Ocean Wilsons Holdings Limited

Annual Report 2011

Cover: The platform supply vessel Saveiros Atoba, The Atoba was built at our Shipyard and is operated by our offshore joint venture under long term contract to Petrobas.

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Chairman's Statement

Overview

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.

Wilson Sons Limited ("Wilson Sons") is an autonomous Bermuda company listed on the Sao 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 support services, logistics, small vessel construction and ship agency. Wilson Sons has over six thousand employees.

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

Introduction

2011 was a mixed year for Ocean Wilsons. Wilson Sons produced strong operating results with robust revenue growth across all businesses lines. However the depreciation of the Brazilian Real against the US Dollar at year end resulted in a decline in financial revenues and increases in our deferred tax charge that adversely impacted bottom line earnings. The fall in global equity markets impacted the investment portfolio which declined by 9.6% on a time weighted basis. Wilson Sons continues to invest heavily in expanding their businesses and we remain confident that the Group is well positioned to take advantage of the many market opportunities in Brazil.

Group Results

Strong revenue growth from Wilson Sons terminal and logistics businesses was predominantly responsible for revenue increasing 21% to US$698.0 million (2010: US$575.6 million) although it was pleasing to see growth from all business lines.

Operating profit for the year increased US$29 million from US$67.9 million to US$96.9 million due to a credit to the long-term incentive plan accrual in the period of US$7.9 million (2010: US$16.5 million charge) and higher turnover. Operating profit margins for the year at 14% were 2% higher than prior year (2010: 12%). However adjusting for the effect of the long-term incentive plan, operating margins were 2% lower at 13% (2010: 15%), principally due to changes in the sales mix, the strength of the Brazilian Real against our reporting currency the US Dollar during the year and increased depreciation and amortisation.

The higher depreciation charge reflects the significant capital investment made in recent years in developing and expanding the Wilson Sons business. In the five years to 31 December 2011 the Group invested US$740.0 million in capital additions of which US$461 million was financed through new loans raised during the same period. Consequently depreciation and amortisation has risen from 4.7% of revenue in 2007 (US$19.1 million) to 8.5% in 2011 (US$59.5million). We are expecting capital investment to continue and are looking forward to the Company seeing the benefit in the future.

The higher operating profit was offset by losses on the investment portfolio (a substantial proportion of which are unrealised), lower investment revenues and increased finance costs. Additionally in 2010 there was a US$20.4 million profit realised on formation of the offshore joint venture. As a result profit before tax decreased US$58.6 million to US$58.6 million from US$117.2 million.

The income tax expenses of US$51.6 million and profits attributable to non-controlling interests of US$15.6 million resulted in a loss attributable to equity holders of the parent of US$8.6 million.

Losses per share based on ordinary activities after taxation and non-controlling interests were 24.4 cents (2010: Earnings 160.8 cents).

Briclog acquisition

In June 2011, we announced that Brasco Logística Offshore Limitada (Brasco) signed a contract for the acquisition of 100% of the issued share capital of Bric Brazilian Intermodal Complex S/A. (Briclog) for R$125 million (approximately US$80 million). Briclog provides port services to the offshore oil & gas industry. The acquisition is subject to various conditions precedent including a 30-year lease right to operate a 67,000 square metre area in the Bay of Guanabara, Rio de Janeiro, Brazil, together with the assignment of certain other lease contracts to Briclog.

Consideration is payable in three tranches: R$10 million paid in June 2011, R$60 million on satisfaction of all conditions precedent, and the balance of R$55 million, three hundred and sixty days from the contract signature. The last two payments are adjusted for movement in the Brazilian consumer price index (IPCA).

To date the acquisition is not finalised as there are still conditions precedent to be satisfied and so the R$10 million payment made in June 2011 has been treated as a prepayment in the Group's accounts.

Chairman's Statement

Tecon Salvador

In January 2011 the Group sold a 7.5% share interest in Tecon Salvador S.A to Intermarítima Terminais Ltda ("Intermarítima"), reducing our ownership to 92.5% for US$6.7 million. Intermarítima is an important inland and port logistics operator with activities in the major ports of Bahia state – Salvador, Aratu and Ilhéus. This alliance will facilitate the continued growth of Tecon Salvador as well as the exploration of new general and bulk cargo opportunities in Bahia, the sixth largest Brazilian state economy according to data from the Brazilian Institute of Geography and Statistics.

The profit net of tax between the increase in the non-controlling interests and the consideration received, has been credited to retained earnings in the consolidated statement of changes in equity.

Investment Portfolio

Investment managers

The Group's investment portfolio is held by Ocean Wilson Investments Limited ("OWIL"), a wholly owned subsidiary registered in Bermuda. OWIL appointed Hanseatic Asset Management LBG, a Guernsey registered and regulated investment group as its Investment Manager in November 2000.

Investment strategy

The Board of OWIL determines investment guidelines and restrictions in conjunction with the investment manager, these together with the investment manager's reports are reviewed at the OWIL board meetings.

The investment strategy agreed with the Company's investment manager's 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.

Investment portfolio performance

The fall in global equity markets, (MSCI World Equity Index down 7.4%) and particularly the fall in emerging markets, (MSCI Emerging Markets Index down 18.4%), caused the trading investment portfolio and cash under management to decrease by US$33.5 million (including capital redemptions of US$7.5 million) from US$263.4 million at 31 December 2010 to US$229.4 million at 31 December 2011. The portfolio generated a time weighted return of negative 9.6% in the year. As at 1 March 2012 the portfolio valuation had recovered US$16.6 million to US$246.5 million benefitting from the rebound in equity markets at the start of 2012.

The portfolio remains weighted to emerging markets with exposure approaching 45% of net asset value. The portfolio at year end was principally invested in global equities, 51%, with 17% in alternative assets, 20% in market neutral funds and the balance of 12% in bonds, cash and liquidity funds.

Wilson Sons Limited

At the close of business on the 21 March 2012, the Wilson Sons share price was Real 29.50 resulting in a market value for the Ocean Wilsons holding of 41,444,000 shares (58.25% of Wilson Sons) of approximately US$669.6 million which is the equivalent of US$18.93 per Ocean Wilsons Holdings Limited share.

Brazil

In 2011, Brazil overtook the United Kingdom to become the world's sixth largest economy. Following growth of 7.5% in 2010, GDP growth slowed to 2.7% as the economy suffered the effects from government implemented measures to control inflation and the global economic crisis. During the year the government raised interest rates, implemented lending restrictions and budget cuts in an attempt to control inflationary pressures. Inflation as measured by the consumer price index is currently running at just over 6% per annum having been over 7% earlier in the year. Following the slowing of the economy in the second half of 2011 the government began easing monetary policy to stimulate growth and reduce upward pressure on the currency with interest rates falling for the fifth consecutive time in March 2012 to 9.75%, from their peak of 12.5% in July 2011. It is reported that the government is considering reducing fiscal spending to allow further cuts in Brazils' interest rates which remain amongst the world's highest.

The currency remains strong, pushed by high commodity prices, direct foreign investment and foreign capital inflows attracted by the high real interest rates. The strong currency is adversely impacting the competitiveness of some Brazilian industries. In a bid to reduce speculative capital inflows and pressures on the Real, the Government made a number of public statements criticising the quantitative easing occurring in some developed economies and increased taxes on short term foreign borrowings to discourage inflows.

Dividend

In light of the value of the investment portfolio and the dividend to be received from Wilson Sons Limited, the Board is declaring a final dividend of 29 cents per share (2010: 38 cents per share) to be paid on the 25 May 2012, to shareholders of the Company as of the close of business on 4 May 2012, making a total dividend for the year of 33 cents per share (2010: 42 cents per share).

The dividend for the year represents the full dividend to be received from Wilson Sons relating to 2011 plus a percentage of the average capital employed in the investment portfolio. This is consistent with the Board's dividend policy in respect of each financial year which is to pay the Company's full dividend to be received from Wilson Sons in the period plus a percentage of the average capital employed in the investment portfolio to be

determined annually by the Board. Due to the recent adverse environment in capital markets a reduced payment is being made in respect of the average capital employed in the investment portfolio for 2011.

Dividends are set in US Dollars and paid twice yearly. Shareholders receive dividends in Sterling by reference to the exchange rate applicable to the US Dollar on the dividend record date, except for those shareholders who elect to receive dividends in US Dollars.

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.

Long term incentive plan

Ocean Wilsons Holdings Limited implemented a cash settled phantom option scheme that was approved by shareholders at the Special General Meeting held on 19 April 2007. The scheme are for selected senior management and the options provide for the option holder to receive on exercise the difference between the option price and the market value of Wilson Sons per Ocean Wilsons share at the time of exercise.

During the year participants exercised 280,280 options. The final tranche of options issued under the scheme vests in April 2012 and the total options outstanding under the scheme are 296,038. The maximum remaining liability under the plan is US$4.2 million based on the Wilson Sons IPO offer price. An accrual of US$3.7 million (2010: US$6.7 million) has been included in the 2011 accounts for benefits accruing under the plan.

Charitable donations

Throughout the Group, our offices are actively engaged with the local community. We are proud to support a variety of local causes. Group donations for charitable purposes amounted to US$42,000 (2010: US$105,000). The Group's principal contributions in 2011 were:

> Criando Lacos – Through our corporate programme 'Criando Lacos" (Creating ties), the Group provides financial support and promotes voluntary employee involvement in social initiatives.
>
> Rio Voluntario – Supports and provides assistance to voluntary organisations.
>
> Website: Riovoluntario.org.br

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 2010 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 subsidiary 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 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 Report of the Directors on pages 22 to 25. The position is regularly reviewed and monitored by the Board.

Board of Directors

In August 2011 we were pleased to welcome Mr Christopher Townsend as a non-executive Director of Ocean Wilsons Holdings Limited. Mr Christopher Townsend is aged 38 and is a qualified solicitor. He has an MA from Peterhouse, Cambridge and an MBA from the London Business School. He is currently an investment director at Hanseatic Asset Management Limited Consulting GmbH and previously worked as a principal in the investment team at Coller Capital Limited and as a solicitor at Ashurst Morris Crisp.

Mr Christopher Townsend is the son of Mrs C A Townsend who is interested in the 8,364,113 shares registered in the name of Nicholas B Dill Jnr and Codan Trustees (BVI) Limited.

Outlook

In March 2012 we announced that our joint venture Wilson, Sons Ultratug Offshore, signed a contract with Petrobras for the construction and operation of four large platform supply vessels. The Company will finance the four vessels through the Marine Merchant Fund (FMM). The vessels will be built at the Wilson Sons Shipyard in Guarujá, São Paulo, and are expected to be delivered by 2015. Wilson, Sons Ultratug Offshore intends to operate more than 30 offshore support vessels by 2017.

The expansion of the Tecon Salvador container terminal and the completion of the additional capacity at our shipyard at Guarujá are both forecast to be completed in the beginning of the second half of 2012. Following completion of the Tecon Salvador expansion capacity will increase from 300,000 TEUs to 500,000 TEUs. The expanded shipyard will double our shipbuilding capacity and significantly enhance our ability to maintain our offshore fleet.

Management and staff

On behalf of your Board, I would like to thank our management, staff and partners for their hard work and dedication throughout the year.

J F Gouvêa Vieira
Chairman
24 March 2012

Financial Review

Revenue

Group revenue for the year was US$698.0 million, a 21% increase over the US$575.6 million reported in 2010. Revenue grew in all our Brazilian business lines with particularly strong growth at our port terminals, logistics and shipyard businesses. Container terminal revenue benefitted from improved pricing, better sales mix and strong import warehousing revenue. Robust revenue growth at our oil and gas terminal business, Brasco was driven by increases in the number of vessel turnarounds and strong demand for auxiliary services. Logistics revenue grew 37% in the year to US$140.5 million (2010: US$102.4 million). Shipyard revenue increased, driven by third party sales to our offshore joint venture. All Group revenue is derived from Wilson Sons operations in Brazil.

Operating profit

Operating profit for the year was up 43% from US$67.9 million to US$96.9 million, an increase of US$29 million. The improvement in operating profit was mainly due to movement in the share based payment expense and the higher turnover.

The share based payment expense in 2011 was a US$7.9 million credit, US$24.4 million lower than prior year (2010: US$16.5 million charge). Adjusting for the share based payment expense effect, operating profit at US$89.0 million was up 5% against US$84.4 million in 2010 (see further analysis below). Employee expenses excluding share based payment expense for the year rose 31% to US$247.4 million (2010: US$188.9 million) due to increased headcount to attend the new logistic and terminal business (average headcount during the year was 6,157 compared with 4,936 in 2010, an increase of 25%), collective labour agreements and a lower average US Dollar/Brazilian Real exchange rate.

Other operating expenses increased US$29.1 million to US$221.2 million from US$192.1 million in 2010 due to increased business volumes and a stronger average Brazilian Real against our reporting currency, the US Dollar.

Depreciation and amortisation in the year increased 39% to US$59.5 million from US$42.9 million in 2010, reflecting the continued investment undertaken by the Group in developing our business.

Raw materials and consumables used increased from US$67.2 million to US$82.9 million principally on the back of increased shipyard sales.

Share based payment expense

The Group operates two cash settled phantom option schemes. An Ocean Wilsons scheme and a Wilson Sons scheme. Both schemes are for selected senior management and the options provide for the option holder to receive on exercise the difference between the option price and the market value of Wilson Sons shares at the time of exercise.

As both the Ocean Wilsons and Wilson Sons long term incentive schemes are cash settled phantom option schemes, International Accounting Standards require that the fair value is determined at each accounting date. Movements in the Wilson Sons share price at reporting date can generate significant movements in the fair value of the two incentive schemes at the reporting date with associated charges or credits to income. In 2011 the fair value of the two schemes decreased in value principally due to the decrease in the Wilson Sons Limited share price from R$32.00 at 31 December 2010 to R$25.40 at 31 December 2011. This generated a US$7.9 million credit to the income statement in the period.

The table below shows the Wilsons Sons share price in Brazilian Real at each accounting date and the impact on the Group operating profit over the last five years in US$ millions.

Year	2007	2008	2009	2010	2011
Wilson Sons share price in $Real	25.95	10.95	21.48	32.00	25.40
	US$ m	US$ m	US$ m	US$ m	US$ m
Share based payment expense/(credit)	12.6	(8.1)	17.2	16.5	(7.9)
Group operating profit reported	58.5	98.3	79.3	67.9	96.9
Plus share based payment expense/(credit)	12.6	(8.1)	17.2	16.5	(7.9)
Adjusted group operating profit	71.1	90.2	96.5	84.4	89.0

Above: Tugs performing a special operation, manoeuvring the FSPO Capixaba. Special operations accounted for 14% of towage revenue in 2011.

Left: The 71 ton bollard pull tugboat Andromeda.

Financial Review

Exchange rates

The Group reports in US Dollars and has revenue, costs, assets and liabilities in both Brazilian Real and US Dollars. Therefore movements in the USDollar/Brazilian Real exchange rate can impact the Group both positively and negatively from year to year. In 2011 the Brazilian Real depreciated 12.6% against the US Dollar from R$1.66 at 1 January 2011 to R$1.88 at the year end.

The principal effects from the depreciation of the Brazilian Real against the US Dollar at year end on the income statement are a net exchange loss of US$7.3 million (2010: US$4.0 million gain) on the Group's Real-denominated cash balances and a US$5.3 million net exchange loss on loans (2010: US$0.2 million gain). The exchange loss on loans arises principally on US Dollar borrowings at one of our Brazilian Real functional currency businesses, Tecon Salvador. In addition there is a currency translation adjustment loss to equity of US$12.3 million (2010 US$4.6 million gain) on the translation of operations with a functional currency other than US Dollars.

