Ocean Wilsons Holdings Limited

Annual Report 2013

Contents

Ocean Wilsons Holdings Limited

Highlights

- Reported sales up 8% to US$660.1 million (2012: US$610.4 million)
- Operating profit up 40% to US$119.0 million (2012: US$84.7 million)
- Dividend declared of 60 cents per share (2012: 42 cents per share) up 43%
- Investment portfolio up US$11.3 million to US$249.0 million (2012: US$237.7 million)
- Operating cash flow of US$108.4 million (2012: US$110.1 million)
- Concluded Briclog acquisition in July 2013 for US$40.2 million
- Completion of second shipyard at Guarujá, Sao Paulo

About Ocean Wilsons Holdings Limited

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

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

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

Objective

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

The success of this strategy is reflected in the growth in the Ocean Wilsons share price and total returns to shareholders. In the 10 years to 31 December 2013 the share price has risen 585% from 152p to 1,042p and total returns to shareholders in the period (assuming dividends are reinvested in Ocean Wilsons shares) of 806%

Chairman's Statement

Introduction
Ocean Wilsons delivered a good performance in 2013.

Wilson Sons has progressed significantly during 2013, with our shipyard, terminal and offshore businesses completing key steps in their growth strategy. The year began with the successful completion of our second shipyard, Guarujá II, in Sao Paulo state. US$60 million was invested in the facility, doubling our shipbuilding capacity. The new 26-metre wide dry dock permits the construction of larger and more complex vessels as evidenced by our new contracts to build Oil Spill Recovery Vessels (OSRVs) and Remotely Operated Vehicle Support Vessels (ROVSVs). The new shipyard is also an important addition in maintaining and repairing our fleet of towage and offshore vessels.

Five new vessels were added to our operating fleet during the year: four new platform supply vessels (PSVs) and one new tugboat. Three of these PSVs were built at the Wilson Sons shipyard for our offshore joint venture, Wilson Sons Ultratug Offshore. With a top speed of thirteen knots, these vessels were specifically designed for operations in the pre-salt oil fields located over 300 kilometres from the Brazilian coast. Wilson Sons Ultratug Offshore now operates a fleet of eighteen PSVs and remains focused on expanding and developing its business. Our tugboat fleet remains the largest in Brazil with 63 tugboats operating in 26 ports.

Tecon Salvador successfully completed the first year of operation following the terminal expansion in 2012, moving a record 289,600 TEUs (Twenty-foot equivalent units) in the year, a 6% increase from 2012. The terminal benefited from a significant increase in import and cabotage volumes. In July Brasco completed the acquisition of Brazilian Intermodal Complex S/A ("Briclog"), an important step in expanding our capacity to offer onshore support base services to the offshore oil and gas industry. The demand for onshore support base services remains strong and the availability of suitable operating areas limited. Your Board believes the 30-year operating lease acquired will prove to be a valuable asset for the Group. In February, Wilson Sons Logistics inaugurated the Suape logistics centre in Pernambuco, an important step in developing our logistics operations in the North East of Brazil. The centre boasts a 23,000m² warehouse and a 25,000m² yard with direct access to the port of Suape and the surrounding area.

The investment portfolio continued to grow during the year adding US$16.3 million in value, a time weighted return of 7.7%. At 31 December 2013, the investment portfolio was US$249.0 million representing US$7.04 per share (2012: US$237.7 million and US$6.72 per share).

Group Results
Revenue for the full year grew 8% to US$660.1 million (2012: US$610.4 million) due to increased revenue from our shipyard, terminals and towage businesses.

Operating profit at US$119.0 million was US$34.3 million higher (2012: US$84.7 million) reflecting the higher turnover, profit on the disposal of property plant and equipment and lower employee costs.

Profit before tax at US$100.5 million was in line with 2012 (US$98.6 million). The US$34.3 million increase in operating profit was partially offset by a US$19.0 million increase in exchange losses on monetary items, US$11.9 million increase in finance costs and reduced gains from the investment portfolio.

Higher deferred tax charges raised the income tax expense for the year to US$42.2 million from US$33.7 million in 2012.

Profit per share based on ordinary activities after taxation and non-controlling interests was 107.1 cents (2012: 116.7 cents).

Investment portfolio performance
Your Board reviews the performance of the investment portfolio over the longer-term and the longer-term performance remains solid. In the ten year period to 31 December 2013, the portfolio returned 106.3% against the performance benchmark of 52.7% and a MSCI cumulative world index of 99.5%.

At 31 December 2013 the trading investment portfolio and cash under management was US$249.0 million (2012: US$237.7 million). The investment portfolio added US$16.3 million in value during the year (after deducting expenses) representing a time weighted return of 7.7%. During the year, capital redemptions of US$5.0 million were paid to the parent company. Dividend income received by the portfolio increased 82% to US$5.2 million (2012: US$2.8 million).

The best performing portfolio segments in 2013 were global equities, which delivered an 11.4% return, and private assets, 6.7% return. Although global equities was our best performing segment, returns were adversely impacted by our over weighted exposure to emerging markets and natural resources which both performed poorly in the year. Emerging markets accounted for 37% and natural resources 10% of the portfolio net asset value at year end.

Private assets are at a relatively immature stage of value realisation with approximately 80% allocated to post 2008 crisis investments. We are seeing some distributions from earlier investments with US$8.0 million in distributions received in the year and cumulative distributions received of US$20.2 million. Net cash flow to this segment for the year (US$3.6 million outflow) remained negative with US$11.6 million in capital drawdowns. At yearend outstanding capital commitments were US$44.5 million. As these investments mature, we are confident that over the full cycle they will generate valuable returns for the portfolio. To date African Development Partners, Greenspring Global Partners, China Harvest II and Capital International Private Equity Fund have all performed particularly strongly.

