Ocean Wilsons Holdings Limited

Annual Report 2015

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Ocean Wilsons Holdings Limited

Highlights

- Operating profit growth of 23% to US$109.8 million (2014: US$89.4 million)
- Operating margins increased 8% to 22% (2014: 14%)
- Net cash inflow from operating activities for the year of US$145.5 million (2014: US$105.6 million)
- The Brazilian Real depreciated 47% in the period against the US Dollar at year end and the average US Dollar / Brazilian Real exchange rate in the year at 3.34 was 42% higher than the comparative period in 2014, 2.35
- Earnings per share for the year of 43.7 cents (2014: 65.6 cents)
- Dividend declared unchanged at 63 cents per share (2014: 63 cents per share)
- Investment portfolio decreased US$7.3 million to US$244.4 million (2014: US$251.7 million)

About Ocean Wilsons Holdings Limited

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

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

Objective

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

The success of this strategy is reflected in the long-term growth in the value of Ocean Wilsons and dividends paid to shareholders. In the 10 years to 31 December 2015, the share price has risen more than 118% from £3.52 to £7.65 and in the same period, the dividend paid to shareholders has increased 163% from 24 cents per share to 63 cents per share.

Chairman's Statement

Introduction

Despite the challenging economic and political environment, the Group has achieved another solid operating performance with strong improvements in both operating profit and cash flow. The 47% devaluation of the Brazilian Real "BRL" against the US Dollar "USD" was a major feature of 2015 causing our revenue and bottom line earnings to fall while positively impacting our operating result and margins. Our Brazilian businesses again demonstrated their fundamental strengths and quality with key operational indicators remaining robust at our container terminal, towage and offshore businesses.

Operating volumes	2015	2014	% Change
Container Terminals (container movements in TEU '000)	**1,035.2**	975.1	6.2
Towage (number of harbour manoeuvres performed)	**58,620**	58,543	0.1
Offshore Vessels (operating days own vessels)	**6,585**	6,683	(1.5)

Tecon Rio Grande and Tecon Salvador moved over one million twenty-foot equivalent units "TEUs" in the year for the first time, driven by an increase in Brazilian exports and empty container movements. We continue to look to develop and improve our container terminal business, and are continuing negotiations with the relevant authorities to expand the Tecon Salvador terminal further. Our towage business had a successful year aided by the high proportion of revenue linked to the USD, which provides a natural hedge against the depreciating BRL. Towage special operations performed well aided by ongoing support for the Açu terminal in Rio de Janeiro state and firefighting support in the port of Santos. We continue to invest in our tugboat fleet with the most powerful tugboat operating in Brazil, WS Titan (80 tons bollard pull) built at the Wilson Sons shipyards in Guarujá, São Paulo state, delivered in 2015. We remain the towage market leader in Brazil operating a fleet of seventy-six tugboats, which is significantly larger than our nearest competitor. In addition to WS Titan, our shipyards successfully delivered to third parties the first Remotely Operated Vehicle Support Vessel (ROVSV) built in Brazil and an Oil Spill Recovery Vessel (OSRV). Construction work also progressed on two new platform supply vessels (PSVs) to be delivered in 2016 to our offshore joint venture, Wilson Sons Ultratug Offshore. Wilson Sons Ultratug Offshore performed well in difficult market conditions. The joint venture operates a fleet of nineteen PSVs of which eighteen are under long-term contract to Petrobras. During the year, three vessel charters were concluded; the associated PSVs experienced some off hire before successfully contracting with Petrobras for a further two years. The PSV Mandrião, built in an international shipyard and delivered in 2014, has now been registered on the Brazilian special register and is available in the Brazilian spot market.

As at 31 December 2015, the investment portfolio including cash under management was valued at US$244.4 million, representing US$6.91 per share (2014: US$251.7 million and US$7.12 per share).

Group Results

Operating profit for the year increased by US$20.4 million from US$89.4 million to US$109.8 million due to, higher operating margins which improved from 14% in the prior year to 22% in 2015, principally due to the weaker BRL and a lower depreciation charge. The improved operating profit was reflected in strong cash generation, with net cash inflows from operating activities for the period of US$145.5 million compared to US$105.6 million in 2014. The higher operating profit was offset mainly by an increase in exchange losses on foreign currency borrowings and negative returns from the investment portfolio so that Group profit before tax for the year was US$9.5 million lower than prior year at US$69.0 million, (2014: US$78.5 million). Profit per share based on ordinary activities after taxation and non-controlling interests was 43.7 cents (2014: 65.6 cents). In addition to the impact on operating margins and bottom line earnings, the depreciation of the BRL against the USD negatively affected revenue in the year. Although Group revenue grew 13% in BRL terms, in USD terms revenue was 20% lower at US$508.9 million (2014: US$633.5 million).

Investment portfolio performance

The investment portfolio as at 31 December 2015 was US$244.4 million (2014: US$251.7 million) a fall of US$7.3 million in the year after paying dividends of US$7.0 million to Ocean Wilsons Holdings Limited and deducting management and other fees, of US$2.7 million. The reduced portfolio returns in the period were partly a result of the poor performance of global equity markets, which fell 2.4% in the year and in particular emerging markets, towards which the portfolio has an over-weight bias, decreasing by 14.9%. The investment portfolio remains weighted towards global equities, which at year end accounted for 58% of the portfolio valuation (US$140.9 million), with private assets accounting for 32% (US$78.1 million) and the balance invested in market neutral funds, cash and bonds. Private assets at US$78.1 million were US$3.4 million higher than the prior year (2014: US$74.7 million) as a result of new capital drawdowns of US$10.7 million, less distributions received of US$6.4 million and a decrease in net value of US$1.1 million. The net value decreased primarily due to losses from our private asset exposure to the energy and commodity sectors. Total distributions from our portfolio of private assets to date are US$36.8 million. At 31 December 2015, the top ten investments accounted for 43% of the investment portfolio valuation and total liquid investments plus cash accounted for 68%. The investment portfolio retains its overweight exposure to emerging markets with emerging markets accounting for 32% (2014: 34%) of the portfolio net asset value at year end.

Investment managers

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

Investment management fee

The investment managers receive an investment management fee based on the valuation of the funds under management and an annual performance fee of 10% of the annual performance which exceeds the benchmark, provided that the high water mark has been exceeded. From 1 January 2015, the portfolio performance is measured against a benchmark calculated by reference to US CPI plus 3% per annum over rolling three-year periods. The investment managers receive an annual performance fee of 10% of the net investment return that exceeds the benchmark. Payment of performance fees are subject to a high water mark and are capped at a maximum of 2% of portfolio NAV. The Board considers a three-year measurement period appropriate due to the investment mandate's long-term horizon and an absolute return inflation-linked benchmark appropriately reflects the company's investment objectives while having a linkage to economic factors.

The investment management fee is at an annual rate of 1% of the valuation of funds under management. In 2015 the investment management fee was US$2.5 million and no performance fee was payable to the investment manager.

Net asset value

At the close of business on 31 December 2015, the Wilson Sons' share price was R$33.00, resulting in a market value for the Ocean Wilsons holding of 41,444,000 shares (58.25% of Wilson Sons) totalling approximately US$350.3 million which is the equivalent of US$9.91 (£6.72) per Ocean Wilsons Holdings Limited share.

Adding together the market value per share of Wilsons Sons, US$9.91 and the investment portfolio at 31 December 2015 per share of US$6.91 results in a net asset value per Ocean Wilsons Holdings Limited share of approximately US$16.82 (£11.41). The Ocean Wilsons Holdings Limited share price of £7.65 at 31 December 2015 represented an implied discount of 33%. The implied discount of 33% at year end has widened since the prior year end, when it was 27%. Historically the implied discount has fluctuated significantly; we believe that the increased discount at year end reflects the political and economic uncertainty surrounding Brazil at the moment. We do not seek to manage the discount, as we believe long-term shareholder value will best benefit from the continued strong performance of our underlying businesses.

Dividend

The Board is recommending an unchanged dividend of 63 cents per share (2014: 63 cents per share) to be paid on 3 June 2016, to shareholders of the Company as of the close of business on 6 May 2016. The dividend of 63 cents per share represents the full dividend to be received from Wilson Sons of 58.6 cents per Ocean Wilsons share relating to 2015 plus 4.4 cents per Ocean Wilsons share in dividends from Ocean Wilsons (Investments) Limited. Wilson Sons is increasing the dividend to shareholders for the year by 23%, which reflects their strong operating performance and a desire to increase dividend payments to shareholders following completion of the current investment cycle in 2013. In light of the increased dividend to be received from Wilson Sons Limited, the fall in equity markets in 2015 and our emphasis on preserving the investment portfolio capital, we are reducing the current year dividend paid by Ocean Wilsons (Investments) Limited to Ocean Wilsons Holdings Limited. In the last five years, the Company dividend per share has increased by 91%, from 33 cents per share to 63 cents per share with a total of US$92.3 million distributed to shareholders in this period.

The Ocean Wilsons Holdings Limited dividend policy is to pay the Company's full dividend received from Wilson Sons in the period and a percentage of the average capital employed in the investment portfolio determined annually by the Board. Dividends are set in US Dollars and paid annually. Ocean Wilsons will continue to pay dividends received from Wilson Sons in the period but will use part to fund the parent company which to date was previously funded solely by dividends from the investment portfolio. To date the parent company costs have been funded by dividends from the investment portfolio. Going forward part of the Wilson Son dividend received will be used to fund the parent company costs in addition to funding provided by the investment portfolio.

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

Charitable donations

Our subsidiary Wilson Sons continues to support a number of local charities and causes in Brazil. Group donations for charitable purposes in the year amounted to US$134,000 (2014 US$156,000). Amongst the Group's principal ongoing contributions during the year were:

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

Salvador Esporte e Cidania – Promotes social development through educational, cultural and sporting activities.
http://www.depeitoaberto.com.br/

Sonhar Acordado – non-profit volunteer organisation whose main activity is to teach children good citizenship principles and values through constructive play.
http://www.sonharacordado.org.br/

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

Health, safety and education

The Group continues to invest in the training and development of our staff. The WS+ safety programme implemented in conjunction with DuPont in 2011 to promote improved safety throughout the Group continues to operate effectively. The programme trains Company personnel and promotes a safety oriented environment and culture. In 2015 for the fourth consecutive year, the Group was among the winners of the DuPont prize for Health and Safety Management in Brazil.

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 2014 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

Chairman's Statement

operations in Brazil. The Company complies with the Code where it is beneficial for both its shareholders and its business to do so, and has done so throughout the year and up to the date of this report, but it does not fully comply with the Code. The areas where the Company does not comply with the Code, and an explanation of why we do not comply, are contained in the section on corporate governance in the Annual Report. The position is regularly reviewed and revised by the Board.

Outlook

With economists forecasting a further contraction in the Brazilian economy this year and an uncertain political environment, the outlook for Brazil in 2016 remains poor. However we remain confident in the resilience of our Brazilian businesses and the performance delivered in 2015 gives us encouragement that we are well placed to face the coming challenges. Our container terminal business is beginning to benefit from a revival in Brazilian exports following the steep devaluation of the BRL, as evidenced by the record volumes moved in 2015, although we are also seeing some weakness in import cargoes. The fall in oil prices and uncertainty surrounding the Brazilian oil and gas industry continue to dampen demand for offshore support services and Brasco, our onshore support base provider faces some headwind in filling its expanded capacity. However we remain optimistic regarding the long-term prospects for this business. Our offshore joint venture, Wilson Sons Ultratug Offshore currently operates nineteen PSVs of which eighteen are under long-term contract. Wilson Sons Ultratug is due to receive two PSVs constructed at international shipyards in the second half of 2016, which we expect to operate in the Brazilian spot market and a further two constructed at our shipyard in Guarujá which already have long-term contracts. The shipyard order book is weaker than in previous years, but in addition to the two PSV's already mentioned, the shipyard is forecast to complete two Oil Spill Recovery Vessels (OSRVs) for third parties and six tugboats for our fleet. Post year end, third parties signed contracts for two additional tugboats to be constructed in our shipyards with options for a further four vessels. Demand for harbour towage services is softer with volumes in the first two months of the year lower than the 2015 comparables.

We expect global equity markets to rise in the year ahead driven by positive economic growth, accommodating monetary policy and fair market valuations. However there are a number of risks that could affect stock market performance including an increase in US interest rates, the unwinding of quantitative easing and the slowdown in the Chinese economy with the associated fall in commodity prices. However emerging equity markets may benefit from any recovery in commodity prices. We remain positive on the long-term prospects for emerging markets and our portfolio.

Management and staff

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

J F Gouvêa Vieira
Chairman
21 March 2015

In 2015 our shipyard in Guarujá successfully delivered to Fugro Brasil the first Remotely Operated Vehicle Support Vessel (ROVSV) built in Brazil, the Fugro Aquarius. Designed by Damen shipyards group, the vessel is 83 metres in length with a deck area of 520 square metres and accommodation for 60 people.

Financial Review

Operating profit

Operating profit grew 23% to US$109.8 million (2014: US$89.4 million) as Group operating margins for the year improved to 22% compared to 14% in 2014. Operating margins improved as total operating costs decreased 27% compared to a 20% decrease in turnover largely due to the higher average USD/BRL exchange rate used to convert revenue and costs into our USD reporting currency, and a lower depreciation charge. As a greater proportion of our revenue than costs is USD denominated, operating margins benefited from the depreciation of the BRL against the USD. The principal improvements in operating margins were in the towage and shipping agency business where margins improved from 30% in 2014 to 37% in 2015 and container terminals where margins improved to 31% compared with 22% in 2015.

Raw materials and consumables used in the year were US$44.8 million lower at US$55.8 million (2014: US$100.6 million) principally due to lower third party shipyard activity, lower fuel costs and the currency impact.

Depreciation and amortisation for the year decreased US$11.9 million to US$53.2 million from US$65.1 million in 2014 as a result of the weaker BRL, changes to the Tecon Rio Grande quay depreciation policy, changes to the tugboat dry docking policy and the change in Tecon Rio Grande functional currency from USD to BRL. Following a change in local regulations and an independent review, the Group increased the remaining economic useful life of the quay and other improvements at Tecon Rio Grande from 25 years to between 25 and 40 years. Because of this change, the depreciation expense for the year is US$4.0 million lower. The Group also reviewed the economic useful life of the tugboat dry dockings in accordance with the frequency conducted by the Company, and supported by the technical rules issued by the Brazilian Navy. On 1 July 2015 the management adjusted the useful life of the docking costs of its tugboats from 2.5 years to 5 years, and as result of this policy change the depreciation expense was US$2.6 million lower. Had these two changes to depreciation policy not occurred, the depreciation and amortisation charge would have been US$6.6 million higher at US$59.8 million.

Employee expenses were 27% lower at US$143.6 million (2014: US$195.9 million) and other operating expenses 21% lower at US$145.3 million (2014: US$182.8 million). In addition to the exchange rate effect on these costs, other operating expenses decreased due to reductions in service and rental costs associated with discontinued logistics operations while employee expenses benefitted from a reduction in headcount, mainly at our logistics, Brasco and container terminal businesses.

Revenue from Maritime Services

Group revenue for the year fell 20% to US$508.9 million (2014: US$633.5 million), principally due to the higher average USD/BRL exchange rate used to convert revenue into our reporting currency, the USD and lower revenue at our shipyard, logistics and offshore support base businesses. However, in local currency terms, turnover increased 13% demonstrating the resilient nature of our businesses in the tough economic environment.

Towage and ship agency revenue for the year remained broadly unchanged at US$229.2 million (2014: US$228.1 million) helped by an increase in special operations and the high proportion of revenue linked to the USD which provides a natural hedge against a depreciating BRL. Towage and shipping agency revenues are less sensitive to movements in the USD/BRL exchange rate as approximately 80% of towage and shipping agency pricing in the year was denominated in USD. Higher margin special operations accounted for 16% of our towage revenue in the year compared with 13% in 2014. Notable special operations during the year included ongoing support for the Açu terminal in Rio de Janeiro state and firefighting support in the port of Santos. Towage harbour manoeuvres for the year at 58,620 were in line with prior year, 58,543. Our shipping agency business continued to operate in a weak market with revenue falling 10% to US$15.4 million (2014: US$17.1 million).

Revenue at our port terminal and logistics business declined 25% to US$225.9 million (2014: US$302.0 million) as all businesses were adversely impacted by the higher average USD/BRL exchange rate. Container terminal revenue declined 20% to US$152.5 million (2014: US$189.6 million) although 2015 was a record year in terms of container volumes handled with volumes increasing 7% to 1,035,200 TEU's (2014: 971,500 TEU's) driven by higher export and empty container movements. In addition to the adverse currency effect, Brasco, our offshore oil and gas support base, continued to suffer from the uncertainty surrounding the Brazilian oil and gas industry with revenue falling 40% to US$23.5 million (2014: US$39.0 million). The Brasco terminals performed fewer vessel turnarounds in 2015, although the fourth quarter showed some improvement on prior year due to additional spot operations. Logistics was impacted by the adverse currency effect and our planned withdrawal from our lower margin operations with revenue declining 32% to US$49.9 million (2014: US$73.4 million).