The average Brazilian Real/US Dollar exchange rate during the year was 1.67, 5% lower than the comparative period in 2010, of 1.76. A lower average exchange rate benefits Real denominated revenues when converted into our reporting currency, US Dollars, and adversely impacts Real denominated costs when converted into our reporting currency.

Investment revenues

Overall investment revenue in the year decreased US$7.8 million to US$10.2 million from US$18.0 million in 2010. Higher interest from bank deposits of US$13.5 million (2010:US$10.2 million) was offset by unfavourable foreign exchange movements on cash and cash equivalents of US$ 7.3 million, principally from Brazilian Real denominated cash balances (2010: US$4.0 million gain). Dividends from equity investments received by the investment portfolio at US$4.0 million were broadly in line with 2010, US$3.8 million.

Other gains and losses

Other losses of US$27.8 million are mainly unrealised losses arising from the Group's portfolio of trading investments and reflect the decline in emerging markets during the year. (2010: US$22.5 million gain). At year end the fair value of trading investments held in the portfolio was US$226.8 million compared with US$260.5 million in 2010.

Finance costs

Finance costs in the year increased by US$9.1 million to US$20.7 million from US$11.6 million. The increase is principally attributable to exchange losses on foreign currency borrowings and higher interest payments on higher debt levels used to fund capital expenditure.

Profit before tax

Profit before tax decreased by 50% to US$58.6 million (2010: US$117.2 million). The US$29 million increase in operating profit was offset by the decreased investment revenues in the period (US$7.8 million lower), negative returns from the investment portfolio (US$50.3 million adverse movement compared to prior year), higher finance costs (US$9.1 million higher) and a one off US$20.4 million profit in 2010 realised on formation of the offshore joint venture.

Taxation

The tax charge for the year at US$51.6 million was US$21.0 million higher than last year, US$30.6 million. This represents an effective tax rate for the period of 88% (2010: 26%). The corporate tax rate prevailing in Brazil is 34%. The difference in the effective tax rate principally reflects losses arising in our Bermudian companies that are not subject to income or capital gains tax, increases in Brazilian current and deferred tax and the US$20.4 million profit on the formation of the joint venture in 2010 was not included in determining taxable profit.

Net losses in our Bermudian companies in 2011 were US$26.6 million compared to a US$0.9 million net gain in 2010. Current tax in Brazil increased by US$10.1 million to US$41.3 million (2010: US$31.2 million) due to a less favourable profit/loss mix in Brazil in the year. In Brazil there is no Group relief, so that profits and losses in separate companies cannot be offset. The deferred tax charge at US$10.3 million was US$11 million higher than 2010, US$0.7 million credit. The deferred tax charge is principally attributable to an IFRS deferred tax charge on the retranslation of the non-current assets caused by the depreciation of the Real against the US Dollar at year end. This IFRS deferred tax adjustment is calculated on the difference between the historical US Dollar balances recorded in the Group's accounts and the Brazilian Real balances used in the Group's tax calculations. This IFRS deferred tax effect is partly offset by a deferred tax charge or credit arising from the exchange variance on foreign currency borrowings that are not deductible for tax in the period they arise. Exchange gains on these loans are taxable when settled and

Above and left: Tecon Rio Grande. In 2011 Tecon Rio Grande moved 639,000 TEUs.

Financial Review

not in the period in which gains arise. In 2010 the appreciation of the Real generated an IFRS deferred tax credit.

Profit for the year

Although the Group has a profit for the year of US$7.0 million, there is a loss attributable to equity holders of the parent of US$ 8.6 million because of losses arising in 100% owned subsidiaries that have no non-controlling interest. Profit attributable to non-controlling interests was US$15.5 million.

Earnings per share

Basic losses per share for the year were 24.4 cents, compared with earnings per share of 160.8 cents in 2010.

Cash flow

Net cash flow from operating activities for the year at US$70.5 million was US$15.0 million lower than prior year (2010: US$85.5 million). The improved cash generated by operations in the year was consumed by higher income tax and interest payments.

The Group continued to invest heavily in expanding our business. Capital expenditure during the year of US$234.0 million remains considerably higher than depreciation. Investment was mainly on the expansion of Tecon Salvador, the development of the new shipyard in Guarujá and new vessels for offshore and towage.

During 2011, the Group raised new loans of US$196.0 million (2010: US$77.7 million) to finance capital expenditure. Capital repayments on existing loans in the year in accordance with debt repayment schedules were US$28.4 million (2010: US$19.0 million). An additional US$6.3 million was utilised in repaying bank overdrafts at our offshore joint venture.

The Company and its subsidiaries ended the year with US$119.3 million in cash and cash equivalents (31 December 2010: US$130.1 million) of which US$7.5 million was in US Dollar denominated assets and US$111.8 million in Brazilian Real denominated assets.

Balance sheet

Net equity attributable to equity holders of the parent decreased from US$535.1 million at the beginning of the year to US$506.2 million at year end principally due to losses in the period attributable to the parent, a negative currency translation adjustment and dividends paid. Currency translation adjustment arises from exchange differences on the translation of operations with a functional currency other than US Dollars. On a per share basis net equity is the equivalent of US$14.31 per share (31 December 2010: US$15.13 per share). Included in this are trading investments plus cash held by Ocean Wilsons Investments Limited of US$229.4 million which equates to US$6.50 per share.

Included in the Group's trading investments of US$251.3 million at 31 December 2011 is US$24.5 million in US Dollar 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.

Debt

The Group's borrowings are used principally to finance vessel construction, the development of the container terminals at Rio Grande and Salvador and equipment for logistic operations. The majority of debt has long maturity profiles with fixed debt repayment schedules. At 31 December 2011 the Group's borrowings (including obligations under finance leases) were US$491.1 million (31 December 2010: US$325.3 million). During the year new loans were mainly raised to fund the expansion of Tecon Salvador, the new shipyard in Guarujá and vessel construction. At year end 93% of debt is non-current.

All debt at year end is 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.

Keith Middleton
Finance Director

Above: Night operations at Tecon Salvador. Following completion of the Tecon Salvador expansion capacity will increase from 300,000 TEUs to 500,000 TEUs.
Left: Brasco logistic operations.

Wilson Sons Limited Operating Review

We have summarised the following highlights from the Wilson Sons 2011 Earnings Report released on 24 March 2012. Wilson Sons represents one segment for IFRS 8 segmental reporting purposes in the Ocean Wilsons Holdings Limited accounts. The full report is available on the Wilson Sons Limited website: www.wilsonsons.com:

Cezar Baião, CEO of Operations in Brazil said:

"Our long term approach combined with a resilient strategy warranted us another positive year in 2011. There are achievements to celebrate in each one of our business. In the past, we have made commitments to modernize and expand our terminals, to increase the productivity of our port assets, and to renew and enlarge our fleets. This year's accomplishments are directly related to those past commitments.

Brazil's vibrant economy continues to offer outstanding conditions, enabling us to capture new market opportunities despite the clear challenges ahead.

For 175 years, we have built service excellence and solid relationships forged on values and principles. What Wilson Sons is today is mainly the result of the engagement of our employees, whom we thank for their exceptional commitment to the Company throughout our history. Additionally, we like to thank all of our stakeholders for the trust they have in the Wilson Sons management team."

Net Revenues

Record revenues of $698.0 million for 2011, up 21% year on year, reflect increases in all businesses. Port Terminals revenues have increased by 19% year on year, benefiting from a better service mix and pricing, intensified warehousing of imported cargo at both Tecons, and strong activity at Brasco. Full year comparisons for the Offshore business are positive as a result of the larger operating fleet. Logistics year on year revenues are up due to strong demand at our bonded warehouse (EADI Santo Andre) and the size and scope of dedicated logistic operations increased.

EBITDA, Adjusted EBITDA, and Operating Profit

EBITDA has increased significantly compared to prior year. Adjusted EBITDA also increased 15%, against 2011. Adjusted EBITDA excludes provisions for cash-settled stock options of the Long-Term Incentive Plan (LTIP) which fluctuate based on several variables, including the closing share price. Logistics delivered impressive increases for the full year comparison, due to continued demand for warehousing and integrated logistics solutions. Higher Operating Profit in Port Terminals for 2011 was due to a better pricing mix at Tecon RG, higher warehousing volumes at both container terminals, and Brasco's operation at the public port of Rio de Janeiro (that ended in October 2011).

CAPEX

Tecon Salvador's expansion, the new Guarujá II shipyard, and new Offshore and Towage vessels are the major contributors to the full-year capex of US$262.9 million. Towage capex includes US$24.0 million for the acquisition of tugboats from Navemar, announced in August 2011. The majority of Port Terminals expenditures were linked to the expansion of Tecon Salvador - the expansion area of the terminal is expected to be operational by the beginning of the second half of 2012. Civil works for the new Guarujá II shipyard intensified and are expected to come to an end by the second half of 2012.

Wilson, SonsTerminais

Port terminals

Wilson Sons port terminals operates two container terminals, located in Rio Grande, Rio Grande do Sul and Salvador in Bahia, Brazil (Tecon Rio Grande and Tecon Salvador). Both terminals offer assistance in port operations for loading and unloading of vessels, storage, and auxiliary services. Wilson Sons also operates Brasco, located in Rio de Janeiro, which provides support services to the oil and gas industry.

Year on year revenue comparison shows an impressive 19% increase from US$228.0 million to US$271.8 million. year on year EBITDA is 20% higher, helped by better pricing, increased import warehousing, and improved deep-sea and cabotage volumes in the container terminals business.

Container Terminals delivered healthy revenues of US$203.5 million for 2011. Despite a weaker Brazilian Real against the US Dollar in the year, imports continued to be strong, with improved revenues from warehousing. Better pricing also helped results. Container terminal volumes at 901,300 TEUs are 2.9% down on 2010, 928,700 TEUs mainly as a result of a fall in transhipment levels. More importantly, deep-sea and cabotage volumes for the year are still up, even when considering the challenging fourth quarter environment.

Brasco revenues grew 39% for the year to US$68.3 million compared with US$49.2 million with solid demand from oil companies. Fourth quarter turnarounds fell 20% as the contract for the operation in the public port of Rio de Janeiro ending in October 2011.

Port terminal EBITDA for the year is up 20% to US$91.3 million
(2010: US$76.3 million).

Logistics

Wilson Sons develops and provides differentiated logistics solutions for the management of the supply chain of our clients and the distribution of products, including a number of logistics services such as, storage, customs storage, distribution, highway transportation, multimodal transportation and NVOCC – Non Vessel Operating Common Carrier.

Logistic revenues grew strongly in the year by US$38.1 million to US$140.5 million. (2010: US$102.4 million).

EBITDA year on year is up significantly, moving ahead by 86%, as a result of strong activity at the EADI and in-house operations that either began or intensified in the period. Imports remained strong, impacting positively on the performance of the EADI Santo André, the largest bonded warehouse in the state of São Paulo. Margins improved as WSLog concentrated its efforts on more profitable operations, reducing head office costs, and discontinuing some transportation contracts.

Towage

Wilson Sons offers harbour towage, ocean towage, salvage support and maritime support to the offshore oil and gas industry.

In 2011 revenues increased 7% from US$156.2 million to US$167.4 million helped by higher harbour manoeuvre volumes, and an increase in the average deadweight of vessels served. Special Operations as a percentage of the Towage revenues at 14% decreased slightly compared to 2010, (16%) due to short-term demand volatility. The overall expansion in maritime activity in Brazil continues to provide the base for growth of this service.

Offshore

Through our 50/50 joint venture Wilson, Sons Ultratug (WSUT), Wilson Sons operates platform supply vessels (PSVs) to transport equipment and supplies to and from offshore oil and gas installations.

The financial figures correspond to Wilson, Sons 50% participation in the joint venture. Full year revenues increased 48% to US$41.4 million (2010: US$28.0 million) as result of a larger fleet – 2 owned PSVs and 5 chartered AHTS were added in 2011, and higher average daily rate for the fleet due to price renegotiation. EBITDA for the year decreased due to the formation of the JV in May 2010 and vessels that migrated from spot contracts to long-term contracts with Petrobras (which carry lower daily rates than spot market rates). Five foreign-flagged AHTS vessels were chartered from abroad to provide general support to clients in Brazil. The AHTS contracts have lower margins than PSVs as the vessels incur lease costs, thus impacting overall operating margins. At year end 2 PSVs were in different stages of construction at the Wilson Sons Guarujá Shipyard.

Shipyards

Revenues, Operating Profit, and EBITDA figures for 2011 are all up compared to 2010 as a result of increased vessel construction for third-parties (following the formation of the offshore joint venture in May 2010, 50% of shipyard construction for the WSUT joint venture is considered third-party). Two PSVs were delivered in 2011, while another 2 PSVs are expected to be launched in 2012. Construction of tugboats for the Wilson Sons Towage business is considered intercompany.

Ship agency

Wilson Sons acts as the ship owners' representative as well providing the following services to ship owners: commercial representation, cargo documentation, container control and vessel support.

Ship Agency revenue for 2011 increased 15% to US$20.3 million as a result of higher overall volumes and increased average price for some services. Demand for domestic and international shipping services in Brazil remains strong. A credit to the income statement associated with the cash-settled stock options (LTIP) plan helped EBITDA improve by US$1.9 million from US$0.8 million in 2010 to US$2.5 million in 2011.

Investment Managers Report

Hanseatic Asset Management LBG that manages the Group's investment portfolio reports as follows:

Market background
2011 was a difficult year for equity investors and a 'dramatic' one in terms of news flow. The 'Arab Spring' saw uprisings spread through Tunisia, Egypt, Libya, Syria and Bahrain and resulted in the overthrow of the seemingly intractable regimes of Mubarak and Gaddafi. The tsunami in Japan caused widespread disruption to industry's global supply chain and led to Germany abandoning its nuclear programme. Intransigent politics in the US led to the loss of 'AAA' status for US government debt. However, it was the danger of a meltdown in the European banking system, as the fault lines underlining the EEC and the Euro deepened and widened, that caused markets to fear the onset of a global slump and a repeat of the financial crisis of 2008.

The MSCI World Equity Index declined by 7.4% but the USA, where equities were marginally positive over the year, makes up nearly half of this index. Losses elsewhere in the world were much more severe. In particular, the 'BRIC' markets of Brazil, Russia, India and China which fell by 27%, 22%, 36% and 22% respectively. The MSCI Japan Index lost 15.0% in US dollars and the MSCI Europe ex UK Index declined by 15.3%, also in US dollar terms. The US dollar itself was generally stable, rising by 3.3% against the Euro, recovering by 12.4% against the Brazilian Real and declining by approximately 5% against the currencies of Japan and China.

The commodity complex was mixed. Contracting economic activity was negative for industrial metals, with Copper, for example, declining by 22%. Oil prices defied the economic environment with a barrel of Brent Crude rising by 14.1%. Disruption to oil supply due to unrest in the Middle East and escalating tensions with Iran supported spot prices. Food prices were weaker, falling by 11.3% from their peak in February due to more normalised climatic conditions in the summer and increased acreage in response to the price rises of previous years. The bull market in Gold continued, supported by the monetary environment and bearish sentiment towards the integrity of the financial system.

Although events in Europe dominated much of the macroeconomic commentary in 2011, the most pronounced feature was the weakness in the Emerging Markets, particularly the major ones making up the 'BRIC' bloc. In part, this can be explained by their inherently higher beta, which magnified price moves as investors sought to reduce risk – perceived as well as actual. However, growth rates have slowed significantly in the developing economies as well as the developed ones and policy makers will be challenged to ensure 'soft' over 'hard' landings for their respective economies. Tightening policies in China slowed the rate of growth in both money supply and credit. The Chinese housing sector in particular was a source of concern with the contraction in home sales permeating beyond Tier One metropolitan areas to become a national phenomenon. Manufacturing in China has clearly been impacted by the fragile state of the world economy and the new orders component of the Purchasing Managers Index has retraced to the levels of early 2009.