At year end, the portfolio was invested in global equities, 62%, private assets 23%, 8% in market neutral funds and 7% in bonds and cash. The increased weighting of the portfolio in global equities (62% v 52% in 2012) is due to the outperformance of this asset class relative to the remainder of the portfolio in the year and additional investments made principally in JO Hambro Japan Fund, Hirzel Capital Fund, BlackRock European Hedge Fund and Odey Absolute Return Fund.

The net asset value per share at the end of December 2013 of the investment portfolio was US$7.04, a 4.8% increase over 2012 (US$6.72).

Investment managers

The Group's investment portfolio is held by Ocean Wilson Investments Limited ("OWIL") a wholly owned subsidiary registered in Bermuda. OWIL has appointed Hanseatic Asset Management LBG a Guernsey registered and regulated investment group as its investment manager. During 2013, Alec Letchfield joined the Hanseatic Asset Management Group and part of his remit is responsibility for managing the Ocean Wilsons' portfolio.

Investment management fee

The investment managers receive an investment management fee based on the valuation of the funds under management and an annual performance fee of 10% of the annual performance which exceeds the benchmark, provided that the high water mark has been exceeded. The investment management fee is an annual rate of 1% payable monthly in arrears. The performance fee is measured against an absolute benchmark derived from the one year USD LIBOR, prevailing at the commencement of each calendar year, plus 2%. In 2013 the investment management fee was US$2.4 million and no performance fee was payable.

Net asset value

At the close of business on the 31 December 2013, the Wilson Sons' share price was R$30.92, resulting in a market value for the Ocean Wilsons holding of 41,444,000 shares (58.25% of Wilson Sons) of approximately US$542.5 million which is the equivalent of US$15.34 (£9.27) per Ocean Wilsons Holdings Limited share.

Adding together the market value per share of Wilsons Sons, US$15.34 and the investment portfolio US$7.07 results in a net asset value per Ocean Wilsons Holdings Limited share of approximately US$22.41 (£13.53). The Ocean Wilsons Holdings Limited share price of £10.43 at 31 December 2013 represented an implied discount of 23%.

I am pleased to note the narrowing of the implied discount from 38% at last yearend to the current 23%. The implied discount has fluctuated significantly since the IPO in May 2007 but 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 declaring a full year dividend of 60 cents per share (2012: 42 cents per share) to be paid on 6 June 2014, to shareholders of the Company as of the close of business on 9 May 2014. This represents a 43% increase over the 2012 full year dividend.

The dividend cost of US$21.2 million for the year represents the full dividend to be received from Wilson Sons relating to 2013 of US$15.7 million plus US$5.5 million in distributions from the investment portfolio.

The increased dividend to be received from Wilson Sons reflects their new dividend policy to increase dividend payments to shareholders. This revised policy follows completion of the current investment cycle in 2013 and an expected increase in free cash flow.

The Ocean Wilsons Holdings Limited dividend policy is to pay the Company's full dividend to be received from Wilson Sons in the period and a percentage of the average capital employed in the investment portfolio to be determined annually by the Board. Dividends are set in US Dollars and paid annually. In 2013, the Board decided going forward to no longer pay an interim dividend and combine the normal interim dividend payment of 4 cents a share into the final dividend. This change does not affect the total dividend paid in the year.

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.

Briclog acquisition

In July we were pleased to announce that through our subsidiary Brasco Logística Offshore Limitada ("Brasco"), we concluded the acquisition of Briclog for R$89.8 million (US$40.2 million) with debt of R$32.1 million (US$14.5 million) assumed on acquisition. In the business acquired, the Group obtained a 30-year lease to operate an onshore base in Guanabara Bay, Rio de Janeiro, Brazil with excellent access to the Campos and Santos oil producing basins. The area has been renamed Brasco Cajú.

Brasco intends to phase investments in the expansion of Brasco Cajú by extending the existing berth a further 428m to 500m and reforming the site. Civil works on the expansion commenced in the second half of this year, which when completed will triple Brasco's capacity and consolidate Brasco's position as one of the largest offshore support base operators for the Oil and Gas industry in Brazil. Following completion of the civil works, up to six vessels will be able to dock at Brasco Cajú simultaneously.

Warehouse fire

A fire at our new shipyard warehouse in May destroyed large parts of our material inventory. Some delays were experienced to our vessel delivery schedule although components lost in the fire were substituted by items already included in our supply chain for future vessel construction. There were no injuries as a result of the fire and the Group holds insurance to cover the warehouse damage and materials inventory.

Brazilian port law

In June this year, the Brazilian congress approved a new law aimed at increasing private investment in Brazilian ports and improving efficiency.

Charitable donations

We are pleased to support a number of local causes in Brazil during the year. Group donations for charitable purposes amounted to US$156,000 (2012: US$113,000). The Group's principal contributions in 2013 were:

Chairman's Statement

Escola de Gente – raising awareness and promoting social inclusion for all parts of the community. Located in Barra da Tijuca, Rio de Janeiro.
http://www.escoladegente.org.br/

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

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

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

Health, safety and education
The safety of our workers is of utmost importance to us. The Group implemented the WS+ safety programme to promote improved safety throughout the Group through training of Company personnel and the promotion of a safety oriented environment and culture. In conjunction with DuPont, the programme was developed during 2010, before a pilot project was implemented at our shipyard in 2011, which was then replicated to other businesses across the Group. The objective is to have the project implemented across the entire Group by the end of 2014. This programme has received a positive response from our workforce and produced excellent results. Between January 2010 and August 2013, the Group registered a 64% decrease in the frequency of accidents requiring a leave of absence.

We continue to invest in the training and development of our staff. To meet the demand for labour at our new and existing shipyards, we set up an in-house training centre in collaboration with SENAI (Serviço Nacional de Aprendizagem Industrial) at our shipyard to train boilermakers, welders and painters. Since the end of 2012 the Group has trained almost 400 professionals. Graduating workers leave with a recognised trade qualification from SENAI permitting holders to work at shipyards throughout Brazil. Amongst our other training initiatives is a dedicated ship crew training facility in Guarujá that uses a state of the art simulator to further train ship captains and crew. In 2013 110 ship captains and 30 ship engineers completed courses at our facility.