Shipyard third party revenue decreased 48% to US$53.9 million (2014: US$103.4 million) reflecting lower third party construction and a weaker order book caused by uncertainty surrounding the Brazilian oil and gas industry. In addition to third party revenue recognised in the income statement, the shipyard invoiced US$49.1 million of intercompany sales in the year (2014: US$45.6 million) relating to vessel construction and maintenance. On a positive note during the year, the shipyard delivered in the year the first Remotely Operated Vehicle Support Vessel (ROVSV) built in Brazil.

All Group revenue is derived from Wilson Sons operations in Brazil.

Share of results of joint ventures

The share of results of joint ventures is Wilson Sons' 50% share of net profit for the period mainly from our offshore joint venture. Net profit from joint ventures attributable to the Group decreased US$2.3 million from US$7.1 million in 2014 to US$4.8 million in the current year, largely due to increased exchange losses on translation. Operating profit for a 50% share in the joint venture in the year was US$22.7 million compared to US$21.6 million in 2014 from revenue of US$71.0 million (2014: US$76.9 million).

Investment revenue

Investment revenue for the year at US$16.9 million was in line with prior year (2014: US$17.0 million). Higher interest on bank deposits of US$10.7 million (2014: US$6.8 million) was offset by lower income from equity investments of US$4.2 million (2014: US$5.8 million) and lower other interest at US$1.9 million (2014: US$4.4 million).

The tugboat WS Titan was built at the Group's shipyard in Guarujá, São Paulo in 2015. With 80 tons bollard pull the WS Titan is the most powerful tugboat currently operating in Brazil.

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Investment gains and losses

Other losses of US$1.4 million arise from the Group's portfolio of trading investments (2014: US$6.2 million gain) and consist of profits on the disposal of trading investments of US$3.0 million (2014: US$4.9 million) and unrealised losses on trading investments of US$4.4 million (2014: US$1.3 million gain).

Finance costs

Finance costs for the year increased by US$21.8 million from US$23.6 million to US$45.4 million principally due to higher exchange losses on foreign currency borrowings of US$32.6 million (2014: US$8.0 million) resulting from the devaluation of the BRL against the USD at yearend. Exchange losses were higher in the current year due to the greater devaluation of the BRL against the USD in 2015. Exchange losses will only be realised as loan repayments are made. Interest on loans of US$11.8 million were US$0.7 million lower than prior year (2014: US$12.5 million) due to lower outstanding borrowings during the year. Other interest mainly relates to interest on outstanding tax balances.

Foreign exchange losses on monetary items

Exchange losses on monetary items arise from the Group's foreign currency monetary items and principally reflect the depreciation of the BRL against the USD during the period. Although the BRL depreciated 47% during the year compared with a 13% devaluation in 2014, exchange losses on monetary items of US$15.8 million were US$1.8 million lower than prior year (2014: US$17.6 million). This was principally due to changes in the accounting treatment of monetary items at Tecon Rio Grande resulting from the change in functional currency from USD to BRL and also a decrease in our net exposure to BRL denominated assets.

Change in functional currency

In accordance with IAS 21, the functional currency of an entity reflects the underlying transactions, events and conditions that are relevant to the entity. Accordingly, once the functional currency is determined, it can only be changed if there is a change to those underlying transactions, events and conditions. Following trends over the recent years, there have been changes in relation to the underlying transactions, events and circumstances, mainly related to the flow and generation of revenues of some companies. As a result, the Company changed the functional currency of Tecon Rio Grande S.A, Wilson, Sons Operadores Portuários Ltda and Wilson Sons Comércio Indústria e Agência de Navegação Ltda (from USD to BRL) as at 1 April 2015. As stipulated by IAS 21, when there is a change in an entity's functional currency, the entity shall apply the translation procedures applicable to the new functional currency prospectively from the date of the change.

Transactions other than those in the functional currency of an 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.

Exchange rates

The Group reports in USD and has revenue, costs, assets and liabilities in both BRL and USD. Therefore movements in the USD/BRL exchange rate can influence the Group's results both positively and negatively from year to year. During 2015 the BRL depreciated 47% against the USD from R$2.66 at 1 January 2015 to R$3.90 at the year end (2014: 13% depreciation).

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

	2015 US$ million	2014 US$ million
Exchange losses on monetary items (i)	**15.8**	17.6
Exchange loss on foreign currency borrowings	**32.6**	8.0
Deferred tax on retranslation of fixed assets (ii)	**27.0**	15.9
Deferred tax on exchange variance on loans (iii)	**(25.0)**	(8.0)
Total	**50.4**	33.5

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

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

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

A currency translation adjustment loss of US$81.9 million (2014: US$7.1 million) on the translation of operations with a functional currency other than USD is included in other comprehensive income and recognised directly in equity. The large increase in the currency translation adjustment compared with 2014 is due to the significant devaluation of the BRL against the USD and the change in functional currency of Tecon Rio Grande from USD to BRL.

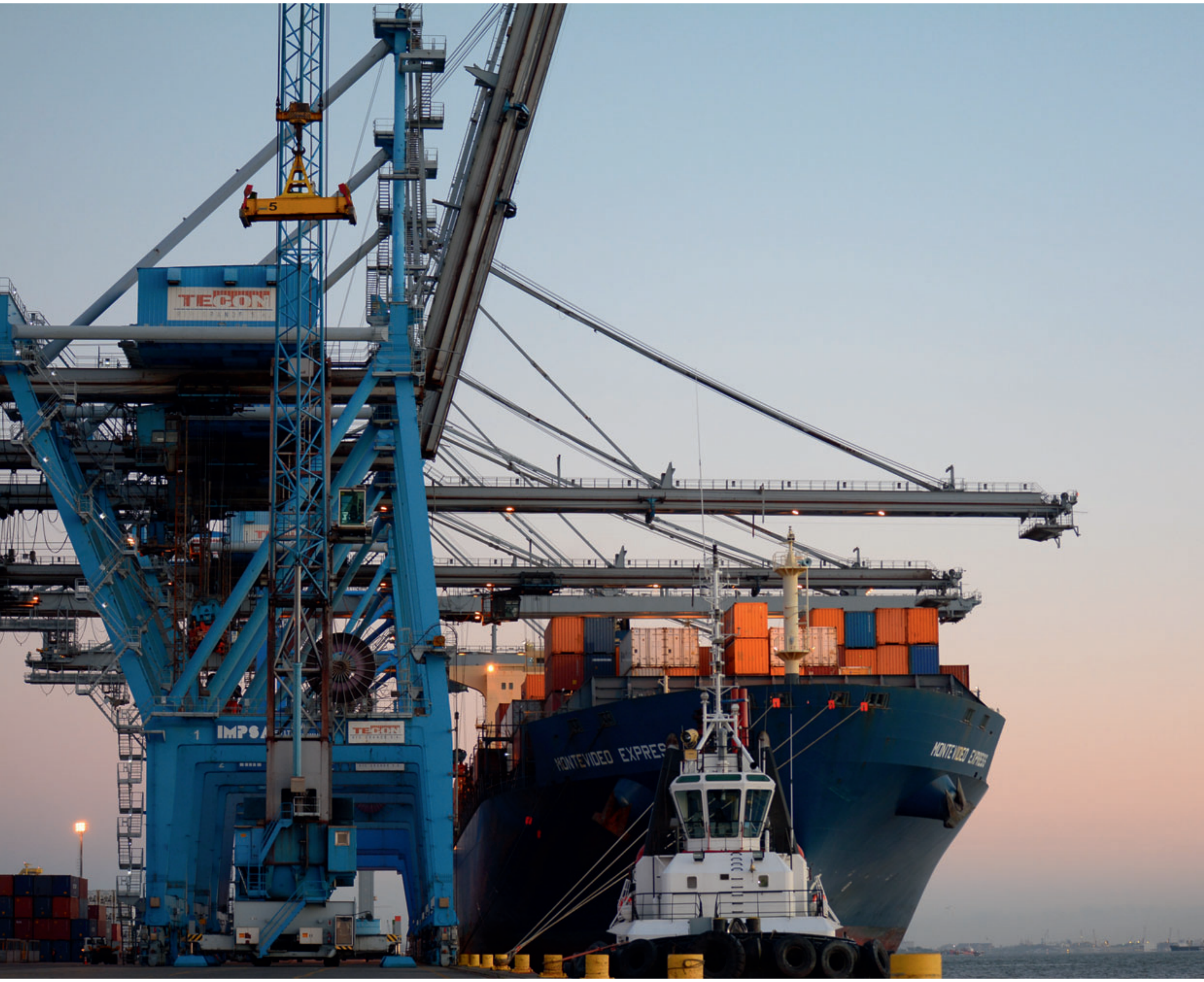
The average USD/BRL exchange rate in the period was 42% higher at 3.34 (2014: 2.35). A higher average exchange rate adversely affects BRL denominated revenues and benefits BRL denominated costs when converted into our reporting currency the USD.

Profit before tax

Profit before tax for the year was US$9.5 million lower than prior year at US$69.0 million (2014: US$78.5 million) mainly due to a US$21.8 million increase in finance costs, negative returns from the investment portfolio (US$7.6 million adverse movement compared to prior year), and a US$2.2 million decrease in the share of results of joint ventures. This was partially offset by the US$20.4 million improvement in operating profit and US$1.8 million decrease in foreign exchange losses on monetary items.

Taxation

The tax charge for the year at US$39.7 million was US$2.2 million lower than last year (2014: US$41.9 million). This represents an effective tax rate for the period of 58% (2014: 53%) compared with the corporate tax rate prevailing in Brazil of 34%. The difference in the effective tax rate is principally due to expenses that are not included in determining taxable profit (principally foreign exchange losses on monetary items), expenses at our Bermudian



Tecon Rio Grande in Rio Grande, Rio Grande do Sul. In 2015 Tecon Rio Grande and Tecon Salvador moved over one million TEUs (twenty-foot equivalent units) in the year for the first time.

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companies that are not deductible for income tax and tax losses at our Brazilian subsidiaries not recognised in deferred tax. The current year effective tax rate is higher than prior year mainly due to losses at our Bermudian companies that are not deductible for income tax (in 2014 there was a net profit in Bermuda not subject to tax) and an increase in expenses that are not included in determining taxable profit.

The deferred tax charge in the period of US$1.6 million was US$7.5 million lower than 2014, (US$9.1 million) mainly because the net impact of deferred tax items linked to the depreciation of the BRL against the USD was US$2.0 million compared with US$7.9 million in 2014. Although both the deferred tax charge arising on the retranslation of BRL denominated fixed assets in Brazil, and the deferred tax credit on the exchange losses on USD denominated borrowings were higher in 2015 than 2014, the net impact was lower due to the change in functional currency at Tecon Rio Grande from USD to BRL.

Profit for the year

Profit attributable to equity holders of the parent was US$7.7 million lower at US$15.5 million (2014: US$23.2 million) after deducting profit attributable to non-controlling interests of US$13.8 million (2014: US$13.4 million). Non-controlling interests represented a greater percentage of the Group profit for the year, 47% (2014: 37%) as profits were concentrated in companies with non-controlling interests in 2015.

Earnings per share

Basic earnings per share for the year were 43.7 cents compared with 65.6 cents in 2014.

Cash flow

The Group continued to generate strong operating cash flow with cash inflow from operating activities increasing by US$39.9 million to US$145.5 million in 2015 (2014: US$105.6 million) arising from the improved operating performance, positive working capital movements in the period and lower income tax paid. Income taxes paid at US$22.7 million (2014: US$29.5 million) were significantly lower than the current tax charge of US$38.1 million, mainly because recoverable taxes were used to compensate tax liabilities due in the year.

Capital expenditure of US$65.8 million was US$41.7 million lower than prior year (2014: US$107.5 million) and was mainly invested in towage vessel construction and new container terminal equipment. Capital expenditure in 2014 was higher as it included the expansion of the Brasco Caju Oil and Gas support terminal and Tecon Salvador. During 2015 the Group raised new loans of US$31.9 million to finance capital expenditure (2014: US$64.1 million) with capital repayments of US$49.9 million (2014: US$38.1 million) made on existing loans.

The negative effect of foreign exchange rate changes in the cash flow increased US$20.4 million to US$26.9 million (2014: US$6.5 million) reflecting the significant devaluation of the BRL during the year.

At 31 December 2015 the Group had US$97.6 million in cash and cash equivalents (2014: US$103.8 million) of which US$83.3 million was denominated in BRL (2014: US$70.3 million). Included in the Group's trading investments of US$276.9 million is US$40.0 million (2014: US$24.0 million) in USD denominated fixed rate certificates held by Wilson Sons Limited which are not part of the Group's investment portfolio managed by Hanseatic Asset Management LBG and are intended to fund Wilson Sons Limited operations in Brazil.

Balance sheet

At the year end the equity attributable to shareholders of the parent company amounted to US$495.0 million (2014: US$549.8 million). The principal movements in the year were profits for the period of US$15.5 million, less dividends paid of US$22.3 million and a negative currency translation adjustment of US$47.3 million. The currency translation adjustment was US$43.3 million higher than prior year (2014: US$4.0 million) due to the higher devaluation of the BRL during the year and the change in the functional currency of Tecon Rio Grande from USD to BRL. The currency translation adjustment arises from exchange differences on the translation of operations with a functional currency other than USD. On a per share basis equity attributable to shareholders is the equivalent of US$14.00 per share (31 December 2014: US$15.55 per share).

Net debt and financing

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

The Group's borrowings are predominantly USD denominated or linked to the USD with defined repayment schedules repayable over different periods up to 18 years and an average weighted maturity of 11.6 years. The weighted average interest rate of our debt at year end was 2.99%. Total debt at US$363.8 million was US$31.4 million lower than prior year (2014: US$395.2 million) due to net loan repayments and the weaker BRL. At 31 December 2015, The Group had net debt of US$226.2 million (2014: US$271.4 million):

	2015 **US$ million**	2014 US$ million
Debt		
Short-term	**41.5**	51.2
Long-term	**322.3**	344.0
Total debt	**363.8**	395.2
Cash and cash equivalents*	**(137.6)**	(123.8)
Net debt	**226.2**	271.4

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

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

The Group's reported borrowings do not include US$273.8 million of debt from the Company's 50% share of borrowings in our Offshore Vessel joint venture.

Keith Middleton
Finance Director

Wilson Sons Limited

The Wilson Sons 2015 Earnings Report released on 21 March 2016 is available on the Wilson Sons Limited website: www.wilsonsons.com.br

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

"We continued the growth of Wilson Sons in 2015 with solid results in a challenging time for the Brazilian economy. The highlights of our two largest businesses included record EBITDA for our Towage business benefiting from cost reduction and efficiency gains, and over 1 million TEU for our Container Terminals. These results together with a reduction in our CAPEX, after largely completing the investment cycle, allow us to announce an increase of 23% in our proposed dividend amounting to US$35.4million.

In addition to the economic hurdles of Brazil in 2015, the substantial reduction in the oil price impacted exploration activity worldwide. For our Offshore Vessels business, although the market is very challenging, significant contract coverage and Brazilian flagged vessel priority continue to differentiate performance of our OSV business compared to international market peers.

In this environment, we will need to be even more disciplined and relentless in the pursuit of efficiency throughout the Company. Continued attention to the opportunities for utilisation of our assets and technical capacity of those who work with us are fundamental to maximising the service, security and value we provide in solutions for our clients.

We will seek to navigate the current economic headwinds in this way, as we have done so many times in the previous 179 years of the Wilson Sons history. In doing so we seek to strengthen our business and the services we provide. For this we are grateful for the continued support of all our stakeholders."

The Wilson Sons Strategy is to:

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

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

Maximising capacity utilization of our Upstream Oil and Gas Support Terminals (Brasco). Additional to our operations at Brasco Niteroi, we also have a continuous 500 metres of berth at our Brasco Caju base to attend offshore support vessels with excellent access to the Campos and Santos oil producing basins. This expanded capacity positions Brasco as one of the largest offshore support base operators for the Brazilian Oil and Gas industry. We are continuously monitoring offshore operations along the Brazilian coast to meet the demand for such services.

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

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

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

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

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

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

Investment Portfolio

Investment Objective
The Investment Manager will seek to achieve the Investment Objective through investments in publically quoted and private (unquoted) assets across three 'silos': (i) Core regional funds which form the core of our holdings, enabling us to capture the natural beta within markets, (ii) Eclectic sector silo, represented by those sectors with long-term growth attributes, such as technology and biotechnology, and (iii) Eclectic diversifying silo, which are those asset classes and sectors which will add portfolio protection as the business cycle matures.

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

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

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

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

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

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

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

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

Market Commentary
Having started the year calmly enough, stock markets wobbled for much of the second half of calendar 2015. However, rather than one key event unsettling investors a slew of factors came into play.