Share prices were even weaker in India as the aftermath of the corruption scandals has led to a total paralysis of decision making with regard to new projects. Rates of inflation have proved stubborn and 14 separate interest rate increases were a further obstacle for the markets there. Moreover, the Rupee was a significant headwind to returns in 2011, declining by 16.0% versus the US dollar. In Brazil, US dollar denominated returns were also undermined by a weaker exchange rate although this was long overdue for many sectors of the economy. Softer demand for raw materials as a result of the slowing pace of economic activity in China undermined sentiment toward Brazil and also Russia.

The key error for most investors and commentators in 2011 though, was to underestimate the escalation that occurred in the Euro area debt crisis. The issues soon became much greater than the inability of Greece to address its lack of competitiveness, together with its unsustainable fiscal policy mix. The distrust of the capital markets towards Greece spread rapidly to include Spain and Italy. By the end of November, Italian government bond yields had risen to 7.6%. Debt downgrades followed in France and Austria. The lack of political leadership or any clear vision in Europe, together with confused policy signals from the ECB, compounded market anxiety. Whilst the single currency has helped to ensure a convergence in inflation levels, it has masked a massive divergence in competitiveness. Markets could see that something had to give and Greece's future within the Euro looked highly questionable. Clearly, this has major implications for Greece's creditors – mostly European financial institutions. Since approximately one third of all global trade is financed by European banks, the potential ramifications of these issues have spread far and wide.

The other major surprise of 2011 was the continued strength in the US Treasury market. Partly this was to do with general risk aversion. The sluggish economy helped to depress yields and private sector credit growth remained weak. There were also technical factors holding bond yields at levels that leave no margin for error. Quantitative Easing allowed banks to rebuild capital ratios, enjoying a free carry trade with the Federal Reserve effectively subsidising their bond purchases.

Note: All Index performance numbers are in US dollar terms, unless specifically stated in local currency terms.

Portfolio construction

The portfolio's net asset value at the end of 2011 was $229.4 million, which is comprised of four 'sub-portfolios':

i. Global Equities

ii. Fixed Life Alternative Assets

iii. Market Neutral Funds

iv. Bonds/Other

Global Equities (including listed real assets) $117.8 million (51.4% of NAV) is comprised of holdings that are sensitive to stock market movements and may take the form of investments in open-ended funds, closed-ended listed funds (such as Investment Trusts), UCITS funds, long/short directional hedge funds as well as direct quoted equities. Global Equities also includes investments in 'Listed Real Assets' (e.g. property and natural resources) which are quoted on a stock market.

Fixed Life Alternative Assets $39.8 million (17.3% of NAV) 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, private real assets (such as property and natural resources) and private debt (such as distressed debt and mezzanine financing). These investments offer access to longer cycle plays, typically with lower correlation to public security markets. They also provide access to businesses at potentially lower valuations than in public markets and access to high quality management teams often not available through more liquid vehicles.

Finally, phased drawdown of capital helps to eliminate market timing risk. The first commitment to Fixed Life Alternative Assets was made in 2007. A total of 17 commitments (totalling $79.1 million) have been made as at 31 December 2011. $46.1 million has been drawn down, indicating that these investments are (collectively) at an immature stage of value realisation.

Market Neutral Funds $45.7 million (19.9% of NAV) contains lower volatility holdings in 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 seeking to generate positive absolute returns and good 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). They provide a better risk/reward allocation than other 'lower risk' investments such as investment grade bonds (where the current risk/reward offers an unattractive investment proposition).

Bonds/Other $26.1 million (11.4% of NAV) is comprised of two constituents: (i) High Yield Bonds and (ii) Investment Grade Bonds. Returns may be generated from an increased capital value, coupons as well as currency exposure. High Yield Bonds $23.5 million (10.2% of NAV) contains investments in Emerging Market (sovereign and corporate debt) and other Developed Market high yield corporate debt. Investment Grade Bonds (0% of NAV) contains investments in sovereign (government) bonds as well as corporate bonds with high credit ratings (typically at least 'BBB' as defined by Standard & Poor's). 'Other' is comprised of cash valued at $2.6 million (1.2% of NAV).

Investment Managers Report

Performance

Cumulative returns since inception

Performance (Time-weighted)	Since Inception
Portfolio Performance	100.9%
MSCI World (Developed) Index	12.7%
Performance Benchmark	57.6%

2011 Returns

*Note: Performance information for the MSCI All Country World Index, which includes Developed, Emerging and Frontier Markets (weighted by market capitalisation), is only available from 31 May 2002.

Performance (Time-weighted)	2011
Portfolio Performance	(9.6%)
MSCI World (Developed) Index	(5.5%)
MSCI All Country World Index	(7.4%)
MSCI Emerging Markets Index	(18.4%)
Performance Benchmark	2.8%

The portfolio generated a time weighted return of -9.6% in 2011.

Cash represented approximately 1.2% of the portfolio's NAV at year end. In comparison, the MSCI Emerging Markets Index, to which the portfolio has significant exposure (approaching 45% of net asset value), declined by -18.4%, whilst the MSCI All Country World Index (includes Developed, Emerging and Frontier Markets – weighted by market capitalisation and therefore approaching 50% in US) declined by -7.4%.

Since 2007, the portfolio has emphasised investments in Emerging Markets. The reasons underpinning the case for Emerging Markets remain intact today, namely:

- Growing share of global GDP
- Strong balance sheets across the government, corporates and households, supporting future credit cycles
- A multi-year urbanisation trend
- Favourable demographics with low dependency rates

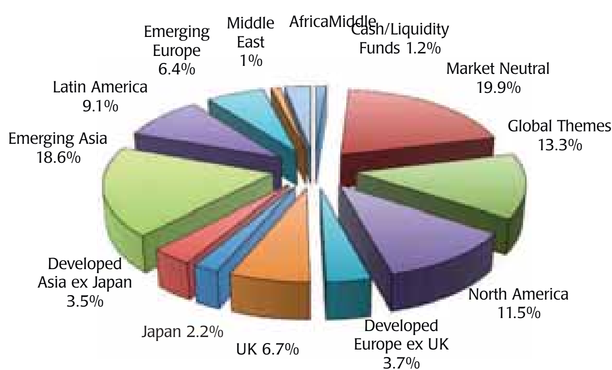
- A rapidly growing middle class and development of the local consumer
- Competitive labour costs and the need to diversify economically into value added goods and services
- A backlog of infrastructure spending
- Significantly undervalued currencies, many of which are pegged to the US dollar
- Several emerging economies (e.g. Russia, Brazil and Indonesia) are backed by vast and largely untapped natural resources

The top contributors were:

Top Five Contributors (in USD)	Contribution	Performance	Gain
	%	%	$m
Winton Futures Fund	0.2	6.3	0.3
QFR Victoria Fund	0.2	4.4	0.3
BlueBay Macro Fund	0.2	6.7	0.3
BlueCrest AllBlue	0.1	1.8	0.2
Gramercy EM Debt Allocation	0.1	3.6	0.2
Total	**0.8**		**1.3**

In a very weak equity market environment, Market Neutral Funds (c20% of overall portfolio net asset value) posted the strongest positive contributions, including **BlueBay Macro Fund** (+6.7%), **Winton Futures Fund** (+6.3%), **QFR Victoria Fund** (+4.4%) and **BlueCrest AllBlue** (+1.8%). These holdings collectively generated positive absolute returns in 2011.

Geographical Distribution at 31 December 2011



Underlying Liquidity at 31 December 2011

Investment Managers Report

Portfolio activity – for the year to 31 December 2011
During 2011, there were total purchases of $28.6 million and total sales of $28.6 million.

Within the portfolio's illiquid investments, there were new commitments to Private Assets of $17.5 million and capital contributions to Private Asset of $16.0 million. During 2011, investments in Private Assets returned distributions of $3.5 million.

Dividends – during 2011, $7.5 million of assets were liquidated for payment of dividends to the shareholders of Ocean Wilsons Holdings Ltd.

Significant Purchases

New Positions	$m
Artemis Global Energy Fund	5.0
Gramercy Emerging Markets Debt – Allocation Fund	5.0
Schroder GAIA – Egerton European Equity Fund	5.0
Dynamo Brasil VIII, LLC	3.0
Findlay Park Latin America Fund	3.0
Prince Street Opportunities Fund	3.0
Others	4.6
Total	**$28.6**

Artemis Global Energy Fund was purchased at launch to diversify the portfolio's energy exposure. The portfolio is concentrated and weighted towards mid and small caps. One of the main differentiation points from other energy funds is that its major focus is not on North America but rather on Europe and Russia. The Fund has daily liquidity.

Gramercy Emerging Market Debt (Allocation Fund) was purchased to diversify the portfolio's exposure to Emerging Market Debt from the sole holding in Capital International Emerging Markets Debt Fund. The Allocation Fund provides exposure to four sub-funds investing in Local Currency Sovereign Debt, Hard Currency (USD denominated) Sovereign Debt, Corporate Debt and Distressed Debt. The allocation to each strategy may range from 0-50%. Cash can be up to 35%. The Fund has monthly liquidity.

Schroder GAIA – Egerton European Equity Fund is a long/short UCITS vehicle. Investments are primarily in European equities although the manager is only compelled to invest 51% in Europe. The manager has been closed to new investors for several years. The Fund has weekly liquidity.

Dynamo Brasil VIII, LLC invests in a concentrated portfolio of Brazilian quoted equities although up to 35% of its net asset value may be invested in unlisted companies. This investment may be liquidated over a period of approximately four years.

Findlay Park Latin American Fund invests in a portfolio of equities across Latin America with an emphasis on Brazil. The Fund has daily liquidity.
Prince Street Opportunities Fund was purchased as a differentiated fund investing in global Emerging and Frontier Market equities with a bias towards small and mid-caps. The Fund is now closed to new investors and has quarterly liquidity.

Sales
There were sales totalling $28.6 million in 2011.
Private Assets – Commitments
There were three new commitments to fixed life alternative assets in 2011:

New Commitments	$m
Gramercy Distressed Opportunity Fund Ltd	5.0
Hony Capital Fund V, LP	5.0
Pangaea Two, LP	7.5
Total	**17.5**

Gramercy Distressed Opportunity Fund Ltd invests in event driven distressed debt in Emerging Markets. The Fund invests in corporate, sovereign and quasi-sovereign entities, seeking to extract value by playing an active role in the restructuring of these assets. The manager proactively leads creditor committees and implements restructuring proposals on defaulted securities. A global macro hedge may be utilised through Credit Default Swaps.

Hony Capital Fund V, LP will invest in a portfolio of private companies operating in Greater China and, to a lesser extent, in companies based outside of Greater China but with a significant 'China angle' (i.e. cross-border deals) across several sectors. The Fund will make investments in state-owned-enterprises ("SOE's") restructurings and (ii) growth capital opportunities. In addition, the Fund will seek to make cross-border investments by assisting Chinese companies to conduct business overseas ('outbound') and by offering multinational companies access to the Chinese market ('inbound') through the formation of strategic local partnerships. The Fund is sponsored by Legend Holdings Ltd.

Pangaea Two, LP invests opportunistically across global Emerging Markets in businesses which exhibit both long-term continuities and short-term dislocations, continuing the same strategy employed since 1996. The focus is on minority control investing, specialising in family and closely held companies and with an emphasis on building transnational and transregional rather than purely national or regional market leaders.

Analysis of Fixed Life Alternative Assets

Investments in Fixed Life Alternative Assets are at a relatively immature stage of value realisation. With a high allocation to post-2008 vintages, the Manager believes these holdings, in aggregate, represent an attractive store of future value.

Outstanding commitments of $33.0 million are well covered by cash and investments in market neutral funds ($2.6 million and $45.7 million respectively).

Commitments and Cover	Value	Weighting
	$m	%
Total level of commitments		
Drawn – Investment Value	39.8	17.3
Undrawn	33.0	14.4
Cash and liquidity funds	2.6	1.2
Market Neutral funds (see table below)	45.7	19.9

Market Neutral Funds	Liquidity	Value
		$m
BlueCrest AllBlue	Quarterly	11.8
BlueBay Macro Fund	Monthly	5.3
GLG Emerging Currency and Fixed Income Fund	Daily	10.9
QFR Victoria Fund	Quarterly	8.0
Schroder ISF EM Debt Absolute Return	Daily	3.9
Winton Futures Fund	Monthly	5.8
Total		**45.7**

Investment Managers Report

Investment Portfolio at 31 December 2011

	Market Value $000	% of NAV
BlueCrest AllBlue Leveraged Feeder Fund	11,790	5.1
Findlay Park American Fund	11,330	4.9
GLG Emerging Currency and Fixed Income Fund	10,860	4.7
Lansdowne UK Equity Fund	9,170	4.0
BlackRock World Mining Trust Plc	9,060	3.9
QFR Victoria Fund	7,990	3.5
AR New Asia Fund	7,590	3.3
Oaktree CM Value Opportunities Fund Ltd	7,140	3.1
BlackRock UK Emerging Companies Hedge Fund	6,650	2.9
Capital International Emerging Markets Debt Fund	6,100	2.7
Top 10 Holdings	**87,680**	**38.1**
Winton Futures Fund	5,800	2.5
Jupiter European Opportunities Trust Plc	5,710	2.5
Aberdeen Global – Asia Pacific Fund	5,410	2.4
BlueBay Macro Fund	5,340	2.3
SR Global Fund – Emerging Markets	5,240	2.3
Gramercy Emerging Market Debt (Allocation Fund)	5,180	2.3
Gramercy Distressed Opportunity Fund Ltd	5,000	2.2
Schroder GAIA – Egerton European Equity	4,720	2.1
Schroder ISF Global Energy Fund	4,530	2.0
Prosperity Quest Fund	4,260	1.9
Top 20 Holdings	**138,870**	**60.6**
R/C Global Energy and Power Fund IV, LP	4,210	1.8
Artemis Global Energy Fund	4,170	1.8
Capital International Private Equity Fund V, LP	4,130	1.8
Schroder ISF Emerging Markets Debt Absolute Return	3,890	1.7
JO Hambro Japan Fund	3,890	1.7
Pacific Alliance China Land Ltd	3,840	1.7
China Harvest Fund II, LP	3,750	1.6
Neptune Russia & Greater Russia Fund	3,590	1.6
Greenspring Global Partners IV, LP	3,350	1.5
Investec GSF Enhanced Global Energy Fund	3,340	1.5
Top 30 Holdings	**177,030**	**77.3**
31 remaining holdings	**49,770**	**21.5**
Cash	**2,640**	**1.2**
TOTAL	**229,440**	**100.0**

Market 0utlook

Politics are set to be a dominant feature of the market landscape in the coming year. Important leadership elections are in prospect in the USA, France, Russia, India, China and Greece. In the USA, election years are typically characterised by benign policy settings and the US economy, which has shown greater resilience last year, is likely to outperform other developed economies in 2012.

Offsetting the deflationary impact of private sector deleveraging is likely to remain the central concern of monetary policy. Consequently, the distortions and misallocations that have accompanied negative real rates of interest look set to persist. The bull markets in gold and US government bonds are examples of this. So thin is the value proposition in these two asset classes that they remain hugely vulnerable to any normalisation in interest rates. Ironically, despite the very high level of risk inherent in current levels both asses classes are perceived as 'safe havens'.