Corporate governance
The Board has put in place corporate governance arrangements which it believes are appropriate for the operation of your Company. The Board has considered the principles and recommendations of the 2010 and 2012 UK Corporate Governance Code ("the Codes") issued by the Financial Reporting Council and decided to apply those aspects which are appropriate to the business. This reflects the fact that Ocean Wilsons Holdings Limited is an investment holding company incorporated by an act of parliament in Bermuda with significant operations in Brazil. The Company complies with the Code where it is beneficial for both its shareholders and its business to do so, and has done so throughout the year and up to the date of this report, but it does not fully comply with the Code. The areas where the Company does not comply with the Code, and an explanation of why we do not comply, are contained in the section on corporate governance in the Annual Report. The position is regularly reviewed and monitored by the Board.

Outlook
The Group enters 2014 in a strong position with an impressive and diversified range of businesses. Demand from the offshore oil and gas sector remains strong. Our shipyard business has a strong order book from both in-house projects and third party orders. During the year, we expect to deliver a further five new tugboats to our towage division as part of our fleet renewal programme. A further six vessels are forecast to be built in 2015 and 2016; all have financing from the Fundo da Marinha Mercante. Our offshore joint venture is programmed to receive one new PSV during the year and we expect to expand the fleet further in future years. Wilson Sons Ultratug is looking to diversify its fleet away from PSVs and operate Anchor Handling Tug Supply Vessels (AHTSs). We started civil works to extend the quay and reform the retro area at Brasco Cajú in 2013: this work will continue throughout 2014 and is forecast to be completed in the second quarter of 2015.

Global equity markets performed well in 2013. We remain confident that while the world economy will continue to recover from the financial crisis it will take time and growth will be uneven. Following a poor 2013, emerging equity markets performance may continue to suffer in the short-term with lower economic growth and uncertainty about the effects of continued US tapering. However, emerging markets are better placed to withstand possible capital outflows than they were in previous crises and we remain positive on their long-term prospects.

Your board believes that the long-term outlook for the Group is strong.

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
28 March 2014

Tecon Salvador container terminal in Salvador, Bahia. The terminal moved 289,600 TEUs in 2013 a 6% increase from 2012.

Financial Review

Revenue from Maritime Services

The Group has reported an 8% increase in maritime services revenue for the year to US$660.1 million (2012: US$610.4 million) principally due to increased revenue from our shipyard, terminals and towage businesses. Shipyard revenue increased 61% to US$ 100.3 million (2012: US$62.2 million) benefiting from the additional capacity available following completion of our new dry-dock facility in the fourth quarter of 2012. A fire at the new shipyard warehouse in May destroyed large parts of our material inventory causing some delays to our vessel delivery schedule and impacted margins in the year. Demand for new vessel construction from the offshore oil and gas industry remains robust. Revenue at our terminal business grew 6%, driven by strong demand for warehousing services, higher container volumes and better results from our offshore oil and gas support base, Brasco. Following a slow start to the year, Brasco recovered as the year progressed reflecting improved pricing plus higher waste management and tank cleaning operation revenues. Towage revenues increased 10% due to a greater number of towage manoeuvres, improved harbour towage sales mix and increased special operations revenue. Logistics revenue was 17% lower than prior year due to a higher average USD/BRL exchange rate used to convert revenue into our reporting currency, US Dollars and some lower margin contracts were concluded during 2012 and 2013. All Group revenue is derived from Wilson Sons operations in Brazil.

Operating profit

Operating profit grew 40% to US$119.0 million (2012: US$84.7 million) principally due to the higher turnover, profit on the disposal of property plant and equipment, US$10.0 million (2012: US$0.5 million loss) and lower employee expenses. The profit on the disposal of property, plant and equipment arises from the sale of surplus commercial real estate in downtown Rio de Janeiro and Sao Paulo as well as towage and logistic equipment. Employee expenses were US$13.5 million lower at US$209.5 million (2012: US$223.0 million) mainly due to lower social security costs and the positive impact of the share based payment expense. The lower social security costs for the year at US$33.1 million (2012: US$44.7 million) reflect a reduction in payroll tax rates at both our towage and shipyard businesses The share based payment expense in the period was a US$1.4 million credit, due to foreign exchange movements compared with a charge of US$2.3 million in the previous year, a difference of US$3.7 million. The reduction in employee expense is reflected in improved operating margins for the year of 16.5% which were 2.5% higher than 2012 (14%).

Raw materials and consumables used rose from US$72.2 million to US$94.3 million in the current year due principally to the increase in shipyard sales.

Depreciation and amortisation in the year increased 5% to US$58.7 million from US$55.9 million in 2012 because of the capital investment undertaken by the Group in recent years.

The 8% rise in other operating expenses from US$174.0 million to US$188.6 million in 2013 was mainly attributable to higher cost of sales as a result of the increased turnover and additional service costs relating to the conclusion of the Guarujá II shipyard and Tecon Salvador expansion.

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. From 1 January 2013, the joint venture is accounted for on an equity basis (see accounting policies below). Results at our joint venture improved due to increased revenue and operating profit from our expanded fleet as four new vessels entered operation during the year.

Investment revenue

Investment revenue for the year at US$17.8 million was in line with 2012, US$18.3 million. Higher dividends from equity investments US$5.2 million (2012: US$2.9 million) were offset by lower interest on bank deposits of US$11.9 million (2012: US$14.8 million).

Investment gains and losses

Other gains of US$13.7 million arose from the Group's portfolio of trading investments (2012: US$16.4 million).

Finance costs

Finance costs for the year at US$21.9 million were US$12.0 million higher than prior year (2012: US$9.9 million) due to exchange losses on foreign currency borrowings of US$9.6 million (2012: US$0.7 million gain) and higher interest on loans of US$11.6 million (2012: US$9.8 million) as a result of increased debt during the year.