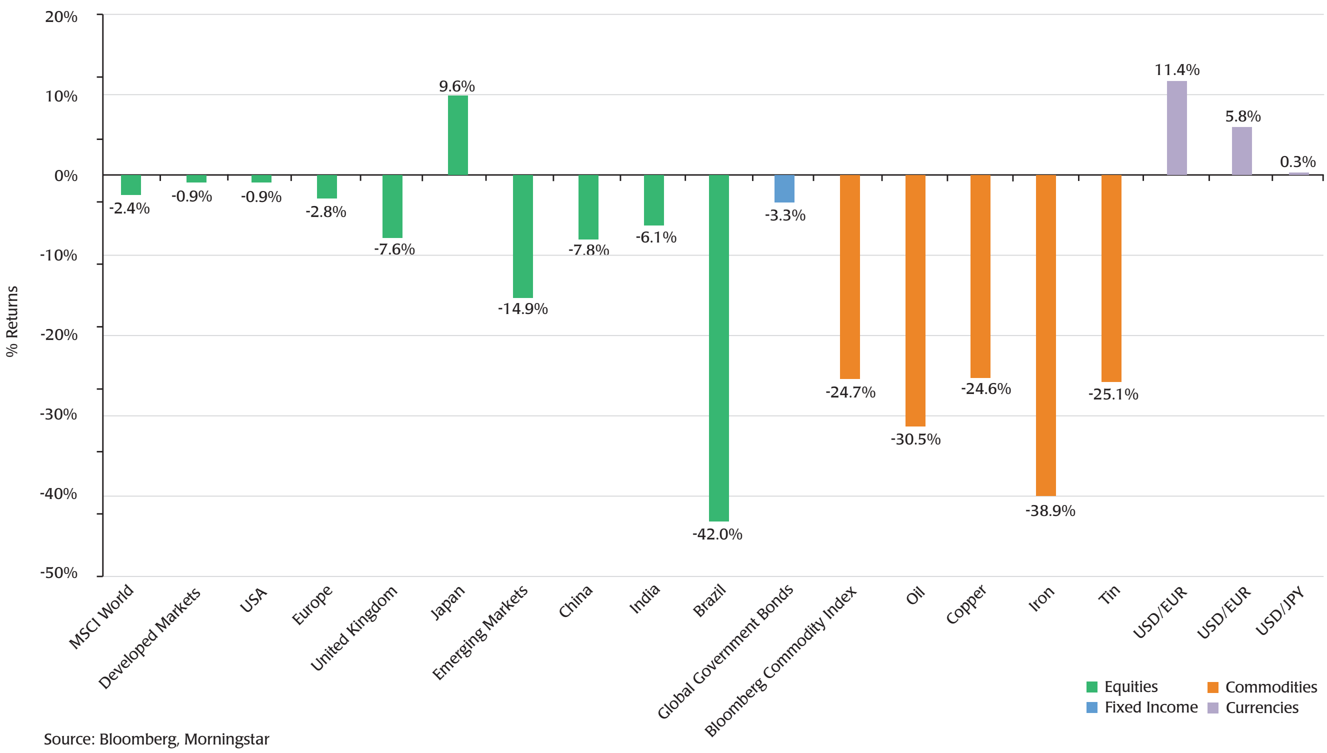
Europe continued to fret over the prospect of a Greek exit from the Eurozone. China initially rallied hard coming into the year but then imploded spectacularly, leading to a raft of rather desperate measures by the Chinese authorities in their efforts to shore up the market. The US played a game of 'will they won't they raise interest rates' culminating in a 25 basis point rise in December, the first for almost ten years.

Investment Managers Report

The net effect of all of this was a very bumpy ride, which at the headline level will be seen as a rather disappointing year, at least from the viewpoint of equities and bonds. World equities fell 2.4% over the year as a whole versus a decline of 3.3% for the global bond index (all figures in US Dollars). Emerging Markets, towards which the portfolio has a bias, again underperformed Developed Markets over the course of the year, with the former declining by 14.9% while the latter fell just 0.9%. Intra market moves were varied, with the US, Europe, the UK and Japan returning +1.4%, -2.8%, -7.6% and +9.6%, respectively, while China, India and Brazil declined by -7.8%, -6.1% and -42.0%, respectively.

2015 will go down in history as a terrible year from the perspective of commodities. Oil continued to decline sharply, falling by 30.5% in the year as OPEC fell into disarray with the Saudi government deciding to maintain production in the face of falling demand. Industrial metals also came under pressure with copper, iron ore and tin falling by 24.6%, 38.9% and 25.1% for the year.

Chart 1: Market performance 2015 (USD)



Source: Bloomberg, Morningstar

Outlook

Our core expectation for markets in the year ahead remains one of rising equity prices driven by a combination of acceptable valuations (though no longer cheap), ongoing positive economic growth led by developed markets, and a liquidity environment that remains accommodative. For these reasons, equities, particularly in developed markets, remain our favoured asset class (albeit we note that lower valuations are creating value in some emerging markets, we just think it is too early). However, it is also right that we acknowledge both the maturing of the business cycle and the growing list of risks. It is for this reason that we are increasingly focused on both assessing how our portfolios will perform in such an environment and identifying those assets which will provide protection in more difficult times.

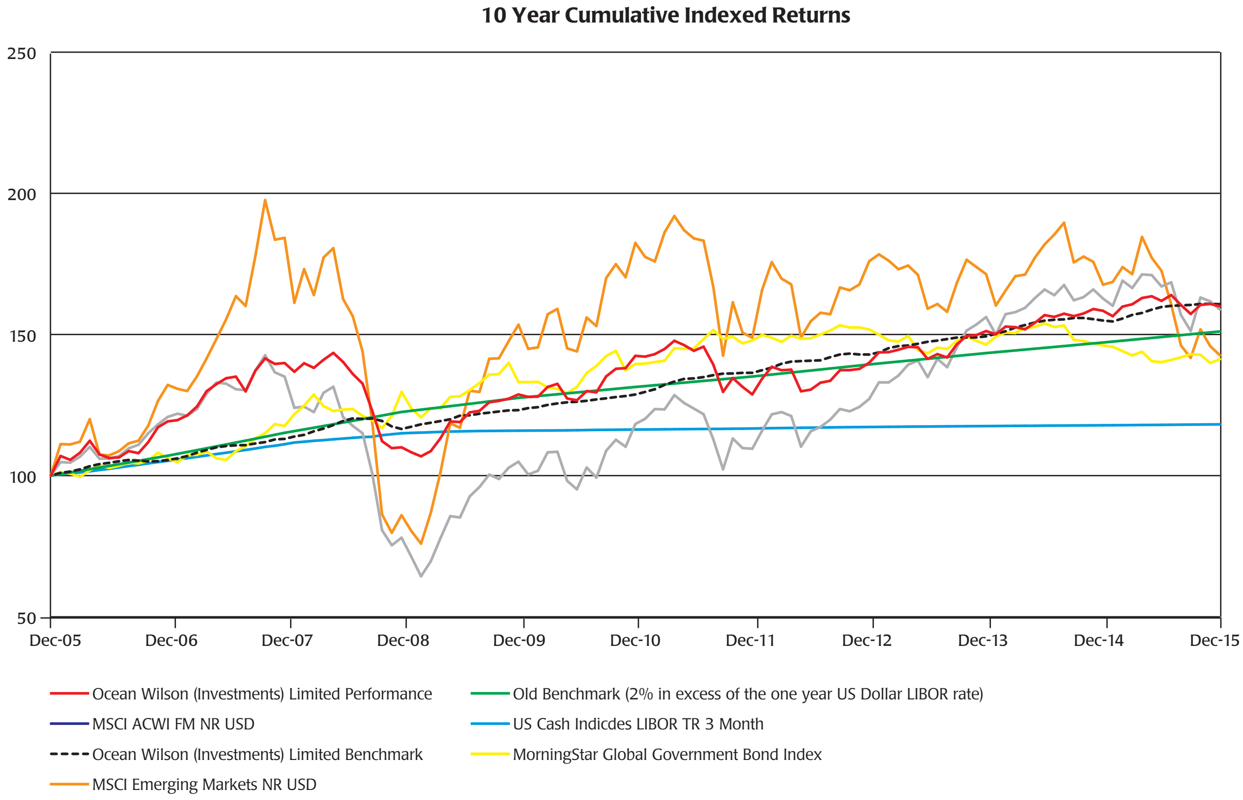
Traditionally this protection would have been through government bonds and whilst they may well still prove defensive in the epicentre of a market collapse, they are uncomfortable investments for us to hold as fundamental investors given their high valuations. Rather the focus is on the identification of those funds and hedge funds that have the ability to avoid capital losses, and indeed are structured to do so. This is no mean feat with past market setbacks often highlighting flaws in their strategies and disappointing performance. However, through deep analysis, access to some of the very best managers in the market and by blending a range of different strategies, we feel confident in our ability to navigate the market ahead.

Portfolio Commentary

The portfolio ended the year with a 1.7% rise in the fourth quarter, leading to a return of 1.0% for the year. This result was behind the Performance Benchmark (3% in excess of the US CPI), which was up 3.7% for the year, although it was ahead of both the MSCI All Country World Index and the MSCI Emerging Markets Index, which declined by 2.4% and 14.9%, respectively.

Investment Managers Report

Performance



The top two contributors to performance over the course of the year were both European funds, with the BlackRock European Hedge Fund and Adelphi European Select Equity Fund having very strong years with returns of 36.0% and 22.1%, respectively. The BlackRock Fund maintained a relatively low beta-adjusted net exposure throughout the year, and more recently its short book, led by positions in mining and energy-related businesses, has driven its returns. The long-only Adelphi Fund, which again outperformed its benchmark in the fourth quarter with a rise of 7.3%, has shown continued good stock selection. The Fund's performance has been helped by its lack of exposure to the energy and materials sectors, as well as to capital goods. The Fund has achieved good alpha generation in consumer staples and healthcare, with longstanding positions such as Novo Nordisk and Pandora producing excellent returns over the year.

There were strong performances in long/short Global Developed funds. Lansdowne Developed Markets was particularly pleasing, with a return of 16.9%, while Egerton European Dollar Fund and Odey Absolute Return Fund were up 9.4% and 7.3%, respectively, over the year. These funds enjoyed good performance in their short portfolios, playing themes such as weakness in industrial cyclicals, old retail and technology hardware. The Lansdowne Fund benefited from long positions in Nike, Amazon and Netflix, while specific shorts in individual retail and technology names also contributed to performance.

Among the top contributors to performance over the year were two private equity funds, L Capital Asia, LP and Greenspring Global Partners IV, LP, which are now held at 1.40x and 2.08x in the portfolio, respectively. These Funds returned more capital back to the portfolio during the year, and have now distributed 30% and 69% of paid in capital, respectively, while there is considerable value remaining in their portfolios.

It was a difficult year for many parts of the market, in particular Emerging Markets and commodity-related sectors. The biggest detractor to performance was the NTAsian Discovery Fund, which declined 21.6% during the year, following an extended period of strong performance. The Fund was hurt by a substantial fall in the share price of Silverlake Axis, its largest holding, which had previously been a key driver of outperformance. Another significant detractor for the portfolio was Pershing Square Holdings, which has declined 20.0% since it was purchased in February 2015. Pershing's largest position, Valeant Pharmaceuticals, declined significantly during the year as a result of a number of factors, including political pressure on drug pricing and being targeted by short sellers who were concerned about the company's business model, but the manager has maintained his conviction in the position.

Private Equity holdings were not immune from the market volatility, and those funds with exposure to commodity assets suffered some mark-downs which detracted from the portfolio's performance. These included Riverstone/Carlyle Global Energy & Power Fund IV, LP, African Development Partners I, LLC and African Minerals Exploration & Development Fund, SICAR, which are, respectively, now held at 1.10x, 1.34x and 0.97x in the portfolio.

Investment Portfolio at 31 December 2015

	Market Value US$000	% of NAV	Primary Focus
Findlay Park American Fund	16,162	6.6	US equities – long-only
Adelphi European Select Equity Fund	13,788	5.6	Europe equities – long-only
BlackRock European Hedge Fund	13,557	5.6	Europe equities – hedge
Egerton Long - Short Fund	11,962	4.9	Europe / US equities – hedge
Lansdowne Developed Markets Fund	11,335	4.6	Europe / US equities – hedge
NTAsian Discovery Fund	8,817	3.6	Asia ex-Japan equities – long-only
BlueCrest AllBlue Leveraged Feeder	8,579	3.5	Market Neutral – multi-strategy
Odey Absolute Return Fund	7,952	3.3	Europe / US equities – hedge
Goodhart Partners Longitude Fund: Hanjo Fund	7,272	3.0	Japan equities – long-only
Greenspring Global Partners IV, LP	6,324	2.6	Private Assets – US Venture Capital
Top 10 Holdings	**105,748**	**43.3**	
Schroder ISF Asian Total Return Fund	5,913	2.4	Asia ex-Japan equities – long-only
Helios Investors II, LP	5,822	2.4	Private Assets – Africa
Hirzel Capital Fund	5,800	2.4	US equities – hedge
L Capital Asia, LP	5,782	2.4	Private Assets – Asia (Consumer)
Indus Japan Long Only Fund	5,640	2.3	Japan equities – long-only
Gramercy Distressed Opportunity Fund II, LP	5,280	2.2	Private Assets – distressed debt
Global Event Partners Ltd	5,011	2.0	Global equities – long-short
Select Equity Offshore, Ltd	4,988	2.0	US equities – long-only
KKR Special Situations Fund, LP	4,947	2.0	Private Assets – distressed debt
Hudson Bay International Fund	4,857	2.0	Market Neutral – multi-strategy)
Top 20 Holdings	**159,788**	**65.4**	
Hony Capital Fund V, LP	4,857	2.0	Private Assets – China
Prince Street Opportunities Fund	4,784	2.0	Emerging Markets equities – long-only
Vulcan Value Equity Fund	4,631	1.9	US equities – long-only
China Harvest Fund II, LP	4,613	1.9	Private Assets – China
GAM Star Technology	4,485	1.8	Technology – long-only
L Capital Asia 2, LP	3,922	1.6	Private Assets – Asia (Consumer)
Pershing Square Holdings Ltd	3,885	1.6	US equities – long-only
Oaktree CM Value Opportunities Fund	3,777	1.5	US high yield corporate debt – hedge
NYLIM Jacob Ballas India III, LLC	3,631	1.5	Private Assets
Pangaea II, LP	3,629	1.5	Private Assets
Top 30 Holdings	**202,002**	**82.7**	
22 remaining holdings	**34,154**	**13.9**	
Cash	**8,255**	**3.4**	
TOTAL	**244,411**	**100.0**	

Directors and Advisers

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

Secretary
Malcolm S Mitchell

Profiles of Non-executive Directors
Mr J F Gouvêa Vieira is Brazilian, aged 66 and joined the Group in 1991. He is a partner of the Brazilian law firm of Gouvêa Vieira Advogados. He is chairman of Wilson Sons Limited, a member of the Board of Concremat, Banco PSA Finance Brasil S.A. and a number of other Companies. Mr Gouvêa Vieira is also a member of the Corporate Governance Committee for the American Chamber of Commerce in São Paulo.

Mr W Salomon is German and British, aged 58 and joined the Group in 1995. He is senior partner of Hansa Capital Partners LLP. He is also a non-executive director of Hansa Trust PLC and Wilson Sons Limited.

Mr A Berzins is aged 56, British and resident in Singapore and joined the Group in 2014. He is a non-executive director of Aberdeen Asian Income Fund.

Mr C Maltby is aged 65, British and resident in Switzerland. He is a Director of BACIT Limited, BH Macro Limited and Abingworth BioEquities Fund Limited, and a member of the Supervisory Board of BBGI SICAV SA.

Mr A Rozental is Mexican, aged 70 and is the founding partner of Rozental & Asociados. He is a non-executive director of Wilson Sons Limited, Chairman of the Board of Directors of ArcelorMittal Mexico and a non-executive Director of HSBC Bank Mexico. He is an external advisor to AT&T, Airbus Mexico, Toyota de México and Canada's Brookfield Asset Management.

Mr C Townsend is German and British and resident in Switzerland. He is aged 42, is a solicitor, and has an MBA from the London Business School. He is investment director of Hansa Capital GmbH.

Bermuda Office
PO Box HM 2250
Richmond House
12 Par-la-Ville Road
Hamilton HM JX
Bermuda
Website: www.oceanwilsons.bm

Registered Office
PO Box HM 1022
Clarendon House
Church Street
Hamilton HM DX
Bermuda

Registrars
Codan Services Limited
Clarendon House
Church Street
Hamilton HM 11
Bermuda

UK Transfer Agent
Capita Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

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

Auditor
KPMG LLP
15 Canada Square
London E14 5GL

Bankers
Deutsche Bank International Limited
Jersey

Investment Managers
Hanseatic Asset Management LBG
Guernsey, Channel Islands

Brazilian Business Website
www.wilsonsons.com.br

Report of the Directors

The Directors submit herewith their Report and Accounts for the year ended 31 December 2015.

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 1-38.

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

The Group's profit after tax on ordinary activities attributable to equity shareholders amounted to US$15,470,000 (2014: US$23,182,000).

The Directors are recommending the payment of a dividend for the year of 63.0c (2014: 63.0c) gross per share. The dividend will be paid on 3 June 2016 to all shareholders who are on the register at close of business on 8 May 2016.