An environment of monetary and fiscal laxity should be broadly supportive for equities in the US and the improving trend seen recently in employment and consumer spending should continue. The US has clear leadership in the two sectors, healthcare and technology, which stood out last year. A combination of favourable demographics in the case of healthcare and product innovation in the case of technology underpins these sectors and by extension should be positive for US equities. What will be more challenging however for the US market is sustaining the current levels of corporate profitability. Profit margins are currently equivalent to 7.2% of GDP, their highest level in 50 years. Threats could come from a number of directions. Profits in the financial sector have been boosted by the US Federal Reserve effectively financing 'free' investment in the US treasury market and many distressed assets have yet to be marked to market realistically. The disparity between the top levels of pay and general employee compensation has never been wider and is an issue that has now entered the political arena. Export revenues are under pressure from the recession in Europe and the slowdown in Asia. Finally, all oil-importing countries are under threat as a result of the tension with Iran and potential for oil supply interruption. Going forwards, whoever is elected will have to address the fact that policy in the US is on an unsustainable footing with no debt ceiling. Greater austerity or higher taxes cannot be postponed indefinitely and the capital markets are likely to focus on this at some point in 2012.

Looking further ahead for the US, it is interesting to note that BP Plc forecasts that unconventional ('shale') supplies of energy will make the US self-sufficient by 2030. The BP report forecasts a growth in unconventional energy sources "including US shale oil and gas, Canadian oil sands and Brazilian deepwater, plus a gradual decline in demand, that would see the western hemisphere become almost totally energy self-sufficient" in two decades. This potential development has significant geopolitical implications for the US economy and the country's relations with the Middle East and 'OPEC' countries in particular.

After negative growth in the fourth quarter, it seems inevitable that Europe has entered a recession. The problems facing the region go beyond the failings of the peripheral economies. Even in Germany, which had been the standout performer, recent economic data such as the leading indicators and sentiment surveys point to a rapid deceleration and confirm that Germany is not immune to the downward spiral in confidence currently afoot in Euroland. Most economists expect Greece to depart the Euro as releasing itself from what has become a straightjacket may be its only option. Whether or not this occurs, the crisis has highlighted much broader strains in the Euro. Monetary union without fiscal union was always going to be problematic. It is hard to believe that a choice between prolonged severe austerity or continued bailouts from Germany to the weaker economies is going to be politically acceptable anywhere. In Spain, youth unemployment is estimated to be running at 40% and at the other end of the age spectrum, there is an ever growing number of retirees in Europe who are planning to live for the next 30 years on government pensions.

In December 2011, it seemed inevitable in the face of these severe pressures that the ECB would need to change tack and pursue more accommodative policies. The recent actions of the ECB under Mario Draghi, who took over the ECB Presidency from Jean-Claude Trichet in November 2011, have brought some relief to capital markets but potentially at the expense of a strong Euro whose resilience thus far has been difficult to understand. Specifically, the ECB's 1trn Long Term Refinancing Operations ("LTRO") have provided cheap (three year) liquidity to ailing banks, which in turn have invested much of these proceeds in sovereign bonds. This infusion has led to significant reductions in the borrowing costs of Italy and Spain and temporarily allayed market and sovereign risk tensions.

Against this background, constructing a positive case for equity investing in 2012 is challenging. However, it is because the risk of escalating financial crisis remain so high that monetary policy globally is likely to remain loose. Whatever their ideology, it should become apparent to politicians that an exclusive focus on austerity is likely to be self-defeating. If markets see the prospect of some improvement in economic growth in a low interest rate and low inflation environment, this should revive an appetite for risk assets. After the intensity of bearishness in 2011 and the severity of market falls, equities offer good value in most markets. Whilst the US tends to lead the global economy, the recovery potential remains greatest in many of the Emerging Markets. Equity markets usually start to rise when the headlines are at their blackest as evidenced by the strong start to 2012 where Emerging Markets, in particular, have rebounded strongly.

Hanseatic Asset Management LBG
March 2012

Directors and Advisers

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

Secretary
Malcolm S Mitchell

Profiles of Non-executive Directors
J F Gouvêa Vieira is aged 62 and joined the Group in 1991. He is a partner of the Brazilian law firm of Gouvêa Vieira Advogados. He is a member of the Board of Concremat Engenharia, PSA Finance Brasil, International Meal Company, Wilson Sons Limited and a member of the consultative Board of Vio;y & Co (New York) and a number of other Companies.

W H Salomon is aged 54 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, Wilson Sons Limited and New India Trust.

C F A Cooper is aged 69 and joined the Group in 1994. He was a partner of Conyers, Dill & Pearman. He is also a Director of Stevedoring Services Limited and Bermuda Cablevision Limited.

Mr Rozental is aged 66 and is the founding partner of Rozental & Asociados. He is a 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 an operating partner of Advent International Private Equity.

Mr C Townsend is aged 38 and is an investment director at Hanseatic Asset Management Limited Consulting GmbH.

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Bankers
Deutsche Bank International Limited
Jersey

Investment Managers
Hanseatic Asset Management LBG
Guernsey, Channel Islands

Report of the Directors

The Directors submit herewith their Report and Accounts for the year ended 31 December 2011.

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 1-39.

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 loss after tax on ordinary activities attributable to equity shareholders amounted to US$8,639,000 (2010: US$56,879,000 profit).

An interim dividend of 4.0c (2010: 4.0c) gross per share was paid on 30 September 2011 and the Directors are recommending the payment of a final dividend for the year of 29.0c (2010: 38.0c) gross per share. The final dividend will be paid on 25 May 2012 to all shareholders who are on the register at close of business on 4 May 2012.

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 Company'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.

Through our subsidiary, Wilson Sons Limited, the Group has provided maritime services in Brazil for 175 years. The Group's 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 Wilson Sons Limited operating review on pages 10 to 19.

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

Mr Christopher Townsend was appointed as a non-executive Director of Ocean Wilsons Holdings Limited on 11 August 2011. Mr Christopher Townsend is aged 38 and is a qualified solicitor. He has an MA from Peterhouse, Cambridge and an MBA from the London Business School. He is currently an investment director at Hanseatic Asset Management Limited Consulting GmbH and previously worked as a principal in the investment team at Coller Capital Limited and as a solicitor at Ashurst Morris Crisp.

In accordance with the Company's bye-laws, Mr C Townsend and Mr W H Salomon will retire at the next annual general meeting and, being eligible, offer themselves for election and re-election. The Directors who held office at 31 December 2011 had the following interest in the Company shares:

	Interest	**2011**	2010
C F A Cooper	Beneficial	**46,450**	42,900
J F Gouvêa Vieira	Beneficial	**146,600**	136,600
K W Middleton	Beneficial	**10,000**	10,000
W H Salomon*	Beneficial	**4,659,349**	4,659,349
C Townsend	Beneficial	**14,708**	–

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

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

Employees
The average number of persons, including Directors, employed by the Group was 6,157 (2010: 4,936).

Charitable and Political Donations
During the year the Group made charitable donations of US$42,000 (2010: US$105,000) principally to social programmes in Brazil. There were no political contributions in either year.

Long term incentive plan
In March 2007, the Finance Committee introduced a cash settled long-term incentive plan for senior management with rewards linked to the performance of the Ocean Wilsons Holdings Limited share price. The plan was approved at the Special General Meeting held on 19 April 2007. An accrual of US$3,664,000 (2010: US$6,676,000) has been included in the 2011 accounts for benefits accruing under the plan.

On 9 April 2007, the boards of Ocean Wilsons Holding Limited and Wilson Sons Limited approved a stock option plan which allows for the granting of phantom options to eligible employees selected by the Wilson Sons Limited Board. The options will provide 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 is a Brazilian Real denominated scheme. An accrual of US$14,371,000 (2010: US$23,795,000) has been included in the 2011 accounts for benefits accruing under the plan.

Auditor
Under current Brazilian Stock Exchange regulations a listed company's auditor cannot serve for more than five years. Deloitte is therefore resigning as auditor of the Wilson Sons Limited Group in 2012. Due to the materiality of the Wilson Sons Limited Group to Ocean Wilsons Holdings Limited your Board resolved that Ocean Wilsons Holdings Limited and Wilson Sons Limited should both be audited by member firms of the same international accounting organisation. Following a co-ordinated selection process by Wilson Sons Limited and Ocean Wilsons Holdings Limited the two Boards selected KPMG

Report of the Directors

as auditor for 2012. Consequently Deloitte LLP are retiring as auditor and a resolution to appoint KPMG 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 7 March 2012 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
Nicholas B Dill Jnr and Codan Trustees (BVI) Limited	8,364,113	23.6
Utilico Emerging Markets Utilities Limited	2,365,838	6.7
Montanaro Asset Management	1,399,599	3.9

The Company has been advised that Mr W H Salomon and Mrs C A Townsend are interested in the shares registered in the name of Nicholas B Dill Jnr and Codan Trustees (BVI) Limited.

The Company has also been advised that Mr W H Salomon has an interest in 26.4% and Mrs C A Townsend an interest in 25.9% of the voting shares of Hansa Trust PLC.

Mr C Townsend is the son of Mrs C A Townsend who is interested in the 8,364,113 shares registered in the name of Nicholas B Dill Jnr and Codan Trustees (BVI) Limited.

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 which it believes are appropriate for the operation of your Company. The Board has considered the principles and recommendations of the 2010 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 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.

The Board

The Board currently comprises the chairman, Mr J F Gouvea Vieira, deputy chairman Mr W Salomon, a further three non-executive directors, Mr A Cooper, Mr A Rozental and Mr C Townsend and one executive director, Mr K Middleton. Mr Cooper and Mr Rozental are considered by the Board to be independent under the Code. Although Mr Cooper has served as a director of Group Companies for more than nine years he has been assessed as independent by virtue of his personal characteristics, experience and performance. The directors biographies appear on page 20. The Code states that the Board should appoint one independent director to be the senior independent director. Due to the small size of the Board and the fact that Ocean Wilsons Holdings Limited is a holding company, the Board does not consider it appropriate to appoint a senior independent non-executive director. If a shareholder feels it is inappropriate to relay views through the chairman or executive director, all non-executive directors are available.

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. 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. Mr C Townsend is offering himself for election and Mr W Salomon is offering himself 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 has 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 Baiao 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 Gouvea Vieira, Mr W Salomon and Mr A Rozental) voting on matters requiring Wilson Sons Limited shareholder approval and 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
- 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

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
- 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 directors 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 2011 four 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 on below. In addition to scheduled Board meetings if matters arise at short notice requiring urgent attention a telephone Board meeting is arranged. A telephone Board meeting was held in May 2011.

Directors' attendance at Board and Finance Committee meetings

Director	Board Meetings attended	Finance Committee Meetings attended
Mr J F Gouvêa Vieira	5	2
Mr W Salomon	5	2
Mr A Cooper	5	2
Mr K Middleton	5	2
Mr A Rozental	5	2
Mr C Townsend	2	1

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-executives 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 by 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 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. The chairman of the committee is the Board chairman, Mr J F Gouvea Vieira. Due to the size of the Board, the Board considers the chairman to be the most appropriate person to chair the finance committee.

The Code states there should be 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 reviews Board composition on an ongoing basis and regularly considers

Report of the Directors

whether any skill gap exists. Any new appointments to the Board will be considered in this context. 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.

The Board will consider using external consultants in appointing directors if necessary.

Finance Committee report
The finance committee comprises all non-executive directors, two of whom are considered by the Board to be independent. The Board is satisfied that two directors, Mr Salomon and Mr Rozental, have recent and relevant financial experience as both have served on the audit committees of other listed companies. Mr Salomon also has considerable experience in finance and investment banking.

The finance committee met twice in 2011. At the request of the finance committee the executive director, the chief executive of Wilson Sons Limited and the finance director of Wilson Sons Limited attended each of these meetings. The external auditor attended both meetings.

The finance committee meets with the external auditor without any executives present.

The Code states that the finance committee should not be chaired by the Company chairman. The Board does not consider it appropriate for the committee to be chaired by a senior independent director due to the size of the Board and so the committee is chaired by the chairman of the Board Mr J F Gouvea Vieira. 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, re-appointment 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 or interim review which should be brought to the attention of the Board;
- to monitor the Group's risk exposure;
- 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; and
- to determine bonuses payable under the Company Bonus scheme.

Overview of the actions taken by the Finance Committee to discharge its duties
Since the beginning of 2011 the Finance Committee has:

- reviewed the December 2010 report and financial statements, the June 2011 half yearly financial report and the interim management statements issued in May and November. As part of the review of the December 2010 report, the Committee received a report from the external auditor on their audit of the annual report and financial statements;
- reviewed the effectiveness of the Group's internal controls and disclosures made in the annual report and financial statements on this matter;
- reviewed and agreed 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 2011 financial statements and review of the June half yearly report;
- assessed the risks for Ocean Wilsons Holdings Limited associated with the BOVESPA requirement for Wilson Sons Limited external auditor to serve a maximum of five years;
- assessed the qualification, expertise and resources, and independence of the external auditor; and
- reviewed the need for an internal audit function.

To fulfill 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.

Directors' fees are set out within limits set in the Company's Articles of Association. The present limit is US$400,000 in aggregate per annum and the approval of shareholders in a General Meeting would be 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 Gouvea Vieira, Mr Salomon and Mr Rozental receive directors fees from Wilson Sons Limited in addition to their fees as directors of Ocean Wilsons Holdings Limited.

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 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.

The Code states that the finance committee should review arrangements by which staff can raise concerns about possible improprieties in matters of financial reporting. Ocean Wilsons Holdings Limited does not have a whistleblowing policy as there is only one employee. The Wilson Sons Limited Group whistleblowing 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 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 provides a forum both formally and informally, for shareholders to meet and discuss issues with the Board. Despite being a Bermudian Company the Annual General Meeting is currently held in the UK to enable the maximum number of shareholders to attend. 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$119.3 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 4 to 8. In addition note 38 to the financial statements includes 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.

By Order of the Board
Malcolm Mitchell
Secretary
24 March 2012

Independent Auditor's Report

to the Members of Ocean Wilsons Holdings Limited

We have audited the group financial statements of Ocean Wilsons Holdings Limited for the year ended 31 December 2011 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 1 to 39. The financial reporting framework that has been applied in their preparation is applicable Bermudian law and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board.

This report is made solely to the company's members, as a body, in accordance with section 90 of the Bermuda 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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement in the Report of the Directors, the directors are responsible for the preparation of the group financial statements that give a true and fair view. Our responsibility is to audit and express an opinion on the group financial statements in accordance with applicable Bermudian law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditor.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the group financial statements:

- give a true and fair view of the state of the group's affairs as at 31 December 2011 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as issued by the International Accounting Standards Board; and
- have been prepared in accordance with the Bermudian Companies Act 1981.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Listing Rules we are required to review:

- the part of the Corporate Governance Statement relating to the company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review.

Other matter

In addition to our legal duties set out above, the Company has asked us to report on the following area as if they were a UK incorporated company.

We have nothing to report in respect of the review of the the directors' statement, contained within the Report of the Directors, in relation to going concern.