Foreign exchange losses on monetary items

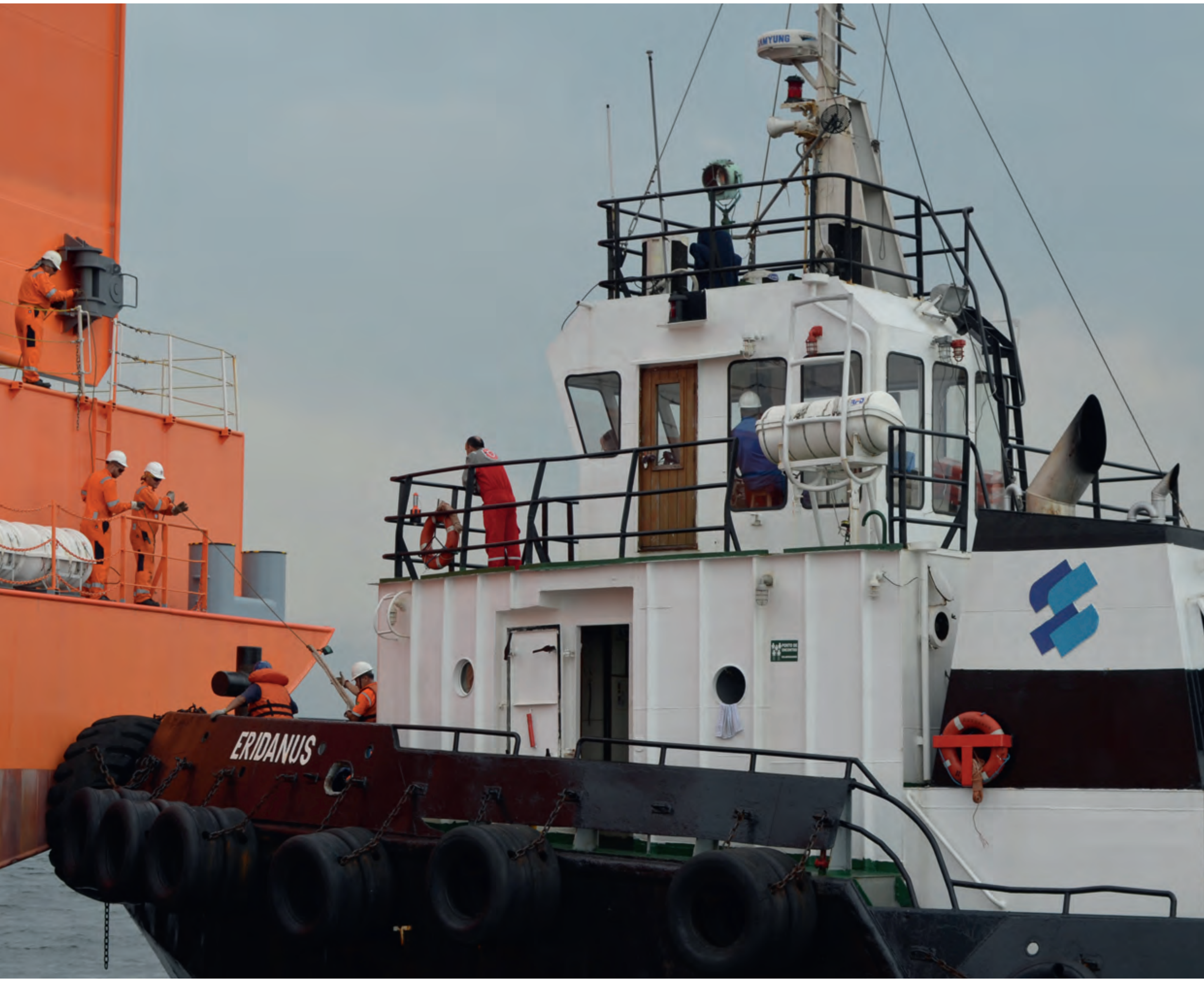
Exchange losses on monetary items of US$30.6 million (2012: US$11.6 million) arise from the Group's foreign currency monetary items and principally reflect the depreciation of the Brazilian Real against the US dollar during the period.

Exchange rates

The Group reports in US Dollars "USD" and has revenue, costs, assets and liabilities in both Brazilian Real "BRL" and USD. Therefore movements in the USD/BRL exchange rate can impact the Group both positively and negatively from year to year. During 2013 the BRL depreciated 15% against the USD from R$2.04 at 1 January 2012 to R$2.34 at the year end.

The average USD/BRL exchange rate in the period was 10% higher at 2.16 (2012: 1.96). A higher average exchange rate adversely affects BRL denominated revenues and benefits BRL denominated costs when converted into our reporting currency the USD.

The principal effects from the depreciation of the BRL against the USD on the income statement are a net exchange loss on monetary items of US$30.6 million (2012: US$11.6 million) and a US$9.6 million net exchange loss on USD loans in BRL functional currency businesses (2012: US$0.7 million gain). A currency translation adjustment loss of US$4.1 million (2012: US$7.2 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 tugboat Eridanus. Our tugboat fleet remains the largest in Brazil with 63 tugboats operating in 26 ports.

Financial Review

Accounting Policies

Adoption of new standards

In the current year, the Group adopted, amongst others, the revised IFRS 10 "Consolidated Financial Statements" and IFRS 11 "Joint Arrangements". As a result, the Group evaluated its consolidation conclusions in respect of its joint arrangements which resulted in changes to the way joint arrangements are accounted for with the comparative similarly adjusted for the new treatment. The principal change under the new standards is that the Group's offshore joint ventures, which were previously proportionally consolidated on a line-by-line basis, are now accounted for using the equity method of accounting with a single line item in the Income Statement and Balance Sheet to reflect the Group's 50% participation. Allink, a 50% controlled Non-Vessel Operating Common Carrier ("NVOCC") which was previously proportionally consolidated on a line by line basis is now consolidated 100% in the Consolidated Financial Statements, with the 50% non-controlling interest identified separately from the Group's equity.