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

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

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

Details of our activities are set out in the Investment Managers report and Financial review on pages 6 to 15.

Directors
The present Members of the Board are as shown on page 16

In accordance with the Company's (Ocean Wilsons Holdings Limited) bye-laws, Mr J F Gouvêa Vieira, Mr C Maltby and Mr A Rozental retire at the next annual general meeting and, being eligible, offer themselves for re-election. The Directors who held office at 31 December 2015 had the following interest in the Company shares:

	Interest	**2015**	2014
J F Gouvêa Vieira	Beneficial	**170,100**	151,600
K Middleton	Beneficial	**30,000**	30,000
W Salomon*	Beneficial	**4,659,349**	4,659,349
C Townsend	Beneficial	**40,000**	40,000
C Maltby	Beneficial	**9,000**	5,000
A Berzins	Beneficial	**5,000**	5,000

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

Service Contracts
Regarding the Directors proposed for re-election at the Annual General Meeting there are no service contracts between Mr J F Gouvêa Vieira, Mr C Maltby and Mr A Rozental and the company.

Employees
The average number of persons, including Directors, employed by the Group was 5,439 (2014: 5,972).

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

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

Report of the Directors

Auditor
KPMG LLP were reappointed auditor at the 2015 annual general meeting and have expressed their willingness to continue in office as auditor and a resolution to reappoint them under the provisions of Section 89 of the Bermuda Companies Act 1981 will be proposed at the forthcoming Annual General Meeting.

Substantial Shareholdings
As at 11 March 2016, 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	26.45
Codan Trust Company Limited and Helen Cooper	4,435,064	12.54
Peter A S Pearman and Codan Trust Company Limited	3,929,049	11.11
Utilico Emerging Markets Utilities Limited	2,471,044	6.99
Dynamo Adminisração de Recurso	1,820,354	5.15

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

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

Corporate Governance
The Board has put in place corporate governance arrangements that it believes are appropriate for the operation of your Company. The Board has considered the principles and recommendations of the 2014 UK Corporate Governance Code ("the Code") issued by the Financial Reporting Council and decided to apply those aspects which are appropriate to the business. This reflects the fact that Ocean Wilsons Holdings Limited is an investment holding Company incorporated by an act of parliament in Bermuda with significant operations in Brazil. The Company complies with the Code where it is beneficial for its business to do so, and has done so throughout the year and up to the date of this report, but as noted below, it does not fully comply with the Code. The position is regularly reviewed and monitored by the Board. Below are the areas where Ocean Wilsons Holdings Limited does not comply with the 2014 UK Corporate Governance Code and the rationale for not complying:

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

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

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

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

The Board
The Board currently comprises the chairman, Mr J F Gouvêa Vieira, deputy chairman Mr W Salomon, a further four non-executive directors, Mr A Berzins, Mr A Rozental, Mr C Townsend and Mr C Maltby and one executive director, Mr K Middleton. Mr Rozental, Mr Berzins and Mr Maltby are considered by the Board to be independent under the Code. The Board has appointed Mr A Rozental as the senior independent director. The directors' biographies appear on page 16.

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

Non-executive directors hold letters of appointment. The other commitments of directors appear on page 16 as part of their biographies and the Board is satisfied that these commitments do not conflict with their ability to carry out effectively their duties as directors of the Company.

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

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

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

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

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

- Determining the overall strategy of the Group;
- 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;
- Selection of the chairman of the Board;
- Appointment and removal of the company secretary;
- Appointment and removal of executives;
- To decide on potential conflicts of interest and authorize potential conflicts;
- Approval of annual and interim reports;
- Approving any dividends and dividend policy;
- Appointment of external auditor, financial advisor or corporate broker;
- Establishing the finance committee and their terms of reference;
- Determining membership and Chairmanship of Board Committees;
- To approve any agreements or amendments to agreements between Ocean Wilsons Holdings Limited and Wilson Sons Limited including the relationship agreement;
- To vote the shares in Wilson Sons Limited on matters presented to shareholders for shareholder approval;
- Appointment of Ocean Wilsons Holdings Limited directors to the Board of Wilson Sons Limited;
- To approve changes in Wilson Sons Limited auditor or accounting policies;
- Agree the strategy of Wilson Sons Limited;
- Undertaking a formal and rigorous annual evaluation of its own performance and that of its committees and individual directors;
- Review of the Company's overall corporate governance arrangements.

The Board of Ocean Wilsons Investments Limited is currently constituted by the same directors as the Board of Ocean Wilsons Holdings Limited. Mr C Maltby an independent director was appointed chairman of the Board of Ocean Wilsons Investments Limited on the 2 June 2015 replacing the previous chairman Mr J F Gouvêa Viera who was chairman throughout 2014. The Board delegates authority to run the investment portfolio held by Ocean Wilsons Investments Limited to the investment manager within certain guidelines. The Board of Ocean Wilsons Investments Limited has a formal schedule of matters specifically reserved for its attention which include:

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

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.

Report of the Directors

The executive director is responsible for advising the Board on all corporate matters. Each director has access to the advice and services of the company secretary Mr M Mitchell and the executive director.

During 2015, five scheduled meetings of the Ocean Wilsons Holdings Limited Board were held at different locations. Details of attendance at Board meetings and meetings of the Board committees are set out below. In addition to scheduled Board meetings if matters arise at short notice requiring urgent attention a telephone Board meeting is arranged. During 2015 no telephone Board meetings were held.

Directors' attendance at Board and Finance Committee meetings:

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

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

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

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

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

Board Evaluation

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

Board Diversity Policy

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

Remuneration

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

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

Board Committees

The Board has established a finance committee which has formal terms of reference approved by the Board and are reviewed on an ongoing basis by the Board. The committee's terms of reference are available at the Company's registered office. Mr A Berzins an independent director was appointed chairman of the finance committee on the 2 June 2015 replacing the previous chairman Mr C Maltby who was chairman throughout 2014.

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

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

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

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

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

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

Finance Committee report

The finance committee comprises all non-executive directors, three of whom are considered by the Board to be independent during 2015. The Board is satisfied that during 2015 four directors, Mr C Maltby, Mr W Salomon, Mr A Berzins and Mr A Rozental, have recent and relevant financial experience as all have served on the audit committees of other listed companies. Mr W Salomon also has considerable experience in finance and investment banking and Mr C Maltby and Mr A Berzins both hold accounting qualifications.

The finance committee met four times in 2015. At the request of the finance committee the chief executive of Wilson Sons Limited, the finance director of Wilson Sons Limited and the executive director of Ocean Wilsons Holdings Limited attended each of these meetings. The external auditor attended two meetings.

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

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

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

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

Since the beginning of 2015 the finance committee has:

- reviewed the December 2014 report and financial statements, the June 2015 half yearly financial report and the quarterly update issued in May and November 2015. As part of the review of the December 2014 report, the Committee received a report from the external auditor on their audit of the annual report and financial statements;
- reviewed the functional currencies of the Wilson Sons Limited businesses. As a result the Group has approved that two businesses (TECON Rio Grande and WSCI) are currently determined as functional currency US Dollar be reclassified as functional currency Brazilian Real effective from the 1 January 2015;
- reviewed the change in dry docking economic useful life. As part of the continuing review of the useful economic life of vessels, during the period the Group concluded an assessment of the economic useful life of the dry-docking of its fleet of tugboats.
- reviewed arrangements by which staff of the company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters;
- reviewed the effectiveness of the Group's internal controls and disclosures made in the annual report and financial statements on this matter. As part of this review, the Committee considered a report on internal controls and the Group's risk register and suggested amendments;
- reviewed and approved the scope of audit work to be undertaken by the auditor;
- agreed the fees to be paid to the external auditor for the audit of the December 2014 financial statements including consideration of the levels of non-audit fees which the committee concluded were immaterial;
- assessed the qualification, expertise and resources, and independence of the external auditor; and
- reviewed the need for an internal audit function.
- reviewed and approved a company remuneration policy.
- reviewed the economic useful life of the quay and other improvements at Tecon Rio Grande. Following an independent review the Group increased the remaining economic useful life of the quay and other improvements at Tecon Rio Grande from 25 years to between 25 and 40 years.

Report of the Directors

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

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

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

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

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

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

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

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

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

Internal Controls

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

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

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

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

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

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

The Ocean Wilsons Holdings Limited employee whistle blowing policy is designed to enable employees of the Company to raise concerns internally and at a high level and to disclose information which the individual believes shows malpractice or impropriety. The Wilson Sons Limited Group whistle blowing policy and procedures enable employees who have concerns about the application of the Group's Code of Ethics to raise them with the Wilson Sons Limited 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 Deputy Chairman and executive director usually attend a number of these meetings. A report of meetings with shareholders is distributed to all directors. All broker reports are distributed to all Board members. The Annual General Meeting of the Company will be held in Bermuda. When a significant proportion of the votes have been cast against a resolution at an Annual General Meeting the Board will contact significant shareholders to understand the reasons behind their vote. The Company website www.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$97.6 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 15. The financial position, cash flows and borrowings of the Group are set out in the Financial review in pages 6 to 10. In addition note 36 to the financial statements include details of its financial instruments and hedging activities and its exposure to credit risk and liquidity risk. Details of the Group's borrowings are set out in note 22. Based on the Group's forecasts and sensitivities run, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

Viability statement

In accordance with provision C.2.2 of the UK Corporate Governance Code, the Directors have assessed the viability of the Group over a three year period to 31 December 2018, taking into account the Group's current position and potential impact of the principal risks and uncertainties. Based on this assessment, the directors confirm that they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period to 31 December 2018.

Whilst the directors have no reason to believe the Company will not be viable over a longer period, given the uncertainties involved in longer term forecasting the directors have determined that a three year period to 31 December 2018 is an appropriate period over which to provide its viability statement. The three year period also aligns with the rolling three year investment portfolio performance benchmark.

In making the assessment, the directors have considered a number of factors that affect the Group, including the principal risks and mitigating factors. The directors also took account that the Group has two distinctly separate investments, Wilson Sons Limited, a maritime services company in Brazil and Ocean Wilsons (Investments) Limited which holds a portfolio of international investments. There is no recourse between the two investments. In addition the Company holds no external debt.

Wilson Sons Limited

The assessment considered that the Wilson Sons Group business model has proven to be strong in the long term with a range of businesses that have consistently demonstrated their ability to trade, even in challenging market conditions. For instance the Group produced a solid performance in 2015 when the Brazilian Real depreciated 47% against the US Dollar in the year. Operational activities are funded by cash generated from operations, while Wilson Sons Group borrowings are used to finance capital expenditure. The Wilson Sons Group borrowings are long-term with defined repayment schedules repayable over different periods up to 18 years and an average weighted maturity of 11 years. There is no recourse from Wilson Sons to the Company or Ocean Wilsons (Investments) Limited in respect of the Wilson Sons Limited borrowings. The Wilson Sons Group is not reliant on one particular customer, its largest customer constituted approximately 5% of the Group's revenue in 2015. (and including joint venture revenue 16%).

Whilst the Board considered all the principal risks identified the following were selected by the Group for stress testing using the Wilson Sons Limited long-term model, exchange rate risk, exposure to the offshore oil and gas industry and customer concentration risk. In testing we assumed that Petrobras remained a going concern.

Ocean Wilsons (Investments) Limited

In making the assessment for the investment portfolio, the Board has considered matters such as significant stock market volatility, changes in exchange rate and a significant reduction in the liquidity of the portfolio. The investment portfolio and cash under management at 31 December 2015 was US$244.5 million with outstanding capital commitments of US$35.2 million and no external debt.

We believe that if severe but plausible downside scenarios were to crystallise, many of the individual risks disclosed would be likely to be confined to either Wilson Sons Limited or Ocean Wilsons Investments Limited. The risk is to the valuation of the Group's balance sheet rather than the viability of the Group. In addition, Wilson Sons has opportunities to mitigate any adverse impacts given the flexible cost base of some of their business.

Report of the Directors

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

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

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

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

By Order of the Board

Malcolm Mitchell
Secretary
21 March 2016

Independent Auditor's Report

to the Members of Ocean Wilsons Holdings Limited Only

Opinions and conclusions arising from our audit

1. Our opinion on the financial statements is unmodified

We have audited the Group financial statements ("the financial statements") of Ocean Wilsons Holdings Limited ("the Group") for the year ended 31 December 2015 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement and the related notes.

In our opinion the financial statements give a true and fair view of the state of the Group's affairs as at 31 December 2015 and of its profit for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

2. Our assessment of risks of material misstatement

In arriving at our audit opinion above on the financial statements the risks of material misstatement that had the greatest effect on our audit, in decreasing order of audit significance, were as follows (unchanged from 2014).

Maritime services revenue recognition (US$508.9m) *Risk vs 2014: ◄►*
Refer to page 22 (Finance Committee Report), page 38 (accounting policy) and page 40 (financial disclosures).

- *The risk* – we considered two principal risks of material misstatement: Determining the percentage of completion on shipbuilding contracts; and determining when services or obligations have been delivered to assess whether revenue from port terminals, towage operations, logistics and offshore businesses have been recognised in the correct period. The Group recognises shipbuilding revenue based on the stage of completion of contracts, which is assessed by reference to the proportion of contract costs incurred for the work performed to the balance sheet date relative to the estimated total contract costs to completion. The recognition of revenue therefore relies on estimates in relation to the final out-turn of costs on each contract, which are inherently judgemental and could be susceptible to a material misstatement.

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

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

In evaluating the timing of the recognition of other maritime services revenue, we visited a number of sites, including one of the Group's operational port terminals (Tecon Salvador) and assessed the Group's revenue recognition policies against the relevant accounting standards. Our procedures included testing controls in all segments, testing the appropriateness of a sample of revenue accrued and deferred at year end based on the specific contract terms and performing substantive analytical procedures at each of the operating terminals.

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

Impairment risk to goodwill and intangible assets relating to business combinations (US$27.4m and US$16.6m respectively) *Risk vs 2014: ◄►*
Refer to page 22 (Finance Committee Report), pages 39 (accounting policy) and 45 and 46 (financial disclosures).

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

- *Our response* – In this area our audit procedures included testing the Group's forecasting by considering the historical accuracy of previous forecasts. We compared actual results in the current year to forecasts prepared in previous periods and substantiated significant variances. We compared the Group's port terminal cash-flow assumptions against underlying contracts to agree revenue streams and contract end dates. In addition, we used our own experience and discussions with a range of operational personnel to assess the probability of contracts being won, renewed or lost, which are included as future cash flows in the forecasts. We used our own corporate finance valuation specialists to assist us

Independent Auditor's Report

to the Members of Ocean Wilsons Holdings Limited Only

in evaluating the Directors' assumptions and judgements relating to projected economic growth, inflation, exchange rates, cost base, terminal values and discount rates used to derive recoverable amounts. We compared the Group's assumptions to externally derived data, industry norms and our expectations based on our knowledge of the client and experience of the industry in which it operates. As part of this procedure, sensitivities over each of the assumptions and judgements were evaluated.

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

Provisions (US$13.9m) *Risk vs 2014:* ◄►
Refer to page 22 (Finance Committee Report), pages 37 and 38 (accounting policy) and page 59 (financial disclosures).

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

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

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

3. Our application of materiality and an overview of the scope of our audit
The materiality for the Group financial statements as a whole was set at US$5.35m (2014: US$7m), determined with reference to a benchmark of average Group profit before taxation excluding foreign exchange gains or losses over four years, of US$107.1m, of which it represents 5%, reflecting industry consensus levels (2014: 7% of 2014 profit before tax).

We reported to the finance committee any corrected or uncorrected identified misstatements exceeding US$265,000, in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group's 25 reporting components (2014: •), we subjected 9 to audits for Group reporting purposes (2014: •) and 16 to specified risk-focused audit procedures (2014: X). The latter were not individually financially significant enough to require an audit for group reporting purposes, but did present specific individual risks that needed to be addressed.

The components within the scope of our work accounted for the following percentages of the group's results:

	Number of components	Group revenue	Group profit before tax	Group total assets
Audits for Group reporting purposes	9	84%	78%	93%
Audit procedures over significant accounts	16	16%	22%	7%
Total	**25**	**100%**	**100%**	**100%**

The Group team instructed component auditors as to the significant areas to be covered, including the relevant risks detailed above and the information to be reported back. The Group team approved the component materialities, which were US$2.5m for the component in the Channel Islands and a range of US$1.3m to US$5.0m for the components in Brazil. The work on 24 of the 25 components in the Group were performed by the component auditor in Brazil and the rest by the Group team.

The Group team visited Brazil twice in the year, including to assess the audit risk and strategy. Telephone conference meetings were also held with the component auditor. At these visits and meetings, the findings reported to the Group team were discussed in more detail, and any further work required by the Group team was then performed by the component auditor.

4. We have nothing to report on the disclosures of principal risks
Based on the knowledge we acquired during our audit, we have nothing material to add or draw attention to in relation to:

- the directors' viability statement on page 23, concerning the principal risks, their management, and, based on that, the directors' assessment and expectations of the Group's continuing in operation over the 3 years to 2018; or

- the disclosures in note 2 of the financial statements concerning the use of the going concern basis of accounting.

