.

None of the Company's investments have moved between classification levels in the year and therefore no reconciliation is necessary. Sensitivity analysis in relation to Level 3 investments has been included in the market price risk management analysis where the Company has shown impacts to the value of investments if markets prices had been 10% higher or lower at the end of the financial year.

Reconciliation of Level 3 fair value measurements of financial assets:	**2014** **US$'000**	2013 US$'000
Balance at 1 January	57,173	46,952
Total profit/(losses) in statement of comprehensive income	2,368	1,643
Purchases and drawdowns of financial commitments	25,740	14,256
Sales and repayments of capital	(10,074)	(5,678)
Balance at 31 December	75,207	57,173

37 Post-employment benefits

The Group operates a private medical insurance scheme for its employees which require the eligible employees to pay fixed monthly contributions. In accordance with Brazilian law, eligible employees with greater than ten years service acquire the right to remain in the plan following retirement or termination of employment, generating a post-employment commitment for the Group. Ex-employees remaining in the plan will be liable for paying the full cost of their continued scheme membership. The future actuarial liability for the Group relates to the potential increase in plan costs resulting from additional claims as a result of the expanded membership of the scheme

	31 December 2014 US$'000	31 December 2013 US$'000
Present value of actuarial liabilities	**1,570**	2,251

Actuarial assumptions

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

Economic and Financial Assumptions

	31 December 2014	31 December 2013
Annual interest rate	12.78%	12.38%
Estimated inflation rate in the long-term	6.00%	5.50%
Ageing Factor	2.50% a.a	2.50% a.a
Medical cost trend rate	2.50% a.a	2.50% a.a

Biometric and Demographic Assumptions

	31 December 2014	31 December 2013
Employee turnover	**22.7%**	22%
Mortality table	**AT-2000**	AT-2000
Mortality table for disabled	**IAPB-1957**	IAPB-1957
Disability table	**Álvaro Vindas**	Álvaro Vindas
Retirement Age	**100% at 62**	100% at 62
Employees who opt to keep the health plan after retirement and termination	**23%**	23%
Family composition before retirement		
Probability of marriage	**90% of the participants**	90% of the participants
Age difference for active participants	**Men 4 years older than the woman**	Men 4 years older than the woman
Family composition after retirement	**Composition of the family group**	Composition of the family group

Sensitivity analysis

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

	31 December 2014 US$	31 December 2013 US$
CiPBO (*) – discount rate + 0.5%	(90)	(273)
CiPBO (*) – discount rate – 0.5%	99	325
CiPBO (*) – Health Care Cost Trend Rate + 1.0%(*)	213	732
CiPBO (*) – Health Care Cost Trend Rate – 1.0%	(176)	(520)

(*) CiPBO means Change in projected benefit obligation.

Statistical Statement

2010 – 2014 (in US$'000)

	Year to 31 December 2014 US$'000	Year to 31 December 2013 US$'000	Year to 31 December 2012 (Restated) US$'000	Year to 31 December 2011 US$'000	Year to 31 December 2010 US$'000
Closing rates of exchange – R$ to US$	**2.66**	2.34	2.04	1.88	1.67
Income Statement					
Group revenue	**633,520**	660,106	610,354	698,044	575,551
Raw materials and consumables used	**(100,588)**	(94,330)	(72,207)	(82,889)	(67,222)
Employee benefits expense	**(195,893)**	(209,459)	(223,031)	(239,543)	(205,486))
Depreciation & amortisation expense	**(65,120)**	(58,674)	(55,897)	(59,479)	(42,923)
Other operating expenses	**(182,819)**	(188,569)	(173,951)	(221,159)	(192,090)
Profit/(loss) on disposal of property, plant and equipment	**326**	9,966	(534)	1,959	90
Group operating profit	**89,426**	119,040	84,734	96,933	67,920
Profit realised on formation of joint venture	**–**	–	–	–	20,407
Share of results of joint venture	**7,090**	2,392	689	–	–
Investment revenue	**16,975**	17,838	18,255	10,203	17,982
Other gains and losses	**6,233**	13,684	16,394	(27,818)	22,460
Finance costs	**(23,607)**	(21,863)	(9,948)	(20,741)	(11,611)
Foreign exchange losses on monetary items	**(17,621)**	(30,589)	(11,572)	–	–
Profit before tax	**78,496**	100,502	98,552	58,577	117,158
Income tax expense	**(41,928)**	(42,216)	(33,671)	(51,615)	(30,564)
Profit for the year	**36,568**	58,286	64,881	6,962	86,594
Profit for the period attributable to:					
Equity holders of parent	**23,182**	37,873	41,264	(8,639)	56,879
Non-controlling interests	**13,386**	20,413	23,617	15,601	29,715
	36,568	58,286	64,881	6,962	86,594
Group operating profit	**89,426**	119,040	84,734	96,933	67,920
Less share based payment (credit)/expense	**(652)**	(1,430)	2,262	(7,880)	16,545
Adjusted group operating profit	**88,774**	117,610	86,996	89,053	84,465
	US$'000	US$'000	US$'000	US$'000	US$'000
Balance Sheet					
Net assets					
Brazilian interests	**474,127**	476,626	461,479	426,760	389,744
Investments held for trading	**236,491**	244,969	221,582	226,797	260,544
Other net assets	**56,726**	48,480	60,507	54,650	78,932
	767,344	770,075	743,568	708,207	729,220
Attributable net assets – per share					
Brazilian interests – book amount	**13.41**	13.48	13.05	12.07	9.60
Other assets – book and market amount	**8.29**	8.30	7.98	7.96	11.02
	21.70	21.78	21.03	20.03	20.62
Key Statistics					
Earnings per share	**65.6c**	107.1c	116.7c	(24.4c)	160.8c
Cash dividends per share paid	**60c**	42c	33.0c	42.0c	42.0c
Mid-market quotation at end of period	**1,000p**	1042p	970p	1065p	1382p
Mid-market quotation at end of period in US Dollars	**1,558c**	1,725c	1512c	1650c	2155c