Change in accounting policy

Foreign exchange gains and losses arising from the Group's foreign currency monetary items (cash, debtor, creditor balances and inventory) have previously been allocated to revenues, costs and financial results in the income statement based on estimated ratios. To improve transparency and readability of the financial statements the Group will no longer allocate these foreign exchange gains and losses but report them in one line in the income statement, "Foreign exchange gain/(loss) on monetary items". The presentation of prior year comparatives has been restated to reflect this change. Reporting of other foreign exchange impacts relating to the currency translation account, deferred tax and loans will not change as a result of this new treatment. There is no impact on the Company's Balance Sheet or Net Profit.

The impact of the adoption of these new standards and change in accounting policy are set out in note 2 to the accounts.

Profit before tax

Profit before tax at US$100.5 million was US$2.0 million higher than prior year, US$98.5 million. The US$34.3 million increase in operating profit was partially offset by the US$19.0 million increase in exchange losses on monetary items, US$12.0 million increase in finance costs and reduced gains from the investment portfolio, US$2.7 million lower.

Taxation

Income tax expense for the year was US$8.5 million higher at US$42.2 million (2012: US$33.7 million). Within this figure current taxation charges were in line with 2012 at US$33.5 million (2012: US$36.6 million), while deferred tax charges increased US$11.7million to US$8.7 million (2012: US$3.0 million credit). The increase in the deferred tax charge is mainly because the Group recognised a deferred tax asset in the prior year of US$8.1 million in respect of unused tax losses from prior periods and a higher deferred tax charge in 2013 compared to 2012 arising on the retranslation of non-current asset values.

The unused tax losses were recognised in 2012 as there are now associated foreseeable future taxable profit streams. The deferred tax charge arising on the retranslation of non-current asset values is caused by the depreciation of the BRL against the USD at year end and reflects the difference between the historical USD denominated property plant and equipment balances recorded in the Group's accounts and the BRL denominated property plant and equipment balances used in the Group's Brazilian tax calculations. The increased charge in 2013 is mainly because the BRL depreciated 15% against the USD in 2013 compared with a 9% devaluation in 2012.

The US$42.2 million tax charge represents an effective tax rate for the period of 42% (2012: 34%). The corporate tax rate prevailing in Brazil is 34%.

Profit for the year

Profit attributable to equity holders of the parent is US$37.9 million after deducting profit attributable to non-controlling interests of US$20.4 million.

Earnings per share

Basic earnings per share for the year were 107.1 cents (2012: 116.7 cents).

Cash flow

Net cash inflow from operations for the year at US$108.4 million was in line with prior year US$110.1 million. Adverse working capital movements offset the higher operating profit for the period.

Capital expenditure of US$106.1 million in the year was mainly invested in towage vessel construction, the expansion of Tecon Salvador and the associated empty container depot. (2012: US$103.1 million). Following completion of the current investment cycle, Wilson Sons anticipate annual capital expenditure to normalise over the next three years at approximately US$100 million on organic growth and capital maintenance.

Capital expenditure was partially financed by new loans raised in the period of US$50.8 million (2012: US$48.9 million) Capital repayments of US$36.8 million (2012: US$30.0 million) were made on existing loans in the year in accordance with debt repayment schedules.

At 31 December 2013 the Group had US$106.5 million in cash and cash equivalents (2012: US$136.7 million). Included in the Group's trading investments of US$278.0 million at 31 December 2013 is US$33.0 million (2012: US$20 million) in USD denominated fixed rate certificates held by Wilson Sons Limited. These investments are not part of the Group's investment portfolio managed by Hanseatic Asset Management LBG and are intended to fund Wilson Sons Limited operations in Brazil.

Balance sheet

At 31 December 2013 the equity attributable to equity holders of the parent company was US$552.2 million, an increase of US$20.3 million from 2012 (US$531.9 million) due principally to profits in the period of US$37.9 million, less dividends paid of US$13.4 million, a negative currency translation adjustment of US$2.0 million and employee benefits recognised in equity of US$1.3 million. The currency translation adjustment arises from exchange differences on the translation of operations with a functional currency other than USD. On a per share basis net equity is the equivalent of US$15.61 per share (31 December 2012: US$15.04 per share).

The Brasco offshore base in Rio de Janeiro, which provides support services to the offshore oil and gas industry.

Financial Review

Net debt and financing

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

At 31 December 2013, The Group had net debt of US$239.2 million (2012: US$207.0 million):

	2013	2012	2011
	US$ millions	US$ millions	US$ millions
Debt			
Short-term	(39.5)	(36.7)	(29.0)
Long-term	(339.2)	(327.0)	(307.8)
Total debt	(378.7)	(363.7)	(336.8)
Cash and cash equivalents*	139.5	156.7	113.6
Net debt	(239.2)	(207.0)	(223.2)

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

The Group's borrowings are used principally to finance vessel construction and the development of our terminal business with defined repayment schedules repayable over different periods up to 18 years. The Group's main sources of financing are the Fundo da Marinha Mercante, a Brazilian Government fund dedicated to funding vessel construction in Brazil and the International Finance Corporation. At 31 December 2013, 90% of our debt is non-current with 51% due within 5 years. 92% of our borrowings are USD denominated or linked to the USD with a favourable weighted average interest rate of 3.05%.

The Group's reported borrowings do not include US$250.9 million of debt from the Company's 50% share of borrowings in our Offshore Vessels joint venture.

Keith Middleton
Finance Director

Wilson Sons Limited

The Wilson Sons 2013 Earnings Report released on 28 March 2014 is available on the Wilson Sons Limited website: www.wilsonsons.com.br

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

"The significant growth in EBITDA this year was a natural reflection of the US$1 billion invested since our IPO in 2007 by our business lines and consequently, the development of Brazilian port and maritime infrastructure.

This investment included an additional of 900,000 TEU of capacity in our two Container Terminals, the Brasco-Cajú (Briclog) terminal to support the Upstream Oil & Gas industry, doubling the activity of shipbuilding at the Guarujá Shipyard and delivery of 39 vessels for the operating fleets of the Company, being 16 PSVs and 23 azimuthal tugboats. The conclusion of these projects, and many others of great importance, puts us on a new level of service excellence for the benefit of our clients, staff and other stakeholders.