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

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

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

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

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

Under the Listing Rules we are required to review:

- the directors' statements, set out on page 23, in relation to going concern and longer-term viability; and

- the part of the Corporate Governance Statement on pages 18 to 23 relating to the company's compliance with the eleven provisions of the 2014 UK Corporate Governance Code specified for our review.

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

Respective responsibilities of Directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 24, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. A description of the scope of an audit of accounts is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate. This report is made solely to the Company's members as a body and subject to important explanations and disclaimers regarding our responsibilities, published on our website at www.kpmg.com/uk/auditscopeukco2014a, which are incorporated into this report as if set out in full and should be read to provide an understanding of the purpose of this report, the work we have undertaken and the basis of our opinions.

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

A description of the scope of an audit of financial statements is provided on our website at www.kpmg.com/uk/auditscopeother 2014. This report is made subject to important explanations regarding our responsibilities, as published on that website, which are incorporated into this report as if set out in full and should be read to provide an understanding of the purpose of this report, the work we have undertaken and the basis of our opinions.

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

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

John Luke
for and on behalf of KPMG LLP
Chartered Accountants
15 Canada Square, London E14 5GL
21 March 2016

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2015

	Notes	**Year to 31 December 2015 US$'000**	Year to 31 December 2014 US$'000
Revenue	3	**508,922**	633,520
Raw materials and consumables used		**(55,760)**	(100,588)
Employee benefits expense	6	**(143,600)**	(195,893)
Depreciation & amortisation expense	5	**(53,214)**	(65,120)
Other operating expenses		**(145,259)**	(182,819)
(Loss)/profit on disposal of property, plant and equipment		**(1,294)**	326
Operating profit		**109,795**	89,426
Share of results of joint venture		**4,843**	7,090
Investment revenue	7	**16,908**	16,975
Other gains and losses	8	**(1,388)**	6,233
Finance costs	9	**(45,403)**	(23,607)
Foreign exchange losses on monetary items		**(15,792)**	(17,621)
Profit before tax		**68,963**	78,496
Income tax expense	10	**(39,704)**	(41,928)
Profit for the year		**29,259**	36,568
Other comprehensive income:			
Items that are or may be reclassified subsequently to profit and loss			
Employee benefits		**(108)**	709
Effective portion of changes in fair value of derivatives		**(1,495)**	(988)
Exchange differences arising on translation of foreign operations		**(81,935)**	(7,143)
Other comprehensive loss for the year		**(83,538)**	(7,422)
Total comprehensive (loss)/income for the year		**(54,279)**	29,146
Profit for the period attributable to:			
Equity holders of parent		**15,470**	23,182
Non-controlling interests		**13,789**	13,386
		29,259	36,568
Total comprehensive (loss)/income for the period attributable to:			
Equity holders of parent		**(32,741)**	19,072
Non-controlling interests		**(21,538)**	10,074
	5	**(54,279)**	29,146
Earnings per share			
Basic and diluted	12	**43.7c**	65.6c

Consolidated Balance Sheet

as at 31 December 2015

	Notes	**As at 31 December 2015 US$'000**	As at 31 December 2014 US$'000
Non-current assets			
Goodwill	13	**27,389**	35,024
Other intangible assets	14	**26,274**	38,565
Property, plant and equipment	15	**557,190**	639,480
Deferred tax assets	24	**32,128**	31,665
Trade and other receivables	21	**44,328**	51,535
Investment in joint venture	17	**18,301**	11,500
Other non-current assets	27	**8,018**	11,838
		713,628	819,607
Current assets			
Inventories	19	**28,285**	32,460
Trading investments	18	**276,878**	260,491
Trade and other receivables	21	**83,981**	96,199
Cash and cash equivalents		**97,561**	103,810
		486,705	492,960
Total assets		**1,200,333**	1,312,567
Current liabilities			
Trade and other payables	26	**(78,889)**	(78,879)
Derivatives		**(1,339)**	(156)
Current tax liabilities		**(3,732)**	(1,994)
Obligations under finance leases	25	**(1,192)**	(1,444)
Bank overdrafts and loans	22	**(41,490)**	(51,195)
		(126,642)	(133,668)
Net current assets		**360,063**	359,292
Non-current liabilities			
Bank loans	22	**(322,265)**	(343,990)
Derivatives		**(1,547)**	(1,843)
Employee benefits		**(1,308)**	(1,570)
Deferred tax liabilities	24	**(52,631)**	(45,197)
Provisions	27	**(13,922)**	(15,702)
Obligations under finance leases	25	**(1,536)**	(3,253)
		(393,209)	(411,555)
Total liabilities		**(519,851)**	(545,223)
Net assets		**680,482**	767,344
Capital and reserves			
Share capital	28	**11,390**	11,390
Retained earnings		**501,426**	508,298
Capital reserves		**31,760**	31,760
Translation and hedging reserve		**(49,542)**	(1,677)
Equity attributable to equity holders of the parent		**495,034**	549,771
Non-controlling interests		**185,448**	217,573
Total equity		**680,482**	767,344

The accounts on pages 28 to 75 were approved by the Board on 21 March 2016. 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 2015

For the year ended 31 December 2014	Share capital US$'000	Retained earnings US$'000	Capital reserves US$'000	Hedging and Translation reserve US$'000	Attributable to equity holders of the parent US$'000	Non-controlling interests US$'000	Total equity US$'000
Balance at 1 January 2014	11,390	505,922	31,760	3,128	552,200	217,875	770,075
Currency translation adjustment	–	–	–	(3,989)	(3,989)	(3,154)	(7,143)
Employee benefits (note 37)	–	412	–	–	412	297	709
Effective portion of changes in fair value of derivatives	–	–	–	(533)	(533)	(455)	(988)
Profit for the year	–	23,182	–	–	23,182	13,386	36,568
Total income and expense for the period	–	23,594	–	(4,522)	19,072	10,074	29,146
Dividends	–	(21,218)	–	–	(21,218)	(13,239)	(34,457)
Derivatives	–	–	–	(283)	(283)	(203)	(486)
Share based payment expense	–	–	–	–	–	3,066	3,066
Balance at 31 December 2014	11,390	508,298	31,760	(1,677)	549,771	217,573	767,344
For the year ended 31 December 2015							
Balance at 1 January 2015	**11,390**	**508,298**	**31,760**	**(1,677)**	**549,771**	**217,573**	**767,344**
Currency translation adjustment	**–**	**–**	**–**	**(47,342)**	**(47,342)**	**(34,593)**	**(81,935)**
Employee benefits (note 37)	**–**	**(63)**	**–**	**–**	**(63)**	**(45)**	**(108)**
Effective portion of changes in fair value of derivatives	**–**	**–**	**–**	**(806)**	**(806)**	**(689)**	**(1,495)**
Profit for the year	**–**	**15,470**	**–**	**–**	**15,470**	**13,789**	**29,259**
Total income and expense for the period	**–**	**15,407**	**–**	**(48,148)**	**(32,741)**	**(21,538)**	**(54,279)**
Dividends	**–**	**(22,279)**	**–**	**–**	**(22,279)**	**(14,104)**	**(36,383)**
Derivatives	**–**	**–**	**–**	**283**	**283**	**203**	**486**
Share based payment expense	**–**	**–**	**–**	**–**	**–**	**3,314**	**3,314**
Balance at 31 December 2015	**11,390**	**501,426**	**31,760**	**(49,542)**	**495,034**	**185,448**	**680,482**

Share capital

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

Capital reserves

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

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

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

Hedging and translation reserve

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

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

Consolidated Cash Flow Statement

for the year ended 31 December 2015

	Notes	**Year to 31 December 2015 US$'000**	Year to 31 December 2014 US$'000
Net cash inflow from operating activities	29	**145,459**	105,556
Investing activities			
Acquisition of Briclog less net of cash acquired		**–**	(26,677)
Interest received		**11,702**	9,062
Dividends received from trading investments		**4,244**	5,786
Proceeds on disposal of trading investments		**57,783**	103,396
Proceeds on disposal of property, plant and equipment		**987**	6,490
Purchase of property, plant and equipment		**(65,779)**	(107,475)
Purchase of intangible assets		**(2,238)**	(2,136)
Purchase of trading investments		**(75,558)**	(79,685)
Net cash used in investing activities		**(68,859)**	(91,239)
Financing activities			
Dividends paid	11	**(22,279)**	(21,218)
Dividends paid to non-controlling interests in subsidiary		**(14,104)**	(13,239)
Repayments of borrowings		**(49,894)**	(38,076)
Repayments of obligations under finance leases		**(1,081)**	(1,879)
New bank loans raised		**31,881**	64,086
Derivative paid		**(445)**	(154)
Net cash from financing activities		**(55,922)**	(10,480)
Net increase in cash and cash equivalents		**20,678**	3,837
Cash and cash equivalents at beginning of year		**103,810**	106,512
Effect of foreign exchange rate changes		**(26,927)**	(6,539)
Cash and cash equivalents at end of year		**97,561**	103,810

Notes to the Accounts

for the year ended 31 December 2015

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 16. The nature of the Group's operations and its principal activities are set out in the operating and financial review on pages 6 to 17.

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

2 Significant accounting policies and critical accounting judgements

Basis of accounting

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

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

Going concern

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

The Group closely monitors and manages its liquidity risk. The Group has considerable financial resources including US$97.6 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 15. The financial position, cash flows and borrowings of the Group are set out in the financial review in pages 6 to 10. In addition note 36 to the financial statements include details of its financial instruments and hedging activities and its exposure to credit risk and liquidity risk. Details of the Group's borrowings are set out in note 22. Based on the Group's forecasts and sensitivities run, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

Change in functional currency

In accordance with IAS 21, the functional currency of an entity reflects the underlying transactions, events and conditions that are relevant to the entity. Accordingly, once the functional currency is determined, it can be changed only if there is a change to those underlying transactions, events and conditions.

The Group considers the following factors in determining the functional currency of each entity. The currency that mainly influences sales prices for goods and services and the currency that mainly influences costs of providing goods or services.

Following trends over the recent years, there have been changes in relation to underlying transactions, events and circumstances, mainly related to the generation of revenues by some companies. The projections made by management corroborate these trends. As a result, the Company changed the functional currency of Tecon Rio Grande S.A, Wilson, Sons Operadores Portuários Ltda and Wilson Sons Comércio Indústria e Agência de Navegação Ltda (from US Dollars to Brazilian Real) as of the first quarter of 2015.

As stipulated by IAS 21, when there is a change in an entity's functional currency, the entity shall apply the translation procedures applicable to the new functional currency prospectively from the date of the change.

Basis of consolidation

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

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

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

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

2 Significant accounting policies and critical accounting judgements (continued)

Basis of consolidation (continued)

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

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

Foreign currency

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

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

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

Investments in entities accounted for using the equity method

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

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

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

Investments in associates

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

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

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

Investments in joint ventures

Interests in joint ventures

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

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

Notes to the Accounts

2 Significant accounting policies and critical accounting judgements (continued)

Investments in joint ventures (continued)

Interests in joint operations

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

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

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

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

Employee Benefits

Short-term employee benefits

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

Share-Based payment transactions

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

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

Other long-term employee benefits

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

Benefits of termination of employment relationship

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

Taxation

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

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

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

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

2 Significant accounting policies and critical accounting judgements (continued)

Taxation (continued)

- 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.

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 Improvements:	Lower of the rental period or useful life considering residual values
Floating Craft:	25 to 35 years
Vehicles:	5 years
Plant and Equipment:	5 to 20 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets, except when there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term in which the asset shall be fully depreciated over the shorter of the lease term and its useful life.

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income.

Borrowing costs

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

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

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

Notes to the Accounts

2 Significant accounting policies and critical accounting judgements (continued)

Goodwill

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

Business combinations

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

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

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

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

Sale of non-controlling interest

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

Intangible assets

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

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

Impairment of tangible and other intangible assets

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

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

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

2 Significant accounting policies and critical accounting judgements (continued)

Inventories

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

Financial instruments

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

- *Trade Receivables:* Trade receivables, loans and other amounts receivable are stated at the initial fair value of the amounts due, less provision for impairment. A provision for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is recognised in the income statement.

- *Investments:* Investments are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at the fair value, plus directly attributable transaction costs.

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

  For available-for-sale investments, gains and losses arising from changes in fair value are recognised directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the income statement for the period. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

- *Cash and Cash Equivalents:* Cash and cash equivalents comprise cash on hand and other short-term highly liquid investments that are convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

- *Bank Borrowings:* Interest-bearing bank loans and overdrafts are recorded as 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 in 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. Derivatives are measured at each balance sheet date at fair value. Gains and losses arising from changes in fair value are included in the income statement for the period within investment revenue or finance costs for exchange and interest derivatives.

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

Hedge Accounting (Cash flow hedge)

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

Provisions

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

Notes to the Accounts

2 Significant accounting policies and critical accounting judgements (continued)

Provisions (continued)

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.

Construction contracts

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

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

Revenue

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

Maritime revenue

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

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

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

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

Investment revenue

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

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

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

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.

2 Significant accounting policies and critical accounting judgements (continued)

Critical accounting judgements and key sources of estimation uncertainty

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

Provisions (including provision for Brazilian taxes)

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

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

Current and deferred tax

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

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

Impairment of goodwill and intangibles

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

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

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

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

Notes to the Accounts

2 Significant accounting policies and critical accounting judgements (continued)

Revenue recognition

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

The Group also recognises remaining maritime revenue when services have been fulfilled. The recognition of this revenue could be susceptible to timing errors in determining when services or obligations have been delivered, particularly given the Group's large volume and geographical spread of transactions in progress at year end.

Valuation of unquoted investments

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

New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015, and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below.

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

IFRS 9 Financial instruments

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

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

IFRS 15 Revenue from Contracts with Customers

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

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

3 Revenue

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

	Year ended 31 December 2015 US$'000	Year ended 31 December 2014 US$'000
Sales of services	**455,037**	530,080
Revenue from construction contracts	**53,885**	103,440
	508,922	633,520
Investment income (note 7)	**16,908**	16,975
	525,830	650,495

All revenue is derived from continuing operations.

4 Business and geographical segments

Business segments

Ocean Wilsons 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 2015

	Maritime Services Year ended 31 December 2015 US$'000	Investment Year ended 31 December 2015 US$'000	Unallocated Year ended 31 December 2015 US$'000	Consolidated Year ended 31 December 2015 US$'000
Revenue	508,922	–	–	508,922
Result				
Segment result	114,780	(2,681)	(2,304)	109,795
Share of results of joint ventures	4,843	–	–	4,843
Investment revenue	12,660	4,248	–	16,908
Other gains and losses	–	(1,388)	–	(1,388)
Finance costs	(45,403)	–	–	(45,403)
Foreign exchange losses on monetary items	(15,883)	(46)	137	(15,792)
Profit before tax	70,997	133	(2,167)	68,963
Tax	(39,704)	-	-	(39,704)
Profit after tax	31,293	133	(2,167)	29,259
Other information				
Capital additions	(69,889)	–	–	(69,889)
Depreciation and amortisation	(53,213)	–	(1)	(53,214)
Balance Sheet				
Assets				
Segment assets	953,236	245,302	1,795	1,200,333
Liabilities				
Segment liabilities	(519,224)	(242)	(385)	(519,851)

Notes to the Accounts

4 Business and geographical segments (continued)

For the year ended 31 December 2014

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

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

Geographical Segments

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

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

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

	Carrying amount of segment assets		Additions to property, plant and equipment and intangible assets	
	31 December 2015 US$'000	31 December 2014 US$'000	**Year ended 31 December 2015 US$'000**	Year ended 31 December 2014 US$'000
Brazil	**909,652**	1,018,380	**69,889**	111,186
Bermuda	**290,681**	294,187	**–**	–
	1,200,333	1,312,567	**69,889**	111,186

5 Profit for the year

Profit for the year has been arrived at after charging:

	Year ended 31 December 2015 US$'000	Year ended 31 December 2014 US$'000
Depreciation of property, plant and equipment	**47,562**	58,179
Amortisation of intangible assets	**5,651**	6,941
Operating lease rentals	**11,313**	17,835
Auditor's remuneration for audit services (see below)	**481**	516
Non-executive directors emoluments	**446**	439
A more detailed analysis of auditor's remuneration is provided below:		
Financial statement audit of group and subsidiaries	**481**	516
Other services	**–**	11
	481	527

6 Employee benefits expense

	Year ended 31 December 2015 US$'000	Year ended 31 December 2014 US$'000
Aggregate remuneration comprised:		
Wages and salaries	**120,540**	170,984
Share based payment (credit)	**3,346**	(652)
Social security costs	**18,716**	24,588
Other pension costs	**998**	973
	143,600	195,893

7 Investment revenue

	Year ended 31 December 2015 US$'000	Year ended 31 December 2014 US$'000
Interest on bank deposits	**10,725**	6,777
Dividends from equity investments	**4,244**	5,786
Other interest	**1,939**	4,412
	16,908	16,975

8 Other gains and losses

	Year ended 31 December 2015 US$'000	Year ended 31 December 2014 US$'000
(Decrease)increase in fair value of trading investments held at year end	**(4,396)**	1,360
Profit on disposal of trading investments	**3,008**	4,873
	(1,388)	6,233

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

Notes to the Accounts

9 Finance costs

	Year ended 31 December 2015 US$'000	Year ended 31 December 2014 US$'000
Interest on bank overdrafts and loans	**11,833**	12,547
Exchange loss on foreign currency borrowings	**32,604**	8,014
Interest on obligations under finance leases	**596**	872
Other interest	**370**	2,174
	45,403	23,607

Borrowing costs incurred on qualifying assets of US$1.5 million (2014: US$1.0 million) were capitalised in the year at an average interest rate of 3.00% (2014: 2.97%).