Deloitte LLP

Chartered Accountants and Statutory Auditor
London
24 March 2012

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2011

	Notes	**Year to 31 December 2011 US$'000**	Year to 31 December 2010 US$'000
Revenue	3	**698,044**	575,551
Raw materials and consumables used		**(82,889)**	(67,222)
Employee benefits expense	6	**(239,543)**	(205,486)
Depreciation & amortisation expense	5	**(59,479)**	(42,923)
Other operating expenses		**(221,159)**	(192,090)
Profit on disposal of property, plant and equipment		**1,959**	90
Operating profit		**96,933**	67,920
Profit realised on formation of joint venture	29	**–**	20,407
Investment revenue	7	**10,203**	17,982
Other gains and losses	8	**(27,818)**	22,460
Finance costs	9	**(20,741)**	(11,611)
Profit before tax		**58,577**	117,158
Income tax expense	10	**(51,615)**	(30,564)
Profit for the year		**6,962**	86,594
Other comprehensive income			
Exchange differences arising on translation of foreign operations		**(12,277)**	4,644
Other comprehensive (loss)/income for the year		**(12,277)**	4,644
Total comprehensive (loss)/income for the year		**(5,315)**	91,238
(Loss)/profit for the period attributable to:			
Equity holders of parent		**(8,639)**	56,879
Non-controlling interests		**15,601**	29,715
		6,962	86,594
Total comprehensive (loss)/income for the period attributable to:			
Equity holders of parent		**(15,708)**	59,749
Non-controlling interests		**10,393**	31,489
		(5,315)	91,238
(Loss)/earnings per share			
Basic and diluted	12	**(24.4c)**	160.8c

Consolidated Balance Sheet

as at 31 December 2011

	Notes	**As at 31 December 2011 US$'000**	As at 31 December 2010 US$'000
Non-current assets			
Goodwill	13	**15,612**	15,612
Other intangible assets	14	**28,546**	16,841
Property, plant and equipment	15	**725,869**	560,846
Deferred tax assets	24	**28,525**	28,923
Trade and other receivables	21	**28,240**	6,400
Long term investments	18	**1,072**	–
Other non-current assets	27	**8,412**	6,550
		836,276	635,172
Current assets			
Inventories	19	**21,142**	20,147
Trading investments	18	**251,297**	297,273
Trade and other receivables	21	**135,574**	129,242
Cash and cash equivalents		**119,323**	130,071
		527,336	576,733
Total assets		**1,363,612**	1,211,905
Current liabilities			
Trade and other payables	26	**(120,324)**	(126,656)
Current tax liabilities		**(3,472)**	(3,354)
Obligations under finance leases	25	**(3,787)**	(4,847)
Bank overdrafts and loans	22	**(32,672)**	(25,565)
		(160,255)	(160,422)
Net current assets		**367,081**	416,311
Non-current liabilities			
Trade and other payables	26	**(2,471)**	–
Bank loans	22	**(451,381)**	(288,596)
Deferred tax liabilities	24	**(26,093)**	(15,073)
Provisions	27	**(13,378)**	(12,289)
Obligations under finance leases	25	**(3,278)**	(6,305)
		(496,601)	(322,263)
Total liabilities		**(656,856)**	(482,685)
Net assets		**706,756**	729,220
Capital and reserves			
Share capital	28	**11,390**	11,390
Retained earnings		**453,205**	475,042
Capital reserves		**31,760**	31,760
Translation reserve		**9,831**	16,900
Equity attributable to equity holders of the parent		**506,186**	535,092
Non-controlling interests		**200,570**	194,128
Total equity		**706,756**	729,220

The accounts on pages 27 to 67 were approved by the Board on 24 March 2012. 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 2011

For the year ended 31 December 2010	Share capital US$'000	Retained earnings US$'000	Capital reserves US$'000	Translation reserve US$'000	Attributable to equity holders of the parent US$'000	Non controlling interests US$'000	Total equity US$'000
Balance at 1 January 2010	11,390	435,844	31,760	14,030	493,024	180,221	673,245
Currency translation adjustment	–	–	–	2,870	2,870	1,774	4,644
Profit for the period	–	56,879	–	–	56,879	29,715	86,594
Total income and expense for the period	–	56,879	–	2,870	59,749	31,489	91,238
Dividends	–	(14,853)	–	–	(14,853)	(11,405)	(26,258)
Acquisition of non-controlling interest	–	(2,828)	–	–	(2,828)	(6,177)	(9,005)
Balance at 31 December 2010	11,390	475,042	31,760	16,900	535,092	194,128	729,220
For the year ended 31 December 2011							
Balance at 1 January 2011	11,390	475,042	31,760	16,900	535,092	194,128	729,220
Currency translation adjustment	–	–	–	(7,069)	(7,069)	(5,208)	(12,277)
(Loss)/profit for the period	–	(8,639)	–	–	(8,639)	15,601	6,962
Total income and expense for the period	–	(8,639)	–	(7,069)	(15,708)	10,393	(5,315)
Dividends	–	(14,853)	–	–	(14,853)	(7,543)	(22,396)
Sale of non-controlling interest	–	1,655	–	–	1,655	3,592	5,247
Balance at 31 December 2011	11,390	453,205	31,760	9,831	506,186	200,570	706,756

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.

Translation reserve

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

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 2011

	Notes	Year to 31 December 2011 US$'000	Year to 31 December 2010 US$'000
Net cash inflow from operating activities	31	**70,533**	85,538
Investing activities			
Interest received		**10,158**	10,159
Dividends received from trading investments		**4,002**	3,795
Proceeds on disposal of trading investments		**98,323**	120,849
Proceeds on disposal of property, plant and equipment		**7,384**	959
Purchases of property, plant and equipment		**(234,009)**	(161,971)
Purchase of intangible asset		**(6,807)**	(14,546)
Purchases of trading investments		**(81,237)**	(145,884)
Net cash inflow arising from creation of joint venture		**–**	5,040
Prepayment on Briclog acquisition	39	**(5,331)**	–
Net cash used in investing activities		**(207,517)**	(181,599)
Financing activities			
Dividends paid	11	**(14,853)**	(14,853)
Dividends paid to non-controlling interests in subsidiary		**(7,543)**	(11,405)
Repayments of borrowings		**(28,415)**	(18,953)
Repayments of obligations under finance leases		**(5,940)**	(3,969)
New bank loans raised		**195,979**	77,650
(Decrease)/increase in bank overdrafts		**(6,347)**	6,252
Net cash outflow arising on purchase of non-controlling interest		**–**	(9,005)
Net cash inflow arising on sale of non-controlling interest		**670**	–
Net cash from financing activities		**133,551**	25,717
Net decrease in cash and cash equivalents		**(3,433)**	(70,344)
Cash and cash equivalents at beginning of year		**130,071**	196,428
Effect of foreign exchange rate changes		**(7,315)**	3,987
Cash and cash equivalents at end of year		**119,323**	130,071

Notes to the Accounts

for the year ended 31 December 2011

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 review on pages 10 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.

In the current year the following new and revised standards and interpretations have been adopted with no material effect on the consolidated financial statements:

IAS 24	Related Party Disclosures (as revised in 2009)
Amendments to IAS 32	Classification of Rights Issues
Amendments to IFRS 3	Business Combinations
Amendments to IFRIC 14	Prepayments of a Minimum Funding Requirement
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments
Improvements to IFRSs issued in 2010	Except for the amendments to IFRS 3 and IAS 1, the application of Improvements to IFRSs issued in 2010 has not had any material effect on amounts reported in the consolidated financial statements

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases have not yet been adopted by the EU):

IFRS 1 (amended)	*Severe Hyperinflation and Removal of Fixed Dates for First time Adopters*
IFRS 7 (amended)	*Disclosures – Transfers of Financial Assets*
IFRS 9	*Financial Instruments*
IFRS 10	*Consolidated Financial Statements*
IFRS 11	*Joint Arrangements*
IFRS 12	*Disclosure of Interests in Other Entities*
IFRS 13	*Fair Value Measurement*
IAS 1 (amended)	*Presentation of Items of Other Comprehensive Income*
IAS 12 (amended)	*Deferred Tax: Recovery of Underlying Assets*
IAS 19 (revised)	*Employee Benefits*
IAS 27 (revised)	*Separate Financial Statements*
IAS 28 (revised)	*Investments in Associates and Joint Ventures*
IFRIC 20	*Stripping Costs in the Production Phase of a Surface Mine*

The directors do not expect that the adoption of the standards listed above will have a material impact on the financial statements of the Group in future periods, except as follows:

- IFRS 9 will impact both the measurement and disclosures of financial instruments
- IFRS 12 will impact the disclosure of interests Ocean Wilsons Holdings Limited has in other entities
- IFRS 13 will impact the measurement of fair value for certain assets and liabilities as well as the associated disclosures

Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of these standards until a detailed review has been completed.

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 liability that are measured at fair values. The principal accounting policies adopted are set out below.

Notes to the Accounts

2 Significant accounting policies and critical accounting judgements (continued)

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. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition 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 the 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.

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.

Interests in joint ventures

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

2 Significant accounting policies and critical accounting judgements (continued)

Where a Group entity undertakes its activities under joint venture arrangements directly, the Group's share of jointly controlled assets and any liabilities incurred jointly with other ventures are recognised in the financial statements of the relevant entity and classified according to their nature.

Joint venture arrangements that involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities. The Group reports its interests in jointly controlled entities using proportionate consolidation. The Group's share of the assets, liabilities, income and expenses of jointly controlled entities are combined with the equivalent items in the consolidated financial statements on a line-by-line basis.

Where the Group transacts with its jointly controlled entities, unrealised profits and losses are eliminated to the extent of the Group's interests in the joint venture.

When a joint venture is established the assets acquired from the joint venture partner are fair valued at the date of acquisition. In accordance with SIC 13 Jointly Controlled Entities non-monetary contributions to the joint venture from the Group are recognised at book value. The portion of gains or losses resulting from any difference between the net assets acquired and the net assets contributed to the joint venture are recognised in the statement of comprehensive income.

Retirement benefit costs

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

Taxation

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.

Property, plant and equipment

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

Notes to the Accounts

2 Significant accounting policies and critical accounting judgements (continued)

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:	20 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.

Borrowing costs incurred on qualifying fixed assets are capitalised in the period in which they are incurred.

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

Overhaul costs are capitalised and depreciated over the period in which the economic benefits are received.

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.

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.

Negative Goodwill

Where the fair value of identifiable assets and liabilities acquired exceed the fair value of consideration paid, the surplus on acquisition is taken to operating profit.

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.

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.

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.

2 Significant accounting policies and critical accounting judgements (continued)

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 intially stated at the 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. 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 at cost less any provision for impairment. Fair valuations include using recent arms length transactions between knowledgeable and willing parties where available. 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.
- *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.

Derivatives

The Group periodically uses derivative financial instruments to reduce exposure to foreign exchange and interest rate movements. The Group has not adopted the hedge accounting provisions of IAS 39 "Financial Instruments: Recognition and Measurement". 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.

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.

Construction contracts

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 balance sheet date. This is normally measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Share-based payments

The Group has applied the requirements of IFRS 2 Share based Payment. Cash settled long-term incentive plans are measured at fair value at the balance sheet date. A liability equal to the portion of the services received is recognised at the current fair value determined at each balance sheet date. Any increase or decrease in the liability is recognised in the statement of comprehensive income.

Fair value is measured by use of a binomial model. The fair value calculated by the model has been adjusted, based on mangements best estimate, for the effects of behavioural considerations.

Notes to the Accounts

2 Significant accounting policies and critical accounting judgements (continued)

Revenue

Revenue is measured at fair value and represents amounts receivable for goods and services provided in the normal course of business net of trade discounts, VAT and other sales related taxes. If the Group is acting solely as an agent, amounts billed to customers are offset against relevant costs.

Revenue from construction contracts is recognised in accordance with the Group´s accounting policy on construction contracts (see above).

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.

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

Operating profit

Operating profit is stated after the Group's share of results of associates but before investment revenue and finance costs and other gains and losses.

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.

Legal cases

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 managements' 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.

Brazilian taxes

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

Deferred and recoverable income tax and social contribution

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

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

2 Significant accounting policies and critical accounting judgements (continued)

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The carrying amount of goodwill at the balance sheet date was US$ 15.6 million. Details of the impairment loss calculation are provided in note 13.

Cash settled share based payment schemes

The fair value of cash settled share based payments is determined using a binomial model. The assumptions used in determining this fair value include the life of the options, share price volatility, dividend yield and risk free rate. Expected volatility is determined by calculating the volatility of the Group's share price over a historical period. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of behavioual considerations. Expected dividend yields are based on the Groups dividend policy. In determining the risk free rate the Group utilises the yield on a zero coupon goverment bond in the currency in which the excercise price is expressed. Forfeiture rates are applied and historical distributions to fair valuations in computing the share based payment charge. The Group uses forfeiture rates in line with management's best estimate of the percentage of awards which will be forfeited, based on the proportion of award holders expected to leave the Group.

Any changes in these assumptions will impact the carrying amount of cash settled share based payments liabilities.

Depreciation

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. Estimated useful lives are determined based on prior experience and management's best knowledge.

3 Revenue

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

	Year ended 31 December 2011 US$'000	Year ended 31 December 2010 US$'000
Sales of services	**642,680**	536,258
Revenue from construction contracts	**55,364**	39,293
	698,044	575,551
Investment income (note 7)	**10,203**	17,982
	708,247	593,533

All revenue is derived from continuing operations.

Notes to the Accounts

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 2011

	Maritime Services Year ended 31 December 2011 US$'000	Investment Year ended 31 December 2011 US$'000	Unallocated Year ended 31 December 2011 US$'000	Consolidated Year ended 31 December 2011 US$'000
Revenue	**698,044**	**–**	**–**	**698,044**
Result				
Segment result	**103,789**	**(2,800)**	**(4,056)**	**96,933**
Investment revenue	**6,068**	**4,129**	**6**	**10,203**
Other gains and losses	**–**	**(27,818)**	**–**	**(27,818)**
Finance costs	**(20,741)**	**–**	**–**	**(20,741)**
Profit before tax	**89,116**	**(26,489)**	**(4,050)**	**58,577**
Tax	**(51,615)**	**–**	**–**	**(51,615)**
Profit after tax	**37,501**	**(26,489)**	**(4,050)**	**6,962**
Other information				
Capital additions	**(262,934)**	**–**	**–**	**(262,934)**
Depreciation and amortisation	**(59,478)**	**–**	**(1)**	**(59,479)**
Balance Sheet				
Assets				
Segment assets	**1,130,328**	**230,848**	**2,436**	**1,363,612**
Liabilities				
Segment liabilities	**(650,667)**	**(300)**	**(5,889)**	**(656,856)**

4 Business and geographical segments (continued)

For the year ended 31 December 2010

	Maritime Services Year ended 31 December 2010 US$'000	Investment Year ended 31 December 2010 US$'000	Unallocated Year ended 31 December 2010 US$'000	Consolidated Year ended 31 December 2010 US$'000
Revenue	575,551	–	–	575,551
Result				
Segment result	78,456	(2,930)	(7,606)	67,920
Profit realised on formation of joint venture	20,407	–	–	20,407
Investment revenue	13,940	3,953	89	17,982
Other gains and losses	–	22,460	–	22,460
Finance costs	(11,611)	–	–	(11,611)
Profit before tax	101,192	23,483	(7,517)	117,158
Tax	(30,564)	–	–	(30,564)
Profit after tax	70,628	23,483	(7,517)	86,594
Other information				
Capital additions	(181,285)	–	–	(181,285)
Depreciation and amortisation	(42,922)	–	(1)	(42,923)
Balance Sheet				
Assets				
Segment assets	939,521	265,023	7,361	1,211,905
Liabilities				
Segment liabilities	(472,309)	(505)	(9,871)	(482,685)

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.

Unallocated corporate costs, assets and liabilities include the Ocean Wilsons Holdings Limited long term incentive plan. The long term incentive plan is a cash settled phantom option scheme linked to the Wilson Sons Limited share price. The scheme is fair valued using a Binomial model at each reporting date.