With the continued growth of the Company's cash flow, we are proposing to the Annual General Meeting, dividends of US$27 million, an increase of 50% over the previous year."

The Wilson Sons Strategy is to:

Continue to grow and expand the quantity and range of our services in all of the segments in which we operate.

Expansion of our operations in port terminals. In order to meet growing international trade demand, we have expanded our two container terminals. In Rio Grande do Sul, we built a third berth and commissioned ship to shore (STS) and rubber tyred gantry (RTG) cranes. In Salvador, we expanded our terminal and invested in yard equipment including RTGs and STSs. Where opportunities arise, we will also seek new concessions in other Brazilian ports and focus on developing new terminals. We will evaluate these potential investments in light of our existing operations, and their ability to provide a strong return on shareholders equity.

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

Strengthening our position as the leading provider of towage services in the Brazilian market. We intend to continue to modernize and maintain our fleet of tugboats in order to provide consistently high-quality service to our customers and consolidate our leading position in the Brazilian towage services market. We regularly review our fleet deployment to optimize efficiency, and to seek out new niches in the market where we may be able to provide additional services. Consistent with our focus on operating on a national scale, we seek to increase our geographical footprint of towage services to ports in Brazil where we currently do not provide services.

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

Continuing to expand services to offshore oil and natural gas platforms. Using our knowledge and experience we intend to continue expanding our activities to maintain our position amongst the leading suppliers of services to the offshore oil and gas industry in Brazil. In addition to the supply vessels Wilson Sons Ultratug currently operates for Petrobrás, we plan to aggressively bid to provide supply vessels to other international and local oil companies. We will also seek opportunities to diversify our portfolio of equipment and services.

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, realization of potential synergies and cost savings across our business segments. We continuously seek to optimize 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 realize savings in administrative and back-office areas, especially in our branch offices. We seek to achieve economies of scale and reduce costs wherever possible. We demand that the managers of our different divisions continually develop new strategies that may improve our operations and explore new businesses.

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

Investment Portfolio

Investment Objective

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

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

Investment Policy

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

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

The Investment Manager maintains a global network to find the best opportunities across the four silos worldwide. The portfolio contains a high level of investments which would not normally be readily accessible to investors without similar resources. Furthermore, a large number of holdings are closed to new investors. There is currently no gearing although the Board would, under the appropriate circumstances, be open-minded to modest levels of gearing. Likewise, the Board may, from time to time, permit the Investment Manager to opportunistically use derivative instruments (such as index hedges using call and put options) to actively 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 on-going compatibility with the portfolio, together with any 'red flags' such as signs of 'style drift', personnel changes or lack of focus. Whilst the Investment Manager is looking to cultivate long-term partnerships, every potential repeat investment with an existing manager is assessed as if it were a new relationship.

Portfolio Characteristics

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

Investment Managers Report

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

Market background

2013 was characterised by a mostly positive market environment, with a broadly linear appreciation of the major equity indices. This owed much to the perception of steadily improving macroeconomic conditions as well as (in the near term at least) a continuation of supportive monetary policy. In addition to the improving US macroeconomic environment, risk markets were buoyed by an improved outlook for the Japanese economy, the perception of reduced political risk within the Eurozone, the diminished likelihood of foreign military involvement in Syria and a thawing of relations with Iran. Furthermore, investors were able to look past both sequestration in January and the US government shutdown in September with minimal impact on financial markets.

The summer saw a temporary jump in volatility, as investors reacted to Ben Bernanke's comments in his testimony to Congress on 21 May, which implied a *"tapering"* in the Federal Reserve's $85bn monthly bond purchase programme as early as September 2013. These concerns prompted a sharp rise in bond yields, which in turn triggered a liquidity withdrawal from Emerging Markets and commodities.

Emerging Markets suffered a pronounced sell-off during the summer, owing to a combination of factors, including the potential tightening in US monetary policy, a slowdown in Chinese economic growth and a sharp increase in Chinese inter-bank lending rates. There was a dispersion of returns in Emerging Markets, with those countries that have current account and budget deficits, such as India, South Africa, Turkey and Indonesia, badly impacted as foreign capital began to exit in anticipation of tightening global liquidation conditions.

One notable absentee from the list of positive events during the year was the anticipated improvement in corporate earnings. Whilst balance sheets remain strong, companies failed to grow their earnings significantly, with the result that the entirety of the equity market performance was a result of a re-rating rather than earnings growth.

The MSCI All Country World Index rose 22.8% over the year. The US was a notable strong performer, with the MSCI North America Index rising 29.6%. The S&P 500 rose 32.4%, recording its best calendar year performance since 1997 and ending the year at an all-time high, whilst the Dow Jones Industrial Average increased 26.5%.

European equity markets shrugged off the ongoing structural issues within the Eurozone to record strong performance, with the MSCI Europe ex UK Index rising 27.6%, driven in large part by the performance of the German and French bourses, which rose 31.0% and 27.7% respectively. Unlike their US counterparts, however, the European market, as measured by the Euro Stoxx 50 Index, remains 30% below its level of 2007 and 40% below its peak in 2000.

Japanese stocks performed strongly, with the TOPIX rising 26.5% (54.4% in Yen terms), driven by Prime Minister Abe's drive to combat decades of deflation with an unprecedented programme of monetary stimulus. The stimulus led to a substantial fall in the Yen against the Dollar, which ended the year at ¥105 down from ¥87 at the start of the year.

Emerging Markets suffered throughout 2013, with the MSCI Emerging Markets Index falling 2.6%, with particularly weak performance from the Ibovespa (-26.8%). The Brazilian market's poor performance was in large part due to the performance of the Real, which weakened 13.2% against the US Dollar following two weak years in 2011 and 2012. Investors' appetite for Emerging Markets has fallen steadily over recent years, due to a moderating growth trajectory, as well as substantial structural and political obstacles to their continued expansion.