10 Taxation

	Year ended 31 December 2015 US$'000	Year ended 31 December 2014 US$'000
Current		
Brazilian taxation		
Corporation tax	**27,004**	22,835
Social contribution	**11,055**	10,037
Total current tax	**38,059**	32,872
Deferred tax		
Credit for the year in respect of deferred tax liabilities	**(29,069)**	(7,242)
Charge for the year in respect of deferred tax assets	**30,714**	16,298
Total deferred tax	**1,645**	9,056
Total taxation	**39,704**	41,928

Brazilian corporation tax is calculated at 25% (2014: 25%) of the assessable profit for the year. Brazilian social contribution tax is calculated at 9% (2014: 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 2015 US$'000	Year ended 31 December 2015 US$'000
Profit before tax	**68,963**	78,496
Tax at the standard Brazilian tax rate of 34% (2014: 34%)	**23,447**	26,689
Deferred tax	**1,645**	9,056
Tax effect of foreign exchange losses on monetary items	**5,369**	5,685
Change in unrecognised deferred tax assets	**2,026**	509
Tax effect of share of results of joint ventures	**(1,647)**	(2,411)
Tax relating to prior year	**849**	1,840
Share option scheme	**1,127**	(242)
Tax effect of other items that are not included in determining taxable profit	**4,890**	2,453
Effect of different tax rates of subsidiaries operating in other jurisdictions	**1,998**	(1,651)
Tax expense and effective rate for the year	**39,704**	41,928
Effective rate for the year	**58%**	53%

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 2015 US$'000	Year ended 31 December 2014 US$'000
Amounts recognised as distributions to equity holders in the period:		
Final dividend paid for the year ended 31 December 2014 of 63c (2013: 60c) per share	**22,279**	21,218
Proposed final dividend for the year ended 31 December 2015 of 63c (2014: 63c) per share	**22,279**	22,279

12 Earnings per share

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

	Year ended 31 December 2015 US$'000	Year ended 31 December 2014 US$'000
Earnings:		
Earnings for the purposes of basic earnings per share being net profit attributable to equity holders of the parent	**15,470**	23,182
Number of shares:		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	**35,363,040**	35,363,040

13 Goodwill

	31 December 2015 US$'000	31 December 2014 US$'000
Cost and carrying amount attributed to:		
Tecon Rio Grande	**11,704**	13,132
Tecon Salvador	**2,480**	2,480
Brazilian Intermodal Complex (Brasco Caju)	**13,205**	19,412
Total	**27,389**	35,024

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

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

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

An estimated average growth rate used does not exceed the historical average for Tecon Rio Grande and Tecon Salvador. A growth rate of 5.5% has been estimated for Brasco Caju, and a discount rate of 9.5% for all business units has been used. These growth rates reflect the products, industries and countries in which the operating segments operate. These medium- to long-term growth rates have been reviewed by management during 2015 and are considered to be appropriate.

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

The goodwill of Tecon Rio Grande consists of goodwill on the acquisition of Tecon Rio Grande and goodwill incorporated in Tecon Rio Grande upon acquisition. With the change in the functional currency of Tecon Rio Grande, the incorporated goodwill is subject to an exchange rate effect.

Notes to the Accounts

14 Other intangible fixed assets

	US$'000
Cost	
At 1 January 2014	66,851
Additions	2,136
Write off	(90)
Exchange differences	(4,549)
At 1 January 2015	64,348
Additions	2,238
Write off	(58)
Exchange differences	(12,579)
At 31 December 2015	**53,949**
Amortisation	
At 1 January 2014	20,201
Charge for the year	6,941
Write off	(89)
Exchange differences	(1,270)
At 1 January 2015	25,783
Charge for the year	5,651
Write off	(52)
Exchange differences	(3,707)
At 31 December 2015	**27,675**
Carrying amount	
31 December 2015	**26,274**
31 December 2014	38,565

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

The breakdown of intangibles by type is as follows:

	31 December 2015 US$'000	31 December 2014 US$'000
Brasco Caju	**11,998**	18,280
Tecon Salvador	**4,624**	7,483
Computer software	**3,025**	5,630
Other	**6,627**	7,172
Total	**26,274**	38,565

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

15 Property, plant and equipment

	Land and buildings US$'000	Floating Craft US$'000	Vehicles, plant and equipment US$'000	Assets under construction US$'000	Total US$'000
Cost or valuation					
At 1 January 2014	299,497	321,162	251,659	23,054	895,372
Additions	46,907	14,085	13,843	34,215	109,050
Transfers	1,032	45,799	(1,032)	(45,799)	–
Exchange differences	(20,353)	–	(10,454)	–	(30,807)
Disposals	(420)	(11,459)	(12,019)	–	(23,898)
At 1 January 2015	326,663	369,587	241,997	11,470	949,717
Additions	15,296	12,394	8,665	31,296	67,651
Transfers	59	13,440	(59)	(13,440)	–
Exchange differences	(86,226)	-	(68,690)	–	(154,916)
Disposals	(98)	(3,264)	(4,715)	–	(8,077)
At 31 December 2015	**255,694**	**392,157**	**177,198**	**29,326**	**854,375**
Accumulated depreciation and impairment					
At 1 January 2014	60,209	119,670	98,569	–	278,448
Charge for the year	19,897	13,908	24,374	–	58,179
Transfers	(65)	–	65	–	–
Elimination on construction contracts	–	1,977	–	–	1,977
Exchange differences	(4,394)	–	(6,321)	–	(10,715)
Disposals	(303)	(11,056)	(6,293)	–	(17,652)
At 1 January 2015	75,344	124,499	110,394	–	310,237
Charge for the year	12,095	15,434	20,033	–	47,562
Elimination on construction contracts	–	2,553	–	–	2,553
Exchange differences	(23,755)	–	(33,753)	–	(57,508)
Disposals	(88)	(2,655)	(2,916)	–	(5,659)
At 31 December 2015	**63,596**	**139,831**	**93,758**	**–**	**297,185**
Carrying Amount					
At 31 December 2015	**192,098**	**252,326**	**83,435**	**29,326**	**557,190**
At 31 December 2014	251,319	245,088	131,603	11,470	639,480

The carrying amount of the Group's vehicles, plant and equipment includes an amount of US$12.9 million (2014: US$19.7 million) in respect of assets held under finance leases.

Land and buildings with a net book value of US$0.2 million (2014: US$0.2 million) and tugs with a value of US$0.5 million (2014: US$1.8 million) have been given in guarantee of various legal processes.

The Group has pledged assets having a carrying amount of approximately US$254.1 million (2014: US$214.7 million) to secure loans granted to the Group.

In December 2015, management considered a number of property, plant and equipment to be discontinued in the logistics division. Local management hired an independent firm to measure the market value of the remaining asset related to dedicated operations amounting to US$871,000, and an impairment loss of US$729,000 was recognised for write-downs to the lower of its carrying amount and its fair value less cost to sell. The impairment loss has been applied to reduce the carrying amount of property, plant and equipment, and been included in profit/(loss) on disposal of property, plant and equipment.

At 31 December 2015, the Group had entered into contractual commitments for the acquisition of property, plant and equipment amounting to US$4.6 million (2014: US$13.5 million).

Notes to the Accounts

16 Principal subsidiaries

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

* 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.

***On 1 December 2015, the Sobrare-Servemar Ltda. was incorporated by Saveiros Camuyrano Serviços Maritimos S.A.

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 Itaú bank and the investment policy and objectives are determined by the Group's treasury department in line with Group policy.

17 Joint ventures

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

	Place of incorporation and operation	Proportion of ownership 31 December 2015	31 December 2014
Towage			
Consórcio de Rebocadores Barra de Coqueiros	Brazil	**50%**	50%
Consórcio de Rebocadores Baia de São Marcos	Brazil	**50%**	50%
Logistics			
Porto Campinas, Logística e Intermodal Ltda	Brazil	**50%**	50%
Offshore			
Wilson, Sons Ultratug Participações S.A.*	Brazil	**50%**	50%
Atlantic Offshore S.A.**	Panamá	**50%**	50%

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

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

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

	Year ended 31 December 2015 US$'000	Year ended 31 December 2014 US$'000
Revenue	**141,975**	153,760
Raw materials and consumables used	**(4,835)**	(6,098)
Employee benefits expense	**(40,226)**	(47,959)
Depreciation and amortisation expenses	**(35,460)**	(35,273)
Other operating expenses	**(15,534)**	(21,268)
Loss on disposals of property, plant & equipment	**(576)**	–
Results from operating activities	**45,344**	43,162
Finance income	**1,117**	1,354
Finance costs	**(18,362)**	(18,316)
Foreign exchange gains/(losses) on monetary items	**(15,799)**	(4,807)
Profit before tax	**12,300**	21,393
Income tax expense	**(2,613)**	(7,213)
Profit for the period	**9,687**	14,180
Participation	**50%**	50%
Equity result	**4,843**	7,090

Notes to the Accounts

17 Joint ventures (continued)

	31 December 2015 US$'000	31 December 2014 US$'000
Other non-current Assets	**835**	1,566
Property, plant and equipment	**666,656**	598,497
Long-term investment	**2,041**	2,140
Other current assets	**1,635**	1,367
Trade and other receivables	**32,415**	35,782
Derivatives	**–**	79
Cash and cash equivalents	**21,011**	37,061
Total assets	**724,593**	676,492

Bank overdrafts and loans	**547,550**	514,861
Other non-current liabilities	**21,819**	16,596
Trade and other payables	**81,126**	81,596
Equity	**74,098**	63,439
Total liabilities	**724,593**	676,492

Guarantees

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

Magallanes Navegação Brasileira's loan agreement with Banco do Brasil is guaranteed by a lien on the financed supply vessels. The security package also includes a standby letter of credit issued by Banco de Crédito e Inversiones – Chile for part of the debt balance, assignment of Petrobras' long-term contracts and a corporate guarantee issued by Inversiones Magallanes Ltda – Chile. A cash reserve account, accounted for under long-term investments, funded with US$2.0 million (R$8.0 million) should be maintained until full repayment of the loan agreement.

Covenants

The joint venture Magallanes Navegação Brasileira S.A. has to comply with specific financial covenants. At 31 December 2015, the company was in compliance with all clauses in the loans contracts.

Provisions for tax, labour and civil risks

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

In addition to the cases for which the joint venture has made a provision, there are other tax, civil and labour disputes amounting to US$9.7 million (2014: US$12.6 million), whose probability of loss was estimated by the legal counsel as possible.

The breakdown of possible losses is described as follows:

	31 December 2015 US$'000	31 December 2014 US$'000
Civil cases	**1**	2
Tax cases	**7,600**	9,189
Labour claims	**2,089**	3,387
Total	**9,690**	12,578

18 Investments

	2015 US$'000	2014 US$'000
Trading investments		
At 1 January	**260,491**	277,969
Additions, at cost	**75,558**	79,685
Disposals, at market value	**(57,783)**	(103,396)
(Decrease)/increase in fair value of trading investments held at year end	**(4,396)**	1,360
Profit on disposal of trading investments	**3,008**	4,873
At 31 December	**276,878**	260,491
Ocean Wilsons (Investment) Limited Portfolio	**236,155**	236,491
Wilson Sons Limited	**40,723**	24,000
Trading investments held at fair value at 31 December	**276,878**	260,491

Wilson Sons Limited

The Wilson Sons Limited investments are held and managed separately from the Ocean Wilsons (Investments) Limited portfolio and consist of US Dollar denominated depository notes.

Ocean Wilsons (Investment) Portfolio

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

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

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

19 Inventories

	31 December 2015 US$'000	31 December 2014 US$'000
Operating materials	**8,657**	11,498
Raw materials and spare parts	**19,628**	20,962
Total	**28,285**	32,460

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

Notes to the Accounts

20 Construction contracts

	31 December 2015 US$'000	31 December 2014 US$'000
Contract costs incurred plus recognised profits less recognised losses to date	**72,019**	123,483
Less progress billings	**(89,877)**	(129,821)
Amounts due to contract customers included in trade and other payables	**(17,858)**	(6,338)

21 Trade and other receivables

	31 December 2015 US$'000	31 December 2014 US$'000
Trade and other receivables		
Amount receivable for the sale of services	**48,163**	50,617
Allowance for doubtful debts	**(846)**	(1,154)
	47,317	49,463
Income taxation recoverable	**5,732**	9,352
Other recoverable taxes and levies	**25,340**	34,000
Loans to related parties	**28,392**	31,314
Prepayments	**11,360**	12,431
Other	**10,168**	11,174
	128,309	147,734
Total current	**83,981**	96,199
Total non-current	**44,328**	51,535
	128,309	147,734

Non-current trade receivables relate to: recoverable taxes with maturity dates in excess of one year, which comprise mainly PIS, COFINS, ISS and INSS, and intergroup loans. There are no indicators of impairment related to these receivables.

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

Included in the Group's trade receivable balances are debtors with a carrying amount of US$9.0 million (2014: US$8.8 million) which are past due but not impaired at the reporting date for which the Group has not provided as there has not been a change in credit quality and the Group believes the amounts are still recoverable. The Group does not hold any collateral over these balances.

Ageing of past due but not impaired trade receivables	31 December 2015 US$'000	31 December 2014 US$'000
From 0 – 30 days	**6,004**	6,942
From 31 – 90 days	**1,491**	1,086
From 91 – 180 days	**1,523**	791
More than 180 days	**–**	–
Total	**9,018**	8,819

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

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

21 Trade and other receivables (continued)

The Group does not hold any collateral over these balances.

Ageing of impaired trade receivables	31 December 2015 US$'000	31 December 2014 US$'000
From 0 – 30 days	–	–
From 31 – 90 days	–	–
From 91 – 180 days	–	–
More than 180 days	846	1,154
Total	846	1,154

Movement in the allowance for doubtful debts	2015 US$'000	2014 US$'000
Balance at the beginning of the year	1,154	1,718
Amounts written off as uncollectable	(3,329)	(3,106)
Increase in allowance recognised in profit or loss	3,405	2,743
Exchange differences	(384)	(201)
Balance at the end of the year	846	1,154

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

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

22 Bank loans and overdrafts

	Annual interest rate %	31 December 2015 US$'000	31 December 2014 US$'000
Secured borrowings			
BNDES – FMM linked to US Dollar[1]	2.07% to 6%	184,083	200,022
BNDES – Real	8.76% to 9.19%	23,232	26,796
BNDES – linked to US Dollar	5.07% to 5.36%	7,239	9,410
BNDES – FINAME Real	4.00% to 13.00%	1,952	4,461
BNDES – FMM Real[1]	7.40% to 10.21%	1,684	2,692
Total BNDES		218,190	243,381
IFC – US Dollar	5.25%	58,971	67,815
BB – FMM linked to US Dollar[1]	2.00% – 3.00%	75,387	54,985
Itaú – US Dollar linked to Real	11.89%	–	12,233
Eximbank – US Dollar	2.05%	7,356	9,462
Finimp – US Dollar	4.26%	3,503	6,287
IFC – Real	14.09%	348	1,022
Total others		145,565	151,804
Total		363,755	395,185

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

Notes to the Accounts

22 Bank loans and overdrafts (continued)

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

	31 December 2015 US$'000	31 December 2014 US$'000
Within one year	**41,490**	51,195
In the second year	**40,231**	39,926
In the third to fifth years (inclusive)	**107,996**	120,389
After five years	**174,038**	183,675
Total	**363,755**	395,185
Amounts due for settlement within 12 months	**41,490**	51,195
Amounts due for settlement after 12 months	**322,265**	343,990

The analysis of borrowings by currency is as follows:

	BRL US$'000	US Dollars linked to BRL US$'000	BRL linked to US Dollars US$'000	US Dollars US$'000	Total US$'000
31 December 2015					
Bank loans	**27,216**	**–**	**266,709**	**69,830**	**363,755**
Total	**27,216**	**–**	**266,709**	**69,830**	**363,755**
31 December 2014					
Bank loans	34,971	12,233	264,417	83,564	395,185
Total	34,971	12,233	264,417	83,564	395,185

Guarantees

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

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

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

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

Undrawn credit facilities

At 31 December 2015, the Group had available US$51.1 million of undrawn borrowing facilities. For each disbursement, there is a set of conditions precedent that must be satisfied.