Geographical Segments

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

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

Notes to the Accounts

4 Business and geographical segments (continued)

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 2011 US$'000	31 December 2010 US$'000	**Year ended 31 December 2011 US$'000**	Year ended 31 December 2010 US$'000
Brazil	**1,062,836**	869,766	**262,934**	181,285
Bermuda	**299,314**	340,527	**–**	–
Other	**1,462**	1,612	**–**	–
	1,363,612	1,211,905	**262,934**	181,285

5 Profit for the year

Profit for the year has been arrived at after charging:

	Year ended 31 December 2011 US$'000	Year ended 31 December 2010 US$'000
Net foreign exchange losses	**(12,618)**	4,214
Depreciation of property, plant and equipment	**56,779**	42,435
Amortisation of intangible assets	**2,700**	488
Operating lease rentals	**17,520**	14,528
Auditor's remuneration for audit services (see below)	**903**	894
Non executive directors emoluments	**283**	259
A more detailed analysis of auditor's remuneration is provided below:		
Statutory audit	**756**	806
Further assurance services	**141**	75
Other services	**6**	13
	903	894

6 Employee benefits expense

	Year ended 31 December 2011 US$'000	Year ended 31 December 2010 US$'000
Aggregate remuneration comprised:		
Wages and salaries	**197,591**	149,582
Share based payment expense	**(7,880)**	16,545
Social security costs	**48,604**	38,474
Other pension costs	**1,228**	885
	239,543	205,486

7 Investment revenue

	Year ended 31 December 2011 US$'000	Year ended 31 December 2010 US$'000
Interest on bank deposits	**13,463**	10,159
Exchange (losses)/gains on cash	**(7,315)**	3,987
Dividends from equity investments	**4,002**	3,795
Investment revenues from underwriting activities	**53**	41
	10,203	17,982

8 Other gains and losses

	Year ended 31 December 2011 US$'000	Year ended 31 December 2010 US$'000
(Decrease)/increase in fair value of trading investments held at year end	**(28,148)**	21,332
Profit on disposal of trading investments	**330**	1,128
	(27,818)	22,460

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

9 Finance costs

	Year ended 31 December 2011 US$'000	Year ended 31 December 2010 US$'000
Interest on bank overdrafts and loans	**13,034**	9,354
Exchange loss/(gain) on foreign currency borrowings	**5,303**	(227)
Interest on obligations under finance leases	**1,433**	1,848
Total borrowing costs	**19,770**	10,975
Other interest	**971**	636
	20,741	11,611

Borrowing costs incurred on qualifying assets of US$4,000,000 (2010: US$1,889,000) were capitalised in the year at an average interest rate of 3.37% (2010: 3.83%)

Notes to the Accounts

10 Taxation

	Year ended 31 December 2011 US$'000	Year ended 31 December 2010 US$'000
Current		
Brazilian taxation		
Corporation tax	**30,408**	22,747
Social contribution	**10,933**	8,492
Total current tax	**41,341**	31,239
Deferred tax		
(Credit)/charge for the year in respect of deferred tax liabilities	**(12,700)**	7,353
Charge/(credit) for the year in respect of deferred tax assets	**22,974**	(8,028)
Total deferred tax	**10,274**	(675)
Total taxation	**51,615**	30,564

Brazilian corporation tax is calculated at 25% (2010: 25%) of the assessable profit for the year.

Brazilian social contribution tax is calculated at 9% (2010: 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 2011 US$'000	Year ended 31 December 2010 US$'000
Profit before tax	**58,577**	117,158
Tax at the standard Brazilian tax rate of 34% (2010: 34%)	**19,916**	39,834
Tax effect of expenses/income that are not included in determining taxable profit	**23,738**	(9,292)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**7,961**	22
Tax expense and effective rate for the year	**51,615**	30,564
Effective rate for the year	**88%**	26%

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 2011 US$'000	Year ended 31 December 2010 US$'000
Amounts recognised as distributions to equity holders in the period:		
Final dividend paid for the year ended 31 December 2010 of 38.0c (2009: zero) per share	**13,438**	–
Second interim dividend paid for the year ended 31 December 2009 of 38.0c per share	**–**	13,438
First interim dividend paid for the year ended 31 December 2011 of 4.0c per share (2010: 4.0c)	**1,415**	1,415
	14,853	14,853
Proposed final dividend for the year ended 31 December 2011 of 29.0c (2010: 38c) per share	**10,255**	13,438

12 Earnings per share

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

	Year ended 31 December 2011 US$'000	Year ended 31 December 2010 US$'000
Earnings:		
Earnings for the purposes of basic earnings per share being net profit attributable to equity holders of the parent	**(8,639)**	56,879
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

	2011 US$'000	2010 US$'000
Cost and carrying amount		
At 1 January and 31 December	**15,612**	15,612
Goodwill attributed to Tecon Rio Grande	**13,132**	13,132
Goodwill attributed to Tecon Salvador	**2,480**	2,480

The Group tests annually for impairment, or more frequently if there are indications that goodwill might be impaired.

For the purposes of testing goodwill for impairment the Group prepares cash flow forecasts for the relevant cash generating unit (Tecon Rio Grande and Tecon Salvador) derived from the most recent financial budget for the next year and extrapolates cash flows for the remaining life of the concession based on an estimated annual growth of between 8% and 9% for Tecon Rio Grande (2010: 8% to 10%) and 7% to 8% for Tecon Salvador (2010: 7% to 10%). This rate does not exceed the average long-term historical growth rate for the relevant market. Management estimates growth rates based on past performance, current market conditions and expectations of future market changes. The rate used after tax to discount forecast cash flows is 12% (2010: 13%)

Notes to the Accounts

14 Other intangible fixed assets

	US$'000
Cost	
At 1 January 2010	4,062
Exchange differences	606
Additions	14,546
At 1 January 2011	19,214
Additions	6,807
Transfer from property plant and equipment	15,149
Exchange differences	(2,063)
At 31 December 2011	**39,107**
Amortisation	
At 1 January 2010	1,823
Charge for the year	488
Exchange differences	62
At 1 January 2011	2,373
Charge for the year	2,700
Transfer from property plant and equipment	5,789
Exchange differences	(301)
At 31 December 2011	**10,561**
Carrying amount	
31 December 2011	**28,546**
31 December 2010	16,841

Intangible fixed assets arose from (i) the acquisition of concession rights for the container and heavy cargo terminal in Salvador in 2000, (ii) the purchase of the remaining 50% holding in Eadi Santo Andre concession and the extension of the concession rights in November 2008 at Eadi Santo Andre for a further 10 years (iii) the Ponta Norte expansion (Tecon Salvador) in 2010 (iv) and the implementation of integrated management software (SAP).

in 2010 Tecon Salvador signed an amendment to the lease agreement with Companhia das Docas do Estado da Bahia (CODEBA) for the area known as Ponta Norte adjacent to Tecon Salvador. As part of the agreement an initial payment of US$14.5 million was made to CODEBA to acquire the rights to the area.

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

Intangible fixed assets are amortised over the remaining terms of the concessions at the time of acquisition which for Tecon Salvador, is 25 years, Eadi Santo Andre is 10 years and Ponta Norte is 15 years. The 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 2010	112,445	284,118	142,307	62,377	601,247
Additions	30,959	6,908	64,175	64,697	166,739
Transfers	–	98,429	–	(98,429)	–
Exchange differences	2,112	–	4,704	–	6,816
Disposals	(485)	(574)	(3,151)	–	(4,210)
Effect of joint venture transaction	(13)	(8,606)	(1,097)	(4,586)	(14,302)
At 1 January 2011	145,018	380,275	206,938	24,059	756,290
Additions	79,960	30,065	67,219	78,883	256,127
Transfers	–	73,258	–	(73,258)	–
Transfers to intangible assets	–	–	(15,149)	–	(15,149)
Exchange differences	(10,282)	–	(14,854)	–	(25,136)
Disposals	(594)	(1,394)	(10,333)	–	(12,321)
At 31 December 2011	**214,102**	**482,204**	**233,821**	**29,684**	**959,811**
Accumulated depreciation and impairment					
At 1 January 2010	22,182	88,128	52,045	–	162,355
Charge for the year	5,695	19,806	16,934	–	42,435
Exchange differences	432	–	1,782	–	2,214
Disposals	(397)	(122)	(3,125)	–	(3,644)
Effect of joint venture transaction	(4)	(7,639)	(273)	–	(7,916)
At 1 January 2011	27,908	100,173	67,363	–	195,444
Charge for the year	8,740	25,979	22,060	–	56,779
Transfers to intangible assets	–	–	(5,789)	–	(5,789)
Exchange differences	(1,283)	–	(4,297)	–	(5,580)
Disposals	(373)	(761)	(5,778)	–	(6,912)
At 31 December 2011	**34,992**	**125,391**	**73,559**	**–**	**233,942**
Carrying Amount					
At 31 December 2011	**179,110**	**356,813**	**160,262**	**29,684**	**725,869**
At 31 December 2010	117,110	280,102	139,575	24,059	560,846

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

Land and buildings with a net book value of US$0.3 million (2010: US$0.4million) and tugs with a value of US$2.4 million (2010: US$2.6 million) have been given in guarantee of various legal processes.

The Group has pledged assets having a carrying amount of approximately US$439.4 million (2010: US$317.1 million) to secure loans granted to the Group.

At 31 December 2011, the Group had entered into contractual commitments for the acquisition of property, plant and equipment amounting to US$26.5 million (2010: US$116.4 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
ASCENSION UNDERWRITING LIMITED Corporate underwriting member of Lloyds	UK	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.

16 Subsidiaries (continued)

Ascension Underwriting Limited

Ascension Underwriting Limited is a wholly owned subsidiary which is a corporate underwriting member of the Lloyds insurance market in London. The results of the company's activities are included in the consolidated results of the Group. In addition, the company has assets and liabilities of US$0.1 million (2010: US$0.3 million) and US$0.1 million (2010: US$0.3 million) respectively through its underwriting interests in a number of Lloyds syndicates. These assets and liabilities are not controlled by the company and are not included in the consolidated results of the Group.

17 Joint ventures

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

	2011 US$'000	2010 US$'000
Current assets	**23,165**	17,991
Non-current assets	**180,630**	127,213
Current liabilities	**(55,202)**	(31,976)
Non-current liabilities	**(155,642)**	(109,242)

	2011 US$'000	2010 US$'000
Income	**66,658**	35,817
Expenses	**(57,500)**	(30,860)

The Group has the following significant interests in joint ventures.

	Place of incorporation and operation	Proportion of effective interest	Method used to account for investment
Wilson Sons Ulratug Particapacoes S.A. Offshore	Brazil	29.13%	Proportional consolidation
Consorcio de Rebocadores Baia de Sao Marcos Tug operator	Brazil	29.13%	Proportional consolidation
Allink Transportes Internacionais Limitada Non-vessel operating common carrier	Brazil	29.13%	Proportional consolidation
Consorcio de Rebocadores Barra de Coqueiros Tug operator	Brazil	29.13%	Proportional consolidation

Notes to the Accounts

18 Investments

	2011 US$'000	2010 US$'000
Trading investments		
At 1 January	**297,273**	249,778
Additions, at cost	**80,165**	145,884
Disposals, at market value	**(98,323)**	(120,849)
(Decrease)/increase in fair value of trading investments held at year end	**(28,148)**	21,332
Profit on disposal of trading investments	**330**	1,128
At 31 December	**251,297**	297,273
Ocean Wilsons Investment Limited Portfolio	**226,797**	260,544
Wilson Sons Limited	**24,500**	36,729
Trading investments held at fair value at 31 December	**251,297**	297,273

Wilson Sons Limited

During 2011 Wilson Sons Limited invested in Real denominated and US Dollar denominated fixed rate certificates. The Wilson Sons Limited investments are held and managed separately from the Ocean Wilsons Investment Portfolio.

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 using various valuation techniques.

A bank guarantee of £160,000 (US$250,000) in support of the Group's insurance underwriting activities at Lloyds is secured against the trading investment portfolio.

Long term investments

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

19 Inventories

	2011 US$'000	2010 US$'000
Raw materials and spare parts	**21,142**	20,147

20 Construction contracts

	2011 US$'000	2010 US$'000
Contracts in progress at the balance sheet date:		
Amounts due from contract customers included in trade and other receivables	**–**	–
Amounts due to contract customers included in trade and other payables	**(11,904)**	(17,073)
	(11,904)	(17,073)
Contract costs incurred plus recognised profits less recognised losses to date	**36,307**	41,632
Less progress billings	**(48,211)**	(58,705)
	(11,904)	(17,073)

21 Trade and other receivables

	Year ended 31 December 2011 US$'000	Year ended 31 December 2010 US$'000
Trade and other receivables		
Amount receivable for the sale of services	**73,580**	65,915
Allowance for doubtful debts	**(927)**	(1,320)
	72,653	64,595
Income taxation recoverable	**11,486**	8,204
Prepayments and other	**37,384**	27,134
Other recoverable taxes and levies	**42,291**	35,709
	163,814	135,642
Total current	**135,574**	129,242
Total non-current	**28,240**	6,400
	163,814	135,642

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, and receivables from Intermarítima relating to the sale of the non-controlling interest in Tecon Salvador. 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$17.0 million (2010: US$11.4 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	2011 US$'000	2010 US$'000
From 0 – 30 days	**15,289**	7,351
From 31 – 90 days	**1,085**	3,442
From 91 – 180 days	**637**	609
more than 180 days	**–**	–
Total	**17,011**	11,402

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$0.9 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.

Ageing of impaired trade receivables	2011 US$'000	2010 US$'000
From 0 – 30 days	**–**	–
From 31 – 90 days	**–**	–
From 91 – 180 days	**–**	–
more than 180 days	**927**	1,320
Total	**927**	1,320

Notes to the Accounts

21 Trade and other receivables (continued)

Movement in the allowance for doubtful debts	**2011 US$'000**	2010 US$'000
Balance at the beginning of the year	**1,320**	1,637
Amounts written off as uncollectable	**(2,570)**	(2,288)
Increase in allowance recognised in profit or loss	**2,316**	1,910
Exchange differences	**(139)**	61
Balance at the end of the year	**927**	1,320

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 except for one customer which accounts for 12% of Group revenue, US$82.6 million (2010: US$75.9 million). 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	**Year ended 31 December 2011 US$'000**	Year ended 31 December 2010 US$'000
Unsecured borrowings			
Bank overdrafts	12.40%	**132**	6,479
Secured borrowings			
Towage, offshore and shipyard			
BNDES – FMM linked to US$	2.11% to 6.00%	**300,460**	198,192
Banco do Brasil – FMM linked to US$	3.10%	**52,649**	49,131
BNDES – FMM linked to $Real	9.71%	**4,540**	–
Total towage, offshore and shipyard		**357,649**	247,323
Port operations and logistics			
IFC – US$	3.37% to 8.50%	**57,208**	9,813
BNDES – FINAME $Real	4.50% to 13.00%	**30,591**	26,789
Eximbank – US$	2.12%	**15,769**	14,818
BNDES – linked to US$	5.07% to 5.36%	**15,447**	–
IFC – $Real	14.09%	**3,618**	4,888
Finimp – US$	2.07% to 2.13%	**3,152**	4,051
Caterpillar – $Real	4.41% to 7.44%	**487**	–
Total port operations and logistics		**126,272**	60,359
Total secured borrowings		**483,921**	307,682
Total borrowings		**484,053**	314,161

22 Bank loans and overdrafts (continued)

	Year ended 31 December 2011 US$'000	Year ended 31 December 2010 US$'000
The borrowings are repayable as follows:		
On demand or within one year	32,672	25,565
In the second year	41,197	26,194
In the third to fifth years inclusive	127,351	82,187
After five years	282,833	180,215
Total borrowings	484,053	314,161
Amounts due for settlement within 12 months	(32,672)	(25,565)
Amounts due for settlement after 12 months	451,381	288,596

Analysis of borrowings by currency:

	$Real US$'000	$Real linked to US Dollars US$'000	US Dollars US$'000	Total US$'000
31 December 2011				
Bank overdrafts	**132**	**–**	**–**	**132**
Bank loans	**39,236**	**368,556**	**76,129**	**483,921**
Total	**39,368**	**368,556**	**76,129**	**484,053**
31 December 2010				
Bank overdrafts	6,479	–	–	6,479
Bank loans	31,677	247,323	28,682	307,682
Total	38,156	247,323	28,682	314,161

The Group's main sources of financing are:

BNDES (Banco Nacional de Desenvolvimento Economico e Social) acts as an agent for the "FMM" (Fundo de Marinha Mercante) financing tug boats, platform supply vessel and shipyard construction. Loans are secured by mortgages on the vessels financed. Loans received from the BNDES are predominantly $Real denominated loans linked to the US Dollar and are monetarily corrected by the movement in the US Dollar/$Real exchange rate and bear interest of between 2.11% and 6.0% per annum. The amounts outstanding at 31 December 2011 are repayable over periods varying up to 20 years.