Fixed income markets saw a pronounced divergence in returns, with high yield and investment grade corporates generating positive returns of 7.3% and 0.4% respectively. Government bonds, as measured by the Barclays Capital Global Treasury Index, fell 4.3% (the first annual fall since 2009) with yields ending the year at 3.0% having fallen to 1.6% in May, as investors began to anticipate the eventual withdrawal of implicit central bank support for bond markets. In Emerging Markets, the JP Morgan Emerging Markets Bond Index (US denominated sovereign / quasi-sovereign bonds) performed poorly, falling 6.6%, whilst local currency bonds performed even worse, falling 9.0%.

There were substantial falls across the commodity complex, due to a combination of over-supply following several years of substantial investment in new extraction projects as well as a more depressed demand environment as the rampant Emerging Market growth of the last decade has decelerated. Gold was the weakest of the commodities, falling 28.0%, and finishing the year 37.8% off its 2011 high at $1,201. The price of copper fell 8.0% whilst iron ore fell 7.0%. Energy markets were more mixed, with WTI Cushing rising 7.2% and European Brent falling 1.0% ending the year at $98 and $110 respectively.

Notes:

(i) All index performance numbers are in US Dollar terms, unless specifically stated in local currency terms.

(ii) See following pages for further details on index returns over various periods.

Portfolio Construction

The net asset value at the end of December 2013 was $249.0m. The portfolio is comprised of four 'sub-portfolios' as detailed below:

Sub-Portfolio	$m	% NAV
Global Equities	153.4	61.6
Private Assets	57.5	23.1
Market Neutral Funds	20.0	8.0
Bonds/Other	18.1	7.3
Total	**$249.0m**	**100.0%**

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

Investment Managers Report

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

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

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

- 25 commitments (totalling $107.8m) have been made as at 31 December 2013.
- $72.2m has been drawn down.
- Outstanding commitments of $44.5m (the majority of which will be drawn down over the next five years) are covered by cash and investments in market neutral funds. In addition, based on conservative estimates, distributions from the current private assets portfolio should enable this sub-portfolio to become self-funding.
- To date, cumulative distributions received total $20.2m.

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

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

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

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

High Yield Bonds $14.1m, (5.7% of NAV) include investments in Emerging Market (sovereign and corporate debt) and other Developed Market high yield corporate debt.

‘Other’ is comprised of cash valued at $4.0m (1.6% of NAV).

Cumulative portfolio returns

Performance (Time-weighted)	1 Year	3 Year	5 Year	10 Year
Portfolio Performance	7.7%	6.2%	38.2%	106.3%
Performance Benchmark	2.8%	9.0%	16.8%	52.7%
MSCI World (Developed) Index	26.7%	38.6%	101.4%	96.3%
MSCI Emerging Markets Index	(2.6%)	(6.5%)	99.3%	188.3%
MSCI All Country World Index	22.8%	32.0%	100.2%	99.5%

‘Other’ is comprised of cash valued at $4.0m (1.6% of NAV).

2013 Returns

Performance (Time-weighted)	2013
Portfolio Performance	7.7%
MSCI World (Developed) Index	26.7%
MSCI All Country World Index	22.8%
MSCI Emerging Markets Index	(2.6%)
Performance Benchmark*	2.8%

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

Performance Commentary

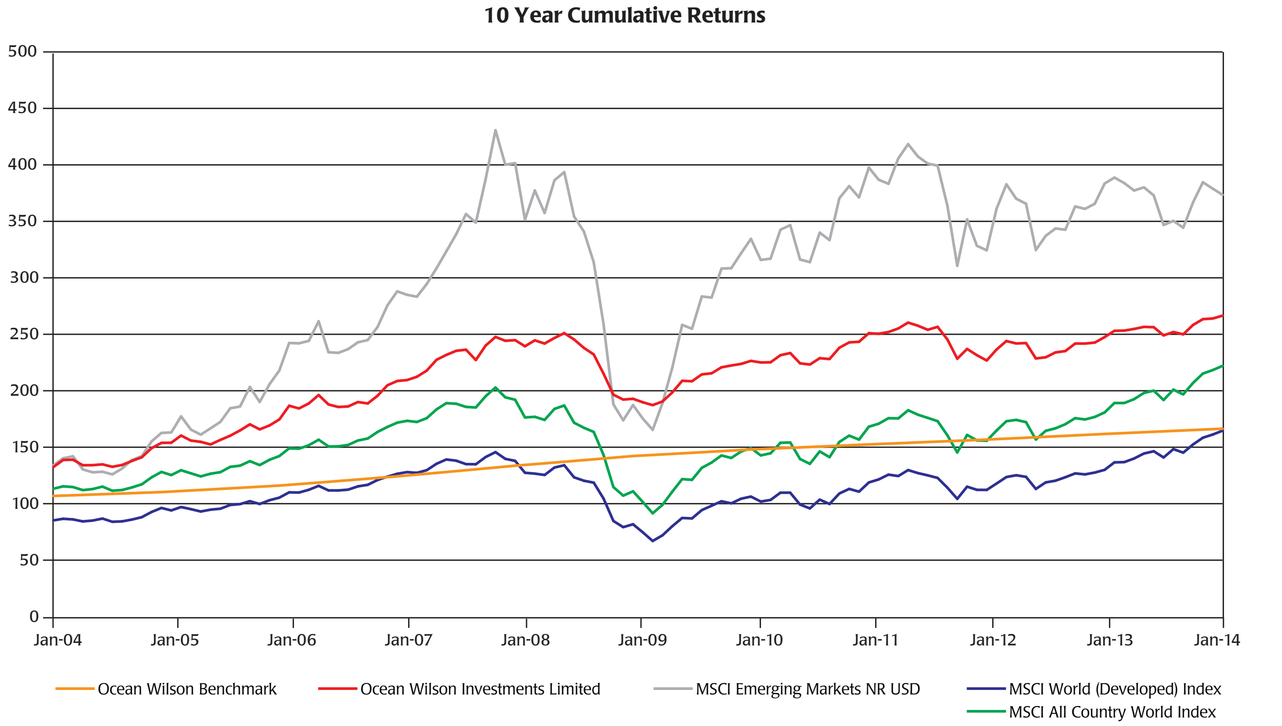
See below performance breakdown of the four ‘sub-portfolios’ over (i) the fourth quarter (Q4) and (ii) the year ended 31 December 2013 (YTD):