22 Bank loans and overdrafts (continued)

Covenants

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

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

As a result of the devaluation of the Brazilian Real against the US Dollar at 30 September 2015 Tecon Salvador S.A. was in excess of the maximum covenant of financial debt to tangible net worth ratio in Brazilian Real in its loan agreement with the IFC. Tecon Salvador S.A. was granted a waiver for compliance valid until 30 September 2016. The value of the Loan affected at 31 December 2015 was US$59.0 million.

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

Fair value

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

	31 December 2015 US$'000	31 December 2014 US$'000
Bank loans		
BNDES	**218,190**	243,381
BB	**59,319**	68,837
IFC	**75,387**	54,985
Itaú	**–**	12,233
Eximbank	**7,356**	9,462
Finimp	**3,503**	6,287
Total	**363,755**	395,185

23 Derivative financial instruments

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

The Group uses cash flow hedges to limit its exposure that may result from the variability of floating interest rates. On 16 September 2013, its subsidiary, Tecon Salvador, entered into an interest rate swap agreement with a notional amount of US$74.4 million to hedge a portion of its outstanding floating-rate debt with IFC. On 31 December 2015 the notional amount was US$58.4 million, equivalent to the outstanding debt amount on that date. This swap converts floating interest rate based on the London Interbank Offered Rate, or LIBOR, into fixed-rate interest and expires in March 2020. The derivatives were entered into with Santander Brasil as counterparty, whose credit rating was AAA, as of 31 December 2015, according to Standard & Poor's Brazilian local rating scale.

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

Notes to the Accounts

23 Derivative financial instruments (continued)

	US$'000 Outflows	Net effect
Within one year	(1,339)	(1,339)
In the second year	(482)	(482)
In the third to fifth years (including)	(1,065)	(1,065)
After five years	–	–
	(2,886)	(2,886)
Fair Value		(2,886)

The fair value of the swap was estimated based on the yield curve as of 31 December 2015, and represents its carrying value. As of 31 December 2015, the interest rate swap balance in other non-current liabilities was US$2.9 million; and the balance in accumulated other comprehensive income on the consolidated balance sheet was US$3.8 million. The net change in fair value of the interest rate swap recorded as other comprehensive income for the year ended 31 December 2015 was an after-tax loss of US$1.5 million.

31 December 2015	Notional Amount US$000's	Maturity	Fair Value US$000's
Financial Assets			
Interest Rates Swap	58,400	March 2020	(2,886)
Total			(2,886)

Derivative Sensitivity Analysis

This analysis is based on 6-month Libor interest rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular foreign exchange rates, remain constant and ignores any impact of forecast sales and purchases. Three scenarios were simulated: the likely scenario (Probable) and two possible scenarios of reduction of 25% (Possible) and 50% (Remote) in the interest rate. Even if the Group has to pay adjustments in future fixings, the swap contract fixes the total interest amount that the Group will pay is equal as the rate agreed. In this case in both scenarios the risk associated on 31 December 2015 is US$2.9 million.

Cash Flow Hedge

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

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

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

Under this methodology, the swap was deemed to be highly effective for the period ended 31 December 2015. There was no hedge ineffectiveness recognised in profit or loss for the year ended 31 December 2015.

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 2014	(19,193)	17,007	24,337	(25,813)	(3,662)
(Charge)/credit to income	(717)	7,959	(426)	(15,872)	(9,056)
Exchange differences	–	(366)	(448)	–	(814)
At 1 January 2015	**(19,910)**	**24,600**	**23,463**	**(41,685)**	**(13,532)**
(Charge)/credit to income	4,070	24,999	(3,711)	(27,003)	(1,645)
Deferred taxes transferred to current taxes	–	(3,859)	–	–	(3,859
Exchange differences	43	(4,693)	3,183	–	(1,467)
At 31 December 2015	**(15,797)**	**41,047**	**22,935**	**(68,688)**	**(20,503)**

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

	31 December 2015 US$'000	31 December 2014 US$'000
Deferred tax liabilities	**(52,631)**	(45,197)
Deferred tax assets	**32,128**	31,665
	(20,503)	(13,532)

At the balance sheet date the Group had unused tax losses of US$17.9 million (2014: US$48.9 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$6.1 million (2014: US$7.1 million) due to the unpredictability of future profit streams.

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

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

25 Obligations under finance leases

	Minimum lease payments	
	31 December 2015 US$'000	31 December 2014 US$'000
Amounts payable under finance leases		
Within one year	**1,517**	1,859
In the second to fifth years inclusive	**2,399**	4,604
After five years	**–**	–
	3,916	6,463
Less future finance charges	**(1,188)**	(1,766)
Present value of lease obligations	**2,728**	4,697
Less: Amounts due for settlement within 12 months (shown under current liabilities)	**(1,192)**	1,444
Amount due for settlement after 12 months	**1,536**	3,253

Notes to the Accounts

25 Obligations under finance leases (continued)

	Present value of Minimum lease payments	
	31 December 2015 US$'000	31 December 2014 US$'000
Amounts payable under finance leases		
Within one year	**1,192**	1,444
In the second to fifth years inclusive	**1,536**	3,253
After five years	**–**	–
	2,728	4,697
Less future finance charges	**–**	–
Present value of lease obligations	**–**	–
Less: Amounts due for settlement within 12 months (shown under current liabilities)	**1,192**	1,444
Amount due for settlement after 12 months	**1,536**	3,253

IIt is the Group's policy to lease certain of its fixtures and equipment under finance leases. The average lease term is 5 years. The average outstanding lease term at 31 December 2015 was 26 months.

For the year ended 31 December 2015, the average effective borrowing rate was 16.75% (2014: 13.94%). Interest rates are set at contract date. All leases are denominated in Brazilian Real and include a fixed repayment and a variable finance charge linked to the Brazilian interest rate. Interest rates range from 15.39% to 17.76%.

There is a non-significant difference between the fair value and the present value of the Group's lease obligations. The present value is calculated with its own interest rate over the future installments of each contract.

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

26 Trade and other payables

	31 December 2015 US$'000	31 December 2014 US$'000
Trade creditors	**39,875**	46,007
Amounts due to construction contract customers (note 20)	**17,858**	6,338
Other taxes	**7,704**	11,064
Accruals and deferred income	**13,259**	15,409
Share based payment liability	**93**	61
Total	**78,889**	78,879

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

The average credit period for trade purchases is 61 days (2014: 40 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 2014	10,262
Increase in provisions in the year	9,118
Utilisation of provisions	(3,683)
Exchange difference	5
At 31 December 2014	**15,702**
Increase in provisions in the year	**7,697**
Utilisation of provisions	**(3,991)**
Exchange difference	**(5,486)**
At 31 December 2015	**13,922**

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

Analysis of provisions by type:

	31 December 2015 US$'000	31 December 2014 US$'000
Civil and environmental cases	**2,219**	3,119
Tax cases	**2,492**	3,818
Labour claims	**9,211**	8,765
	13,922	15,702

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

In addition to the cases for which the Group booked the provision there are other tax, civil and labour disputes amounting to US$84.1 million (2014: US$112.3 million) with probability of loss was estimated by the legal counsels as possible.

The breakdown of possible claims is described as follows:

The analysis of possible losses by type:

	31 December 2015 US$'000	31 December 2014 US$'000
Civil and environmental cases	**4,453**	4,292
Tax cases	**63,056**	82,416
Labour claims	**16,609**	25,582
	84,118	112,290

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

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

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

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

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

Upon receipt of the notification of a new judicial lawsuit, the external lawyer generally classifies it as a possible claim, recording the total amount involved. From 2014, the Group is using the estimated value at risk and not the total amount involved in each process. Exceptionally, if there is sufficient knowledge from the beginning that there is very high or very low risk of loss, the lawyer may classify the claim as probable loss or remote loss. During the course of the lawsuit and considering, for instance, its first judicial decision, legal precedents, arguments of the claimant, thesis under discussion, applicable laws, documentation for the defence and other variables, the lawyer may re-classify the claim as probable loss or remote loss. When classifying the claim as probable loss, the lawyer estimates the amount at risk for such claim.

The Group considers as relevant causes involving amounts, assets or rights over US$1.3 million.

Notes to the Accounts

28 Share capital

	2015 US$'000	2014 US$'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 share which carries 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 Dollars, being US$1.61 to £1.

29 Notes to the cash flow statement

	Year ended 31 December 2015 US$'000	Year ended 31 December 2014 US$'000
Reconciliation from profit before tax to net cash from operating activities		
Profit before tax	**68,963**	78,496
Share of results of joint venture	**(4,843)**	(7,090)
Investment revenues	**(16,908)**	(16,975)
Other gains and losses	**1,388**	(6,233)
Finance costs	**45,403**	23,607
Foreign exchange losses on monetary items	**15,792**	17,621
Operating profit	**109,795**	89,426
Adjustments for:		
Depreciation of property, plant and equipment	**47,563**	58,179
Amortisation of intangible assets	**5,651**	6,941
Share based payment credit	**3,346**	(652)
Gain on disposal of property, plant and equipment	**1,294**	(326)
(Decrease)/increase in provisions	**(2,088)**	5,713
Operating cash flows before movements in working capital	**165,561**	159,281
Decrease/(increase) in inventories	**4,175**	(3,370)
Decrease in receivables	**12,525**	21,227
Decrease in payables	**(5,953)**	(25,027)
Decrease/(increase) in other non-current assets	**5,988**	(1,629)
Cash generated by operations	**182,296**	150,482
Income taxes paid	**(22,690)**	(29,518)
Interest paid	**(14,147)**	(15,408)
Net cash from operating activities	**145,459**	105,556

Cash and cash equivalents

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

29 Notes to the cash flow statement (continued)

Private investment funds

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

The Group has investments in a private investment fund called Hydrus Fixed Income Private Credit Investment Fund that are consolidated in these financial statements. This private investment fund comprises deposit certificates, financial notes and debentures, with final maturities ranging from January 2016 to September 2021. The Private Investment Fund is marked to fair value on a daily basis against current earnings. This private investment fund does not have significant financial obligations. Any financial obligations are limited to service fees to the asset management company employed to execute investment transactions, audit fees and other similar expenses. The fund´s investments are highly liquid which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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

Cash and cash equivalents held in Brazil amount to US$83.3 million (2014: US$70.3 million).

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

Additions to plant and equipment during the year amounting to US$0.4 million (2014: US$0.5 million) were financed by new finance leases.

30 Contingent liabilities

In the normal course of business in Brazil, the Group continues to be exposed to numerous local legal claims. It is the Group's policy to contest such claims vigorously, many of which appear to have little substance in merit, and to manage such claims through its legal advisers. The total estimated contingent claims at 31 December 2015 are US$84.1 million (2014: US$112.3 million). These have not been provided for as the Directors and the Group's legal advisors do not consider that there is any probable loss. Contingent liabilities relate to labour, civil and environmental, and tax claims.

31 Share options

Stock option scheme

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

Options series	Grant date	Original vesting date	Expiry date	Exercise price (R$)	Number	Expired	Vested	Outstanding not Vested	Total Subsisting
07 ESO – 3 Year	10/1/2014	10/1/2017	10/1/2024	31.23	961,653	(34,353)	–	927,300	927,300
07 ESO – 4 Year	10/1/2014	10/1/2018	10/1/2024	31.23	961,653	(34,353)	–	927,300	927,300
07 ESO – 5 Year	10/1/2014	10/1/2019	10/1/2024	31.23	990,794	(35,394)	–	955,400	955,400
07 ESO – 3 Year	13/11/2014	13/11/2017	13/11/2024	33.98	45,870	–	11,880	33,990	45,870
07 ESO – 4 Year	13/11/2014	13/11/2018	13/11/2024	33.98	45,870	–	11,880	33,990	45,870
07 ESO - 5 Year	13/11/2014	13/11/2019	13/11/2024	33.98	47,260	–	12,240	35,020	47,260
Total					**3,053,100**	**(104,100)**	**36,000**	**2,913,000**	**2,949,000**

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

Notes to the Accounts

31 Share options (continued)

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

Period	Projected IFRS2 Fair Value expense US$'000*
10 January 2014	3,171
10 January 2015	3,296
10 January 2016	3,296
10 January 2017	1,936
10 January 2018	883
Total	**12,582**

* Amounts in Dollars converted at R$2.3819/US$1.00.

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

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

32 Operating lease arrangements

	2015 US$'000	2014 US$'000
The Group as lessee		
Minimum lease payments under operating leases recognised in income for the year	**4,800**	17,835

At the balance sheet date, the minimum amount due in 2015 by the Group for future minimum lease payments under cancellable operating leases was US$7.8 million (2014: $11.6 million).

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

In respect of the option to renew the lease of Tecon Rio Grande, the port authority of Rio Grande has, in consideration of investments made, ensured the Company the right to renew the contract, provided the State government remains the delegated authority of the area or has in other legal way, ownership of the same. In respect of the option to renew the lease of Tecon Salvador, Wilson Sons has requested renewal in consideration of and investment project currently awaiting technical approval and contractual agreement.

Tecon Rio Grande guaranteed payments consist of two elements; a fixed rental, plus a fee per 1,000 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.

32 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:

	2015 US$'000	2014 US$'000
Within one year	**15,655**	23,268
In the second to fifth year inclusive	**51,660**	78,072
After five years	**47,751**	82,614
	115,066	183,954

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 2015 is 2 years and 2 months and rental payments are corrected by a Brazilian general inflation index.

33 Commitments

At 31 December 2015 the Group had entered into the following commitment agreements with respect to trading investments. These commitments relate to capital subscription agreements entered into by Ocean Wilsons Investments Limited.

The details of these commitments are as follows:

	Commitment $'000	Year ended Outstanding At 31 December 2015 US$'000	Year ended Outstanding At 31 December 2014 US$'000
31 December 2016	3,000	**68**	68
22 February 2017 (a)	4,994	**122**	135
05 December 2017	5,000	**575**	434
30 March 2018	5,000	**855**	899
4 June 2018	5,000	**1,468**	1,538
18 July 2018	5,000	**700**	738
21 December 2018	5,000	**185**	364
31 December 2018	4,650	**279**	445
21 June 2019	5,000	**–**	3,374
22 November 2019	5,000	**550**	550
08 December 2019	5,000	**427**	1,044
31 December 2019	3,000	**90**	240
01 January 2020	4,500	**288**	469
18 December 2021	5,000	**916**	1,200
17 February 2022	3,000	**869**	1,170
30 April 2022	7,500	**3,781**	4,547
11 July 2022 (b)	4,972	**2,833**	3,917
01 February 2023	5,000	**500**	700
01 April 2023	5,000	**3,578**	3,723
05 June 2023	3,200	**2,259**	2,474
21 August 2024 (c)	5,005	**3,577**	4,129
22 August 2024	5,000	**921**	2,235
12 March 2025 (d)	2,954	**1,892**	–
21 June 2025	1,800	**1,800**	–
11 April 2029	3,000	**1,410**	2,160
19 October 2030	500	**465**	–
To be confirmed	2,500	**2,500**	–
Total	119,566	**35,193**	36,553

(a) Commitment made in Euro. Total commitment €3,350,000 with amounts outstanding at 31 December 2015 €111,935 (2014: €111,935).

(b) Commitment made in Euro. Total commitment €3,650,000 with amounts outstanding at 31 December 2015 €2,607,070 (2014: €3,237,059).

(c) Commitment made in pounds sterling. Total commitment £3,000,000 with amounts outstanding at 31 December 2014 £2,428,045 (2014: £2,650,030).

(d) Commitment made in Euro. Total commitment €2,500,000 with amounts outstanding at 31 December 2015 €1,740,970 (2014: nil).

Notes to the Accounts

33 Commitments (continued)

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

34 Retirement benefit schemes

Defined contribution schemes

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

The total cost charged to the income statement of US$1.0 million (2014: US$1.0 million) represents contributions payable to the scheme by the Group at rates specified in the rules of the plan.

35 Related party transactions

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

	Dividends received/ Revenue from services		Amounts paid/ Cost of services	
	31 December 2015 US$'000	31 December 2014 US$'000	**31 December 2015 US$'000**	31 December 2014 US$'000
Joint ventures				
1. Allink Transportes Internacionais Limitada	**36**	31	**–**	–
2. Consórcio de Rebocadores Barra de Coqueiros	**149**	321	**–**	–
3. Consórcio de Rebocadores Baía de São Marcos	**183**	96	**(2)**	(26)
4. Wilson Sons Ultratug and subsidiaries	**20,438**	5,745	**–**	–
5. Intermaritima Terrminais Ltda	**1,370**	–	**–**	–
Others				
6. Hanseatic Asset Management	**–**	–	**(2,490)**	3,054
7. Gouvêa Vieira Advogados	**–**	–	**(92)**	(121)
8. CMMR Intermediacão Comercial Limitada	**–**	–	**(221)**	(238)
9. Jofran Services	**–**	–	**(165)**	(165)

	Amounts owed by related parties		Amounts owed to related parties	
	31 December 2015 US$'000	31 December 2014 US$'000	**31 December 2015 US$'000**	31 December 2014 US$'000
Joint ventures				
1. Allink Transportes Internacionais Limitada	**–**	4	**(12)**	–
2. Consórcio de Rebocadores Barra de Coqueiros	**130**	118	**–**	–
3. Consórcio de Rebocadores Baía de São Marcos	**1,767**	2,285	**–**	–
4. Wilson Sons Ultratug	**1,927**	23,135	**–**	–
5. Intermaritima Terminais Ltda	**2,940**	–	**–**	–
Others				
6. Hanseatic Asset Management	**–**	–	**(203)**	(773)
7. Gouvêa Vieira Advogados	**–**	–	**–**	–
8. CMMR Intermediacão Comercial Limitada	**–**	–	**–**	–
9. Jofran Services	**–**	–	**–**	–

1. Mr A C Baião is a shareholder and Director of Allink Transportes Internacionais Limitada. Allink Transportes Internacionais Limitada is 50% owned by the Group and rents office space from the Group.
5. Intermarítima Terminais Ltda has a 7.5% participation in Tecon Salvaldor and contracts terminal services on an arms length basis. Intermarítima has outstanding loans paying interest at CDI advanced from Wilson Sons Limited, secured by Intermarítimas participation in Tecon Salvador.