The BNDES FINAME credit line through various agents finances equipment for logistics and port operations. The $Real denominated loans bear interest rates between 4.5% and 13% a year.

Banco do Brasil acts as agent of the for the "FMM" (Fundo de Marinha Mercante). Banco do Brasil finances platform supply vessel construction and secure mortgages on the vessels financed. Loans received from the Banco do Brasil are $Real denominated loans linked to the US Dollar and are monetarily corrected by the movement in the US Dollar/$Real exchange rate and bear a fixed interest rate of 3.1% per annum. During 2011 the loans were in a grace period with repayments beginning in January 2012 and are repayable over periods varying up to 17 years.

IFC (International Finance Corporation). The IFC finances the Group's two container terminals, Tecon Rio Grande and Tecon Salvador. The majority of these loans are project finance to fund the expansion of the container terminal at Salvador and have no recourse to other companies in the Group. US dollar denominated loans consist of variable rate and fixed rate loans. Variable rate loans bear interest of six month Libor per annum plus 2.75%. US dollar denominated fixed rate loans bear interest of 8.50% per annum. Real denominated loans bear interest at 14.09% per annum. The amounts outstanding at 31 December 2011 are repayable over periods varying up to 9 years.

The Export- Import Bank of China (Eximbank) finances Tecon Rio Grande's equipment. The amounts outstanding at 31 December 2011 are repayable over periods varying up to 7 years and bear interest of six month libor per annum plus 1.7%. The loans are secured by a bank guarantee with Eximbank as beneficiary at a cost of 2% per year.

Notes to the Accounts

22 Bank loans and overdrafts (continued)

The Banco Itau BBA S.A. credit line, Finimp, finances equipment for Tecon Rio Grande. The amounts outstanding at 31 December 2011 are repayable over periods varying up to 3 years and bears interest of six month libor per annum plus 1.63%. There is also a 1.75% annual commission.

The weighted average interest rates paid were as follows:

	Year ended 2011	Year ended 2010
Bank overdrafts	**12.4%**	14.8%
Bank loans in US$ and linked to the US$	**3.3%**	3.3%
Bank loans in $Real	**8.7%**	8.5%

At 31 December 2011, the Group had available US$344.0 million of undrawn committed borrowings facilities available. For each disbursement there are a set of conditions precedent that must be met (2010: US$389.4 million).

All loans with the BNDES are guaranteed by the Brazilian holding Company, Wilson Sons Administracao e Comercio Ltda in addition to the mortgage on the respective tug boat or platform supply vessel.

Three of the Group's platform supply vessels have a guarantee involving receivables from the client that has contracted the vessels. Funds received from the client pass through a special account before being immediately transferred to the Company's corporate account.

Loans from the Banco do Brasil are guaranteed by mortgages over the relevant platform supply vessel, Standby letter of Credit and fiduciary assignment of Petrobras long-term contracts.

The subsidiaries Tecon Rio Grande and Tecon Salvador and joint venture Wilson Sons, Ultratug Participacoes S.A. have specific restrictive clauses in their financing contracts with financial institutions related, basically, to the maintenance of liquidity ratios. The Brazilian holding Company, Wilson Sons de Administracao e Commercio Ltda also has specific restrictive covenants relating to financing for the shipyards. At 31 December 2011, the Group was in accordance with all clauses of these contracts.

The IFC loans are guaranteed by each terminals' cash flows, equipment and buildings.

Debt Covenants

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

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

23 Derivative financial instruments

Currency swaps

The Group may engage in forward and swap operations to mitigate and manage the cash flow exposure to change in foreign exchange rates of loan agreements denominated in foreign currency (in US Dollars) in $Real functional currency entities.

In 2011 the Group entered into an interest rate swap contract resulting in a net gain of US$23,000. At 31 December 2011 there were no outstanding derivative contracts.

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 2010	(21,594)	(13,247)	13,138	31,062	9,359
(Charge)/credit to income	(5,869)	(1,484)	1,415	6,613	675
Deferred tax booked on creation of joint venture	5,058	2,885	216	(4,686)	3,473
Exchange differences	–	35	308	–	343
At 1 January 2011	**(22,405)**	**(11,811)**	**15,077**	**32,989**	**13,850**
(Charge)/credit to income	(2,668)	15,368	10,775	(33,749)	(10,274)
Exchange differences	–	(85)	(1,059)	–	(1,144)
At 31 December 2011	**(25,073)**	**3,472**	**24,793**	**(760)**	**2,432**

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

	2011 US$'000	2010 US$'000
Deferred tax liabilities	**(26,093)**	(15,073)
Deferred tax assets	**28,525**	28,923
	2,432	13,850

At the balance sheet date the Group had unused tax losses of US$56.1 million (2010: US$30.5 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$16.3 million (2010: US$10.4 million) due to the unpredictability of future profit streams.

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 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		Present value of minimum lease payments	
	2011 US$'000	2010 US$'000	**2011 US$'000**	2010 US$'000
Amounts payable under finance leases				
Within one year	**4,607**	5,921	**3,787**	4,847
In the second to fifth years inclusive	**4,365**	7,098	**3,278**	6,305
After five years	**–**	–	**–**	–
	8,972	13,019	**7,065**	11,152
Less future finance charges	**(1,907)**	(1,867)	**N/A**	N/A
Present value of lease obligations	**7,065**	11,152		
Less: Amounts due for settlement within 12 months (shown under current liabilities)			**(3,787)**	(4,847)
Amount due for settlement after 12 months			**3,278**	6,305

Notes to the Accounts

25 Obligations under finance leases (continued)

It is the Group's policy to lease certain of its fixtures and equipment under finance leases. The average lease term is 4 years.

For the year ended 31 December 2011 the average effective borrowing rate was 16.65% (2010: 15.87%). Interest rates are fixed at contract date.

All leases include a fixed repayment and a variable finance charge linked to the Brazilian interest rate. Interest rates range from 12.84% to 20.39%.

All lease obligations are denominated in Brazilian Real.

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

26 Trade and other payables

	2011 **US$'000**	2010 US$'000
Trade creditors	**60,296**	52,302
Amounts due to construction contract customers (note 20)	**11,904**	17,073
Other taxes	**17,950**	16,657
Accruals and deferred income	**14,610**	10,153
Share based payment liability	**18,035**	30,471
	122,795	126,656
Total current	**120,324**	126,656
Total non-current	**2,471**	–

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

The average credit period for trade purchases is 48 days (2010: 54 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 2011	12,289
Increase in provisions in the year	5,650
Utilisation of provisions	(3,208)
Exchange difference	(1,353)
At 31 December 2011	**13,378**

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

Analysis of provisions by type:

	2011 **US$'000**	2010 US$'000
Civil and environmental cases	**1,910**	1,128
Tax cases	**169**	261
Labour claims	**11,299**	10,900
	13,378	12,289

27 Provisions (continued)

Civil and environment cases: Comprise of indemnification for environmental damages caused by floating craft accidents and transport supply contract disputes.

Labour claims: These lawsuits relate to employee claims about salary differences, unpaid overtime worked, labour risks and work accident claims.

Tax cases: Brazilian taxes that the Group and its advisors consider have been incorrectly applied against the Group and are contesting in legal actions.

Other non-current assets of US$8.4 million (2010: US$6.6 million) represent legal deposits required by the Brazilian legal authorities as security to contest legal actions.

In addition to the cases for which the Group booked the provision there are other tax, civil and labour disputes amounting to US$69.4 million (2010: US$53.4 million) included in note 32, contingent liabilities, whose probability of loss was estimated by the legal counsel as possible.

The analysis of possible losses by type:

	2011 US$'000	2010 US$'000
Civil and environmental cases	**6,261**	7,259
Tax cases	**25,775**	15,829
Labour claims	**37,382**	30,316
	69,418	53,404

28 Share capital

	2011 US$'000	2010 US$'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 Joint venture formation

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

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

A gain of US$20.4 million was realised on formation of the joint venture.

Notes to the Accounts

30 Sale of non-controlling interest

On 26 January 2011 Intermarítima Terminais Ltda ("Intermarítima") exercised a call option granted by the Group to buy 7.5% of the ordinary shares of Tecon Salvador S.A., a subsidiary of the Company, at a price of US$6.7million of which US$0.7 million was received in 2011. The right of Intermarítima to exercise this option was subject to the Group's right to operate exclusively in the area of Salvador's Port referred to as "Ponta Norte".

Following the sale of the 7.5% interest the Group retained a 53.88% interest in Tecon Salvador S.A.

The difference between the consideration received and the book value of the net assets disposed of US$2.8 million has been recognised in equity.

	US$'000
Total consideration	6,710
Net assets disposed of	(2,408)
Taxation	(1,463)
Gain recognised in equity	2,839
Net assets disposed of recognised in equity	2,408
Total amount recognised in equity	5,247
Movement attributable to equity holders of parent	1,655
Movement attributable to non-controlling interest	3,592

31 Notes to the cash flow statement

	Year ended 31 December 2011 US$'000	Year ended 31 December 2010 US$'000
Reconciliation from profit before tax to net cash from operating activities		
Profit before tax	**58,577**	117,158
Profit realised on formation of joint venture	**–**	(20,407)
Investment revenues	**(10,203)**	(17,982)
Other gains and losses	**27,818**	(22,460)
Finance costs	**20,741**	11,611
Operating profit	**96,933**	67,920
Adjustments for:		
Depreciation of property, plant and equipment	**56,779**	42,435
Amortisation of intangible assets	**2,700**	488
Share based payment expense	**(7,880)**	16,545
Gain on disposal of property, plant and equipment	**(1,959)**	(90)
Increase/(decrease) in provisions	**1,089**	2,458
Operating cash flows before movements in working capital	**147,662**	129,756
(Increase)/decrease in inventories	**(995)**	25
Increase in receivables	**(17,466)**	(28,487)
(Decrease)/increase in payables	**(4,556)**	9,117
(Increase)/decrease in other non-current assets	**(1,862)**	3,922
Cash generated by operations	**122,783**	114,333
Income taxes paid	**(34,654)**	(20,908)
Interest paid	**(17,596)**	(7,887)
Net cash from operating activities	**70,533**	85,538

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.

31 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 private investment funds are considered as cash equivalents, as despite the certificates of deposit having maturities up to March 2018, 95% of funds invested are available on call and the balance on one days' notice. The intention of the Group is that these resources will be used in the trading activities of the Group. These private investment funds comprise certificates of deposit and equivalent instruments with final maturities ranging from January 2012 to May 2014 and government securities with final maturities ranging from March 2013 to March 2018. The securities included in the portfolio of the private investment funds have daily liquidity and are marked-to-market on a daily basis against current earnings. These private investment funds do 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$111.8 million (2010: US$85.8 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$3.1 million (2010: US$1.9 million) were financed by new finance leases.

32 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 2011 are US$69.4 million (2010: US$53.4 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 tax claims.

33 Cash-settled share-based payments

The Group issues to certain employees share appreciation rights in respect of the Group's long-term incentive plan "LTIP" that require the Group to pay the intrinsic value to the employee at the date of exercise.

The Group operates two long-term incentive plans, the Ocean Wilsons Holdings scheme and the Wilson Sons Limited scheme.

Ocean Wilsons Holdings Limited LTIP

The Company implemented a cash-settled phantom option scheme that was approved by shareholders at a Special General Meeting held on 19 April 2007. The scheme is for selected senior management and the options provide for the option holder to receive on exercise the difference between the option price of US$5.66 and the lower of US$19.98, being the market capitalisation of the Wilson Sons at the date of the IPO per OWHL share and the market value of Wilson Sons per OWHL share at the time of exercise. The awards vest in four tranches from April 2009 to April 2012 and expire in April 2016.

No further options will be granted under the scheme. In May 2009 participants forfeited 620,273 options in return for a guaranteed deferred bonus scheme to be paid in 4 tranches from June 2009 to June 2012. Each tranche is US$2.2 million.

Notes to the Accounts

33 Cash-settled share-based payments (continued)

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

	2011 Number of share options	2010 Number of share options
Outstanding at the beginning of the period	**576,318**	856,598
Exercised during the period	**(280,280)**	(280,280)
Outstanding at the end of the period	**296,038**	576,318

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

	2011 US$'000	2010 US$'000
Liability at 1 January	**6,676**	7,035
Charge for the year	**999**	3,341
Exercise of options	**(4,011)**	(3,700)
Liability at 31 December	**3,664**	6,676

The group has recorded liabilities of US$3.7 million (2010: US$6.7 million) in respect of this scheme. Fair value is determined by using the Binomial model using the assumptions noted in the table below.

	2011	2010
Weighted average option price	**$5.66**	$5.66
Expected volatility	**36%**	32%
Average expected life	**10 years**	10 years
Average risk free rate	**0.2 – 0.4%**	0.1 – 0.4%
Expected dividend yield	**1.6%**	1.8%

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 managements best estimate for exercise restrictions and behavioural considerations.

There were no exercisable options at period end.

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 will provide 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 is 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 vest in four tranches from two to six years from date of issue.

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

	2011 Number of share options	2010 Number of share options
Outstanding at the beginning of the period	**3,897,760**	3,912,760
Granted during the period	**148,000**	–
Exercised during the period	**(118,000)**	–
Forfeited during the period	**(101,500)**	(7,500)
Expired during the period	**–**	(7,500)
Outstanding at the end of the period	**3,826,260**	3,897,760

33 Cash-settled share-based payments (continued)

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

	2011 US$'000	2010 US$'000
Liability at 1 January	**23,795**	10,591
(Credit)/charge for the year	**(8,879)**	13,204
Exercise of options	**(545)**	–
Liability at 31 December	**14,371**	23,795

The group has recorded liabilities of US$14.4 million (2010: US$23.8 million). Fair value is determined by using the Binomial model using the assumptions noted in the table below.

	2011	2010
Weighted average option price for awards made in 2007	**R$23.74**	R$23.74
Weighted average option price for awards made in 2008 and 2009	**R$18.70**	R$18.70
Weighted average option price for awards made in 2011	**R$24.58**	–
Expected volatility	**30% – 33%**	26% – 32%
Expected life	**10 years**	10 years
Risk free rate	**7.10%**	8.60%
Expected dividend yield	**1.47%**	1.80%

Expected volatility was determined with reference to the historical volatility of the OWHL Group share price. The expected life used in the model has been adjusted, based on managements best estimate for exercise restrictions and behavioural considerations.

The fair value of the Ocean Wilsons Holdings Limited and Wilson Sons Limited schemes decreased in value principally due to the decrease in the Wilson Sons Limited share price from R$32.00 at 31 December 2010 to R$25.40 at 31 December 2011.