1. Share based payment expenses are included in employee benefits expense and arise from the Ocean Wilsons Holdings Limited and Wilson Sons Limited cash settled phantom accounting date. Movements in the Wilsons Sons Limited can result in significant movements in the fair value of the two schemes significantly impacting operating profit in the period and causing significant fluctuations in earnings.
2. The year to 31 December 2010 and 31 December 2011 have not been restated as a result of adopting new accounting standards in 2013.

Notice of Annual General Meeting

Notice is hereby given that the 22nd Annual General Meeting of the Company will be held at the offices of Conyers Dill & Pearman Limited, Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda on 2 June 2015 at 10:00 am for the following purposes.

1 To receive and, if approved, adopt the Directors' Report and Accounts for the year ended 31 December 2014.
2 To determine the maximum number of Directors for the ensuing year as eight and authorise the Board of Directors to elect or appoint on the Members' behalf a person or persons to act as additional Directors up to such maximum number to serve until the conclusion of the next Annual General Meeting.
3 To elect Mr A Berzins as a Director.
4 To re-elect Mr W Salomon as a Director.
5 To re-elect Mr C Townsend as a Director.
6 To reappoint KPMG LLP as the Auditor and authorise the Directors to fix the remuneration of the Auditor.
7 Ratification and confirmation of all and any actions taken by the Board of Directors and the persons entrusted with Company's management in the year ended 31 December 2014.

By Order of the Board
Malcolm Mitchell
Secretary
Clarendon House, Church Street, Hamilton HM 11, Bermuda

24 March 2015

Any member of the Company entitled to attend and vote at the meeting may appoint one or more proxies to attend and vote instead of him.

A proxy need not be a member of the Company.

Form of Proxy

*I/We ______________________________

*of ______________________________

*of ______________________________

being a Member of Ocean Wilsons Holdings Limited, hereby appoint Mr J F Gouvêa Vieira, or failing him Mr W Salomon both Directors of the Company.

Or ______________________________

as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the company to be held on 2 June 2015 and at any adjournment thereof. The proxy will vote on the Resolutions as indicated opposite.

		For	**Against**	**Withheld**
1	To receive and, if approved, adopt the Directors' Report and Accounts for the year ended 31 December 2014.			
2	To determine the maximum number of Directors for the ensuing year as eight and authorise the Board of Directors to elect or appoint on the Members' behalf a person or persons to act as additional Directors up to such maximum number to serve until the conclusion of the next Annual General Meeting.			
3	To elect Mr A Berzins as a Director.			
4	To re-elect Mr W Salomon as a Director.			
5	To re-elect Mr C Townsend as a Director.			
6	To reappoint KPMG LLP as the Auditor and authorise the Directors to fix the remuneration of the Auditor.			
7	Ratification and confirmation of all and any actions taken by the Board of Directors and the persons entrusted with Company's management in the year ended 31 December 2014.			

Signature ______________________________ Dated ______________ 2015

Notes

1 If any other proxy is preferred, delete the names inserted above and add the name of the proxy whom you wish to appoint, and initial the alteration.

2 Please indicate by a cross in the appropriate box how you wish your proxy to vote. If no indication is given your proxy will abstain or vote as he/she thinks fit.

3 To be valid, the proxy should be deposited at the Transfer Agents of the Company, Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU, no less than 48 hours before the time for the Meeting.

4 In the case of a corporation, this proxy must be under its Common Seal or under that of an Officer or Attorney duly authorised in writing.

5 In the case of joint holders the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members, in respect of the joint holding.

* Please insert your full name and address in BLOCK CAPITALS.

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