35 Related party transactions (continued)

6. Mr W H Salomon is chairman of Hanseatic Asset Management. Fees were paid to Hanseatic Asset Management for acting as investment managers of the Group's investment portfolio and administration services.
7. Mr J F Gouvêa Vieira is a partner in the law firm Gouvêa Vieira Advogados. Fees were paid to Gouvêa Vieira Advogados for legal services.
8. Mr C M Marote is a shareholder and Director of CMMR Intermediacao Comercial Limitada. Fees were paid to CMMR Intermediacao Comercial Limitada for consultancy services.
9. Mr J F Gouvêa Vieira is a Director of Jofran Services. Directors' fees were paid to Jofran Services.

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 2015 US$'000	Year ended 2014 US$'000
Short-term employee benefits	**9,094**	12,128
Other long-term employee benefits	**1,173**	1,503
Share options issued	**3,314**	3,066
Share-based payment	**32**	(3,719)
	13,613	12,978

36 Financial instruments

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern. The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 22, cash and cash equivalents and equity attributable to equity holders of the parent comprising issued capital, reserves and retained earnings disclosed in 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 2015 US$'000**	Year ended 2014 US$'000
Financial assets		
Designated as fair value through profit or loss	**236,155**	236,491
Receivables (including cash and cash equivalents and other non-current assets)	**287,180**	289,530
Financial liabilities		
Financial instruments classified as amortised cost	**(437,668)**	(467,697)
Financial instruments classified as cash flow hedge (Derivatives)	**(2,886)**	(1,999)

Financial risk management objectives

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

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

Notes to the Accounts

36 Financial instruments (continued)

Credit risk

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

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

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

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

Market risk

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

Foreign currency risk management

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

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

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

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

	Liabilities		Assets	
	2015	2014	**2015**	2014
	US$'000	US$'000	**US$'000**	US$'000
Real	**315,553**	140,415	**372,009**	324,549
Sterling	**26**	27	**1,975**	9,931
Euro	**–**	–	**5,522**	6,662
Singapore dollar	**–**	–	**–**	3,747
	315,579	140,442	**379,506**	344,889

36 Financial instruments (continued)

Foreign currency sensitivity analysis

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

The sensitivity analysis presented in the following sections, which refer to the position on 31 December 2015, estimates the impacts of the Brazilian Real devaluation against the US Dollar. A baseline scenario is determined based both on the carrying value of the operations, and the "PTAX" rate as of 31 December 2015. Then, three additional, exchange rate scenarios are contemplated: the likely scenario (Probable) and two possible scenarios of deterioration of 25% (Possible) and 50% (Remote) in the exchange rate. The Group uses the Brazilian Central Bank's "Focus" report to determine the probable scenario.

					31 December 2015 Exchange rates	
				Probable scenario	Possible scenario 25%	Remote scenario 50%
				4.30	5.38	6.45
Operation	Risk	Amount US Dollars	Result	Probable scenario	Possible scenario (25%)	Remote scenario (50%)
Total assets	BRL	370,096	Exchange Effects	(34,014)	(101,231)	(146,042)
Total liabilities	BRL	315,553	Exchange Effects	29,001	86,312	124,519
			Net Effect	(5,013)	(14,919)	(21,523)

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

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

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

Interest rate risk management

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

Other loans exposed to floating rates are as follows:

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

Notes to the Accounts

36 Financial instruments (continued)

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

6-month Libor (London Interbank Offered Rate) for US Dollar-denominated funding for Port Operations.

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

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

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

Interest rate sensitivity analysis

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

	31 December 2015		
Transaction	Probable scenario	Possible scenario 25%	Remote scenario 50%
Loans – Libor	1.03%	1.29%	1.55%
Loans – CDI	15.20%	19.00%	22.80%
Loans – TJLP	7.50%	9.38%	11.25%
Investments – Libor	1.04%	1.30%	1.56%
Investments – CDI	15.20%	19.00%	22.80%

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

The net effect was obtained by assuming a 12-month period starting 31 December 2015 in which interest rates vary and all other variables are held constant. The scenarios express the difference between the scenario rate and actual rate. The investment rate risk mix in Brazil is 37.34% Libor, 62.66% CDI.

36 Financial instruments (continued)

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

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

The net effect was obtained by assuming a 12-month period starting 31 December 2015 in which interest rates vary and all other variables are held constant. The scenarios express the difference between the scenario rate and actual rate. The interest rate mix is 37.28% Libor and 62.72% CDI.

Investment portfolio

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

Derivative financial instruments

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

The Group uses cash flow hedges to limit its exposure that may result from the variation of floating interest rates. On 16 September 2013, its subsidiary, Tecon Salvador, entered into an interest rate swap agreement with an initial notional amount of $74.4 million to hedge a portion of its outstanding floating-rate debt with IFC. On 31 December 2015, the notional amount was $58.4 million, equivalent to the outstanding debt amount on that date. This swap converts floating interest rate based on the London Interbank Offered Rate, or LIBOR, into fixed-rate interest and expires in March 2020. The derivatives were entered into with Santander Brasil as counterparty, whose credit rating was AAA, as of 31 December 2015, according to Standard & Poor’s Brazilian local rating scale.

Notes to the Accounts

36 Financial instruments (continued)

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

	Outflows	Net effect
Within one year	(1,339)	(1,339)
In the second year	(482)	(482)
In the third to fifth years (including)	(1,065)	(1,065)
After five years	–	–
	(2,886)	(2,886)
Fair Value		(2,886)

The fair value of the swap was estimated based on the yield curve as of 31 December 2015, and represents its carrying value. As of 31 December 2015, the interest rate swap balance in other current and non-current liabilities was US$2.9 million; and the balance in accumulated other comprehensive income on the consolidated balance sheets was US$3.8 million. The net change in fair value of the interest rate swap recorded as other comprehensive income for the year ended 31 December 2015 was an after-tax loss of US$1.5 million.

31 December 2015	Notional Amount US$	Maturity	US$ Fair Value
Financial Assets			
Interest Rates Swap	58,400	Mar/2020	(2,886)
Total			(2,886)

Derivative Sensitivity Analysis

This analysis is based on 6-month Libor interest rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular foreign exchange rates, remain constant and ignores any impact of forecast sales and purchases. Three scenarios were simulated: the likely scenario (Probable) and two possible scenarios of reduction of 25% (Possible) and 50% (Remote) in the interest rate. Even if the Group has to pay adjustments in future fixings, the swap contract fixes the total interest amount that the Group will pay is equal as the rate agreed. In this case in both scenarios the risk associated on 31 December 2015 is US$2.9 million.

Cash Flow Hedge

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

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

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

Under this methodology, the swap was deemed to be highly effective for the period ended 31 December 2015. There was no hedge ineffectiveness recognised in profit or loss for the year ended 31 December 2015.

36 Financial instruments (continued)

Market price sensitivity

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

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

	2015	2014
	US$'000	US$'000
Profit or loss	**23,616**	23,649
Total equity	**23,616**	23,649

Credit risk management

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

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

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

Ocean Wilsons (Investments) Limited primarily transacts with regulated institutions on normal market terms which are trade date plus one to three days. The levels of amounts outstanding from brokers are regularly reviewed by the Investment Manager. The duration of credit risk associated with the investment transaction is the period between the date the transaction took place, the trade date and the date the stock and cash are transferred, and the settlement date. The level of risk during the period is the difference between the value of the original transaction and its replacement with a new transaction.

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

Liquidity risk management

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

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

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

Notes to the Accounts

36 Financial instruments (continued)

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

	Weighted average effective interest rate %	Less than 12 months US$'000	1-5 years US$'000	5+ years US$'000	Total US$'000
31 December 2015					
Non-interest bearing	–	82,621	–	–	82,621
Finance lease liability	16.75%	1,192	1,536	–	2,728
Variable interest rate instruments	3.22%	17,292	68,460	9,407	95,159
Fixed interest rate instruments	2.91%	24,198	79,767	164,631	268,596
		125,303	149,763	174,038	449,104
31 December 2014					
Non-interest bearing	–	80,873	–	–	80,873
Finance lease liability	13.61%	1,444	3,253	–	4,697
Variable interest rate instruments	2.93%	28,592	79,200	18,863	126,655
Fixed interest rate instruments	2.98%	22,603	81,114	164,813	268,530
		133,512	163,567	183,676	480,755

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

Fair value of financial instruments

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

The fair value of financial assets and liabilities traded in active markets are based on quoted market prices at the close of trading on 31 December 2015. The quoted market price used for financial assets held by the Company utilise the last traded market price financial assets.

Fair value measurements recognised in the statement of financial position

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

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

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

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

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

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

36 Financial instruments (continued)

31 December 2015	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	3,885	138,100	94,170	236,155

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

Valuation Process

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

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

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

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

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

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

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

Reconciliation of Level 3 fair value measurements of financial assets:	**2015 US$'000**	2014 US$'000
Balance at 1 January	**75,207**	57,173
Total (losses)/profit in statement of comprehensive income	**(5,950)**	2,368
Purchases and drawdowns of financial commitments	**27,366**	25,740
Sales and repayments of capital	**(2,453)**	(10,074)
Balance at 31 December	**94,170**	75,207

Notes to the Accounts

37 Post-employment benefits

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

	31 December 2015 US$'000	31 December 2014 US$'000
Present value of actuarial liabilities	**1,300**	1,570

Actuarial assumptions

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

Economic and Financial Assumptions

	31 December 2015	31 December 2014
Annual interest rate	**14.17%**	12.78%
Estimated inflation rate in the long-term	**6.50%**	6.00%
Ageing Factor	**2.50% p.a.**	2.50% a.a
Medical cost trend rate	**2.50% p.a.**	2.50% a.a

Biometric and Demographic Assumptions

	31 December 2015	31 December 2014
Employee turnover	**22.7%**	22.7%
Mortality table	**AT-2000**	AT-2000
Mortality table for disabled	**IAPB-1957**	IAPB-1957
Disability table	**Álvaro Vindas**	Álvaro Vindas
Retirement Age	**100% at 62**	100% at 62
Employees who opt to keep the health plan after retirement and termination	**23%**	23%
Family composition before retirement		
Probability of marriage	**90% of the participants**	90% of the participants
Age difference for active participants	**Men 4 years older than the woman**	Men 4 years older than the woman
Family composition after retirement	**Composition of the family group**	Composition of the family group

Sensitivity analysis

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

	31 December 2015 US$	31 December 2014 US$
CiPBO (*) – discount rate + 0.5%	**(96)**	(90)
CiPBO (*) – discount rate – 0.5%	**108**	99
CiPBO (*) – Health Care Cost Trend Rate + 1.0%(*)	**239**	213
CiPBO (*) – Health Care Cost Trend Rate – 1.0%	**(190)**	(176)

(*) CiPBO means Change in projected benefit obligation

38 Subsequent event

On 2 February 2016, the Group, through its subsidiaries, completed the acquisition of the 7.5% non-controlling interest in Tecon Salvador S.A for consideration of US$4.73 million from Intermaritima Terminais Ltda. The consideration included US$1.88 million in cash and the settlement of US$2.85 million in debt. The transaction also includes an additional US$0.75 million that is conditional upon future contractual events. Following completion of the transaction the Group now holds 100% of the shares of the subsidiary.

Statistical Statement (Unaudited)

2010 – 2015 (in US$'000)

	Year to 31 December 2015 US$'000	Year to 31 December 2014 US$'000	Year to 31 December 2013 US$'000	Year to 31 December 2012 (Restated) US$'000	Year to 31 December 2011 US$'000
Closing rates of exchange – R$ to US$	**3.90**	2.66	2.34	2.04	1.88
Income Statement					
Group revenue	**508,922**	633,520	660,106	610,354	698,044
Raw materials and consumables used	**(55,760)**	(100,588)	(94,330)	(72,207)	(82,889)
Employee benefits expense	**(143,600)**	(195,893)	(209,459)	(223,031)	(239,543)
Depreciation & amortisation expense	**(53,214)**	(65,120)	(58,674)	(55,897)	(59,479)
Other operating expenses	**(145,259)**	(182,819)	(188,569)	(173,951)	(221,159)
(Loss)/profit on disposal of property, plant and equipment	**(1,294)**	326	9,966	(534)	1,959
Group operating profit	**109,795**	89,426	119,040	84,734	96,933
Share of results of joint venture	**4,843**	7,090	2,392	689	–
Investment revenue	**16,908**	16,975	17,838	18,255	10,203
Other gains and losses	**(1,388)**	6,233	13,684	16,394	(27,818)
Finance costs	**(45,403)**	(23,607)	(21,863)	(9,948)	(20,741)
Foreign exchange losses on monetary items	**(15,792)**	(17,621)	(30,589)	(11,572)	–
Profit before tax	**68,963**	78,496	100,502	98,552	58,577
Income tax expense	**(39,704)**	(41,928)	(42,216)	(33,671)	(51,615)
Profit for the year	**29,259**	36,568	58,286	64,881	6,962
Profit for the period attributable to:					
Equity holders of parent	**15,470**	23,182	37,873	41,264	(8,639)
Non-controlling interests	**13,789**	13,386	20,413	23,617	15,601
	29,259	36,568	58,286	64,881	6,962

	US$'000	US$'000	US$'000	US$'000	US$'000
Balance Sheet					
Net assets					
Brazilian interests	**394,807**	474,127	476,626	461,479	426,760
Investments held for trading	**236,155**	236,491	244,969	221,582	226,797
Other net assets	**49,520**	56,726	48,480	60,507	54,650
	680,482	767,344	770,075	743,568	708,207
Attributable net assets – per share					
Brazilian interests – book amount	**11.16**	13.41	13.48	13.05	12.07
Other assets – book and market amount	**8.08**	8.29	8.30	7.98	7.96
	19.24	21.70	21.78	21.03	20.03
Key Statistics					
Earnings per share	**43.7c**	65.6c	107.1c	116.7c	(24.4c)
Cash dividends per share paid	**63c**	60c	42c	33c	42c
Mid-market quotation at end of period	**765p**	1,000p	1,042p	970p	1,065p
Mid-market quotation at end of period in US Dollars	**1,127c**	1,558c	1,725c	1,512c	1,650c

1. The year to 31 December 2011 have not been restated as a result of adopting new accounting standards in 2013.

Notice of Annual General Meeting

Notice is hereby given that the 23rd Annual General Meeting of the Company will be held at the offices of Conyers Dill & Pearman Limited, Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda on 1 June 2016 at 10:00 am for the following purposes.

1 To receive and, if approved, adopt the Directors' Report and Accounts for the year ended 31 December 2015.
2 To declare a dividend
3 To determine the maximum number of Directors for the ensuing year as eight and authorise the Board of Directors to elect or appoint on the Members' behalf a person or persons to act as additional Directors up to such maximum number to serve until the conclusion of the next Annual General Meeting.
4 To re-elect Mr A Rozental as a Director.
5 To re-elect Mr C Maltby as a Director.
6 To re-elect Mr J F Gouvêa Vieira as a Director.
7 To reappoint KPMG LLP as the Auditor and authorise the Directors to fix the remuneration of the Auditor.
8 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 2015.

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

21 March 2016

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

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

Or

as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the company to be held on 1 June 2016 and at any adjournment thereof. The proxy will vote on the Resolutions as indicated opposite.

	For	Against	Withheld
1 To receive and, if approved, adopt the Directors' Report and Accounts for the year ended 31 December 2015.			
2 To declare a dividend.			
3 To determine the maximum number of Directors for the ensuing year as eight and authorise the Board of Directors to elect or appoint on the Members' behalf a person or persons to act as additional Directors up to such maximum number to serve until the conclusion of the next Annual General Meeting.			
4 To re-elect Mr A Rozental as a Director.			
5 To re-elect Mr C Maltby as a Director.			
6 To re-elect Mr J F Gouvêa Vieira as a Director.			
7 To reappoint KPMG LLP as the Auditor and authorise the Directors to fix the remuneration of the Auditor.			
8 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 2015.			

Signature Dated 2016

Notes

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

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

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

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

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

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

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