At period end there were 2,709,320 exercisable options (2010: 1,922,630).

34 Operating lease arrangements

	2011 US$'000	2010 US$'000
The Group as lessee		
Minimum lease payments under operating leases recognised in income for the year	**17,520**	14,528

At the balance sheet date, the minimum amount due in 2011 by the Group for future minimum lease payments under cancellable operating leases was US$12.5 million (2010: $13.7 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.

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.

Notes to the Accounts

34 Operating lease arrangements (continued)

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:

	2011 US$'000	2010 US$'000
Within one year	**2,549**	2,211
In the second to fifth year inclusive	**10,166**	9,581
After five years	**4,915**	8,844
	17,630	20,636

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 2011 is 6 years and 11months and rental payments are corrected by a Brazilian general inflation index.

35 Commitments

At 31 December 2011 the Group had entered into fifteen commitment agreements with respect to fifteen separate 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 $'000	**Year ended Outstanding At 31 December 2011 US$'000**	Year ended Outstanding At 31 December 2010 US$'000
Expiry date			
15 June 2011	911	**–**	78
31 October 2012	5,000	**2,183**	2,543
31 October 2012	3,000	**271**	271
01 February 2013	5,000	**2,000**	3,250
13 March 2013	5,000	**1,251**	1,906
30 March 2013	5,000	**945**	1,363
21 May 2013	4,994	**1,535**	2,597
22 October 2013	5,000	**2,175**	3,625
08 December 2013	5,000	**3,158**	4,127
31 December 2013	4,650	**2,785**	3,813
31 March 2014	5,000	**2,200**	3,400
15 May 2014	3,000	**102**	150
23 February 2015	5,000	**1,966**	3,454
15 December 2021	5,000	**4,965**	–
Five years following closure of the fund	7,500	**7,500**	–
Total	69,055	**33,036**	30,577

36 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$1.2 million (2010: US$0.9 million) represents contributions payable to the scheme by the Group at rates specified in the rules of the plan.

37 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 2011 US$'000	31 December 2010 US$'000	**31 December 2011 US$'000**	31 December 2010 US$'000
Joint ventures				
1. Allink Transportes Internacionais Limitada	**36**	1,308	**–**	(3)
2. Consórcio de Rebocadores Barra de Coqueiros	**303**	266	**–**	(26)
3. Consórcio de Rebocadores Baía de São Marcos	**40**	2,443	**(836)**	(20)
4. Wilson Sons Ultratug	**55,756**	1,623	**–**	(590)
5. Wilson Sons Offshore	**–**	17,573	**–**	(2,241)
6. Magallanes Navegacão Brasileira	**–**	17,751	**–**	(1,792)
Others				
7. Hanseatic Asset Management	**–**	–	**(2,578)**	(2,492)
8. Gouvêa Vieira Advogados	**–**	–	**(269)**	(94)
9. CMMR Intermediacao Comercial Limitada	**–**	–	**(295)**	(338)
10. Jofran Services	**–**	–	**(150)**	(152)
11. Frag Consulting	**–**	–	**–**	(70)

	Amounts owed by related parties		Amounts owed to related parties	
	31 December 2011 US$'000	31 December 2010 US$'000	**31 December 2011 US$'000**	31 December 2010 US$'000
Joint ventures				
1. Allink Transportes Internacionais Limitada	**3**	287	**–**	–
2. Consórcio de Rebocadores Barra de Coqueiros	**–**	7	**(17)**	–
3. Consórcio de Rebocadores Baía de São Marcos	**1,905**	1,722	**–**	–
4. Wilson Sons Ultratug	**–**	8,915	**(8,700)**	–
5. Wilson Sons Offshore	**–**	49	**(23,808)**	(15,342)
6. Magallanes Navegacão Brasileira	**–**	–	**–**	(14,020)
Others				
7. Hanseatic Asset Management	**–**	–	**(198)**	(439)
8. Gouvêa Vieira Advogados	**–**	–	**–**	–
9. CMMR Intermediacao Comercial Limitada	**–**	–	**–**	–
10. Jofran Services	**–**	–	**–**	–
11. Frag Consulting	**–**	–	**–**	–

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.

1-5. The transactions with the joint ventures are disclosed as a result of proportionate amounts not eliminated on consolidation. The proportion of ownership interest in each joint venture is described in note 17.

6. Magallanes Navegacão Brasileira is our partner in the offshore joint venture.
7. 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.
8. Dr J F Gouvêa Vieira is a managing partner in the law firm Gouvêa Vieira Advogados. Fees were paid to Gouvêa Vieira Advogados for legal services.
9. 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.
10. Mr J F Gouvêa Vieira is a Director of Jofran Services. Directors' fees and consultancy fees were paid to Jofran Services.
11. Mr F Gros was a Director of Ocean Wilsons Holdings in 2010 and Frag Consulting. Directors' fees were paid to Frag Consulting.

Notes to the Accounts

37 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 2011 US$'000	Year ended 2010 US$'000
Short-term employee benefits	**10,210**	11,368
Other long-term employee benefits	**2,215**	2,669
Post-employment benefits	**1,228**	2,722
Share-based payment	**(7,880)**	16,545
	5,773	33,304

38 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 2011 US$'000	Year ended 2010 US$'000
Financial assets		
Designated as fair value through profit or loss	**226,797**	260,544
Receivables (including cash and cash equivalents and other non-current assets)	**305,635**	300,788
Financial liabilities		
Amortised cost	**(593,492)**	(435,312)

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. 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.

38 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.

The Group has no significant concentration of credit risk except for one large customer, which makes up 12% of revenue (2010: 13%). On going 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 Real as the Board does not consider it economically viable.

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

	Liabilities		Assets	
	2011	2010	**2011**	2010
	US$'000	US$'000	**US$'000**	US$'000
Real	**219,541**	159,567	**313,702**	324,497
Sterling	**446**	652	**27,279**	30,990
Euro	**–**	–	**3,355**	1,970
Yen	**–**	–	**3,887**	4,505
Singapore dollar	**–**	–	**2,183**	5,091
	219,987	160,219	**350,406**	367,053

Notes to the Accounts

38 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, and to unfavourable movements in the British Pound on its Sterling investments.

The following table details the Group's sensitivity to a 10% increase and decrease in the US Dollar against these respective foreign currencies. 10% is the sensitivity 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. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 10% change in foreign currency rates. In the following table a positive number indicates an increase in profit and equity where the US Dollar hypothetically strengthens against the Brazilian Real or where the US Dollar weakens against the British pound. A 10% weakening in the US Dollar against the Brazilian Real and a 10% strengthening against the British pound would give an equal and opposite effect.

	Real impact		Sterling impact	
	2011	2010	**2011**	2010
	US$'000	US$'000	**US$'000**	US$'000
Profit or loss	**9,159**	9,140	**(2,656)**	(3,023)
Other equity	**18,527**	20,414	**(2,656)**	(3,023)

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 year end 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 borrows from the BNDES (Banco Nacional de Desenvolvimento Economico e Social) and Banco do Brasil to finance vessel construction. These loans are fixed interest rates loans linked to the US Dollar. Due to the favourable rates offered by these institutions, in the Group's opinion, there is minimal market interest rate risk.

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.

As at 31 December 2011 the Company had no outstanding interest rate swap contracts.

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the balance sheet date.

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.

A 1% increase or decrease is used when reporting US dollar interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If US Dollar interest rates had been 1% lower and all other variables held constant, the Group's profit for the year ended 31 December 2011 would increase by US$0.4 million (2010: decrease by US$0.7 million). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings and cash investments. If US Dollar interest rates had been 1% higher this would give an equal and opposite effect.

A 3% increase or decrease is used when reporting Brazilian interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

38 Financial instruments (continued)

If Brazilian Real interest rates had been 3% higher and all other variables held constant, the Group's profit for the year ended 31 December 2011 would increase by US$3.4 million (2010: increase by US$2.2 million). This is mainly attributable to the Group's exposure to interest rates on its cash investments. If Brazilian Real interest rates had been 3% lower this would give an equal and opposite effect.

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.

Market price sensitivity

The Group is exposed to equity price risks arising from equity trading investments.

The trading investments represent investments in listed equity securities, funds and unquoted equities and that present the Group with opportunity for return through dividend income and trading gains. They have no fixed maturity or coupon rate. The fair values of these securities are based on quoted market prices where available.

By the nature of its activities the Group'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 year end and shows what the impact would be if market prices had been 10% higher or lower at the end of the financial year. The amounts below indicate an increase in profit and loss and total equity where market prices increase by 10%. A fall in market prices of 10% would give rise to an equal fall in profit and loss and total equity.

	2011 **US$'000**	2010 US$'000
Profit or loss	**22,680**	26,054
Total equity	**22,680**	26,054

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. On going credit evaluation is performed on the financial condition accounts receivable.

Liquidity risk management

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.

Notes to the Accounts

38 Financial instruments (continued)

Liquidity and interest risk tables

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
2011					
Non-interest bearing	**–**	**123,796**	**–**	**–**	**123,796**
Finance lease liability	**16.6%**	**4,607**	**4,365**	**–**	**8,972**
Variable interest rate instruments	**4.2%**	**6,268**	**52,183**	**27,723**	**86,174**
Fixed interest rate instruments	**3.7%**	**26,404**	**116,362**	**255,110**	**397,876**
		161,075	**172,910**	**282,833**	**616,818**
2010					
Non-interest bearing	–	130,010	–	–	130,010
Finance lease liability	15.9%	5,921	7,098	–	13,019
Variable interest rate instruments	4.7%	5,261	19,669	7,851	32,781
Fixed interest rate instruments	4.0%	20,304	88,712	172,364	281,380
		161,496	115,479	180,215	457,190

The Group has access to financing facilities, the total unused amount which is US$344 million at the balance sheet date. 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.

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 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).

38 Financial instruments (continued)

2011	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	**80,567**	**110,373**	**35,857**	**226,797**

2010	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	80,831	145,195	34,518	260,544

Reconciliation of Level 3 fair value measurements of financial assets:	**2011 US$'000**	2010 US$'000
Balance at 1 January	**34,518**	30,661
Transfer out of Level 3	**(7,459)**	(10,009)
Transfer into Level 3	**1,471**	–
Total losses in statement of comprehensive income	**(2,885)**	(421)
Purchases and drawdowns of financial commitments	**12,800**	15,101
Sales and repayments	**(2,588)**	(814)
Balance at 31 December	**35,857**	34,518

39 Briclog

In June 2011 we announced that Brasco Logistica Offshore Limitada (Brasco), signed a contract for the acquisition of 100% of the issued share capital of Bric Brazilian Intermodal Complex S/A, (Briclog) for Real 125 million (approximately US$80 million}. Briclog provides port services to the offshore oil & gas industry. The acquisition is subject to various conditions precedent including a 30-year lease right to operate a 67,000 square metre area in the Bay of Guanabara, Rio de Janeiro, Brazil, together with the assignment of certain other lease contracts to Briclog.

Consideration is payable in three tranches, Real 10 million paid in June 2011, Real 60 million on satisfaction of all conditions precedent, and the balance of Real 55 million, three hundred and sixty days from the contract signature. The last two payments are adjusted for movement in the Brazilian consumer price index (IPCA).

Statistical Statement

2007–2011 (in US$'000)

		Year to 31 December 2011 US$'000	Year to 31 December 2010 US$'000	Year to 31 December 2009 S$'000	Year to 31 December 2008 S$'000	Year to 31 December 2007 S$'000
Closing rates of exchange – R$ to US$		**1.88**	1.67	1.74	2.34	1.77
Income Statement						
Group revenue		**698,044**	575,551	477,888	498,285	404,046
Raw materials and consumables used		**(82,889)**	(67,222)	(49,570)	(86,480)	(40,464)
Employee benefits expense		**(239,543)**	(205,486)	(162,367)	(130,189)	(126,067)
Depreciation & amortisation expense		**(59,479)**	(42,923)	(32,066)	(26,259)	(19,066)
Other operating expenses		**(221,159)**	(192,090)	(155,042)	(157,699)	(164,760)
Profit on disposal of property, plant and equipment		**1,959**	90	470	681	4,819
Group operating profit		**96,933**	67,920	79,313	98,339	58,508
Profit on sale of non-controlling interest		**–**	–	–	–	213,667
Profit realised on formation of joint venture		**–**	20,407	–	–	–
Investment revenue		**10,203**	17,982	35,613	6,751	27,101
Other gains and losses		**(27,818)**	22,460	34,305	(59,462)	11,700
Finance costs		**(20,741)**	(11,611)	(9,411)	(14,078)	(7,566)
Profit before tax		**58,577**	117,158	139,820	31,550	303,410
Income tax expense		**(51,615)**	(30,564)	(31,228)	(38,641)	(25,723)
Profit/(loss) for the year		**6,962**	86,594	108,592	(7,091)	277,687
(Loss)/profit for the period attributable to:						
Equity holders of parent		**(8,639)**	56,879	70,200	(26,700)	258,065
Non-controlling interests		**15,601**	29,715	38,392	19,609	19,622
		6,962	86,594	108,592	(7,091)	277,687
Group operating profit		**96,933**	67,920	79,313	98,339	58,508
Less share based payment (credit)/expense	1	**(7,880)**	16,545	17,174	(8,148)	12,611
Adjusted group operating profit		**89,053**	84,465	96,487	90,191	71,119
		US$'000	US$'000	US$'000	US$'000	US$'000
Balance Sheet						
Net assets						
Brazilian interests		**425,309**	389,744	297,835	206,539	195,907
Investments held for trading		**226,797**	260,544	238,662	209,994	272,834
Other net assets		**54,650**	78,932	136,748	147,558	144,317
		706,756	729,220	673,245	564,091	613,058
Attributable net assets – per share						
Brazilian interests – book amount		**1203c**	960c	842c	584c	554c
Other assets – book and market amount		**796c**	1102c	1062c	1011c	1180c
		1999c	2062c	1904c	1595c	1734c
Key Statistics						
Earnings per share		**(24.4c)**	160.8c	198.5c	(75.5c)	729.8c
Cash dividends per share paid		**42.0c**	42.0c	30.0c	40.0c	24.0c
Mid-market quotation at end of period		**1065p**	1382p	865p	460p	792.0p
Mid-market quotation at end of period in US Dollars		**1650c**	2155c	1378c	666c	1570c

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.

Notice of Annual General Meeting

Notice is hereby given that the 19th Annual General Meeting of the Company will be held at the Washington Mayfair Hotel, 5 Curzon Street, London W1J 5HE on 22nd May 2012 at 11:00am for the following purposes.

1. To receive and, if approved, adopt the Director's Report and Accounts for the year ended 31 December 2011.
2. To determine the maximum number of Directors for the ensuing year as seven and authorize 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. C Townsend as a Director.
4. To re-elect Mr. W Salomon as a Director.
5. To appoint KPMG, as the Auditors, and authorise the Directors to fix the remuneration of the Auditors.
6. 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 2011.

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

24 March 2012

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 Jose Francisco Gouvêa Vieira, or failing him W H Salomon both Directors of the Company.

of

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 Tuesday 22 May 2012 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 Director´s Report and Accounts for the year ended 31 December 2011.			
2 To determine the maximum number of Directors for the ensuing year as seven and authorize 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. C Townsend as a Director.			
4 To re-elect Mr. W Salomon as a Director.			
5 To appoint KPMG, as the Auditors, and authorise the Directors to fix the remuneration of the Auditors.			
6. 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 2011.			

Signature Dated 2012

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 Registrars, The Registry, 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 the and 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.

Third Fold and Tuck in

Business Reply
Licence Number
RSBH-UXKS-LRBC

PXS
34 Beckenham Road
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