Sub-Portfolio 31 December 2013	Valuation $m	Weighting %	Performance Q4%	Contribution Q4 $m	Performance YTD%	Contribution YTD $m
Global Equities	153.4	61.6	4.5	6.5	11.4	14.8
Private Assets	57.5	23.1	0.4	0.2	6.7	3.5
Market Neutral Funds	20.0	8.0	2.6	0.5	(2.3)	(0.5)
Bonds/Other	18.1	7.3	2.8	0.5	0.5	(0.0)
Total	**$249.0m**	**100%**	**3.2%**	**$7.7m**	**7.7%**	**$17.8m**

During 2013, the portfolio generated a time weighted return of +7.7%. This compares with a +2.8% gain for the Performance Benchmark and +22.8% for the MSCI All Country World Index.

2013 saw a divergence of performance across the portfolio’s geographic exposures, with strong returns generated in Japan (+47.5%), Developed Europe ex UK (+25.0%) and North America (+21.4%). However, losses were generated by the portfolio’s exposure to Latin America, Emerging Europe and the Middle East, which declined by 1.6%, 1.1% and 0.6% respectively. In

Performance



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

addition the portfolio's exposure to Natural Resources was detrimental to performance, declining by 4.2%.

The largest contributors to the portfolio's performance were dominated by holdings exposed to Developed Market equities: **Findlay Park America Fund** +30.2%, **Egerton European Dollar Fund** +25.7%, **Lansdowne Developed Markets Fund** +33.1% and **Instinct Dark Horse Fund** +46.3%. In addition, a number of the portfolio's private asset holdings performed strongly, with **Africa Development Partners I** +37.2% and **Greenspring Global Partners IV** +28.1%.

At the other end, the weakest performances came from holdings in the Emerging Markets and Natural Resources: **BSF Mining Opportunities Fund** -27.7%, **BlackRock World Mining Trust** -15.8%, **Atlantis China Fund** -18.1%, **Avigo SME Fund III** -19.1% and **Gramercy EMD Allocation Fund** -9.4%.

In aggregate, holdings in Market Neutral Funds recorded a loss of 2.3%, due to the disappointing performance of one holding, **QFR Victoria** (-13.3%), which has subsequently been redeemed.

Private Assets (23.1% of net asset value) – the underlying limited partnerships are showing increasing visibility on their potential for value creation and the Investment Manager remains confident that the significant capital deployed into post-crisis vintages represent an attractive store of future value. During 2013, the portfolio received distributions of $8.0m (the largest inflows being $2.2m from **Gramercy Distressed Opportunities Fund Ltd**) against drawdowns of $11.6m (the largest outflows being $1.7m to **Gramercy Distressed Opportunity Fund II, LP** followed by $1.2m to **NG Capital Partners II, LP**).

2013 PERFORMANCE BY SILO	%
Cash	(0.5)
Bonds	1.9
Market Neutral	(2.3)
Global Equities	11.4
Private Assets	6.7

The top contributors were:

Top Five Contributors (in USD)	Contribution	Performance	Gain
	%	% / X	$m
Findlay Park American Fund	1.7	30.2%	4.0
Egerton European Dollar Fund	1.1	25.7%	2.6
Lansdowne Developed Markets Fund	1.1	33.1%	2.5
Instinct Dark Horse Fund	1.0	46.3%	2.4
African Development Partners I, LLC *(i)	0.7	1.5x	1.7
Total	**5.6**		**13.2**

***Notes:**

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

Investment Managers Report

Portfolio activity – for the year ended 31 December 2013
During 2013, there were total purchases of $29.8m, including purchases of new positions totalling $16.0m and total sales of $28.9m.

Within the portfolio's private assets silo, there were new commitments made of $22.7m and drawdowns of $11.6m. During 2013, investments in private assets generated distributions of $8.0m.

Purchases

New Positions	$m
Hirzel Capital Fund	6.0
BlackRock European Hedge Fund	5.0
Odey Absolute Return Fund	5.0
Additions to Existing Investments	
JO Hambro Japan Fund	7.5
NTAsian Discovery Fund	2.0
Prusik Asian Smaller Companies Fund	2.0
Phaunos Timber Fund Ltd	1.8
Prince Street Opportunities Fund	0.5
Total	**29.8**

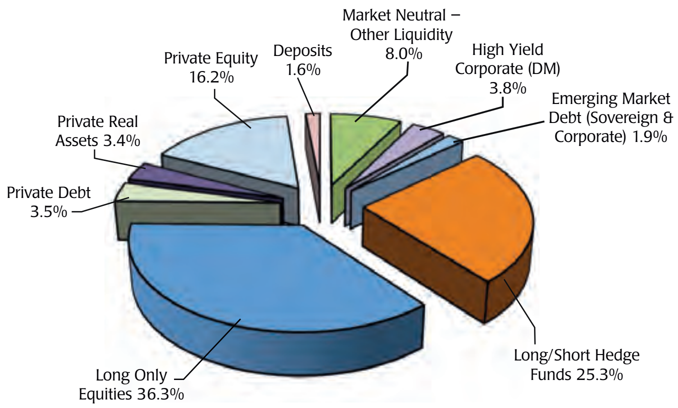
Hirzel Capital Fund – research driven long/short hedge fund manager investing in US companies, with an emphasis on mid-caps. This Fund is currently closed to new investors.

BlackRock European Hedge Fund – is a European (including UK) long/short equities hedge fund. Reduced fees were negotiated. This Fund is currently closed to new investors.

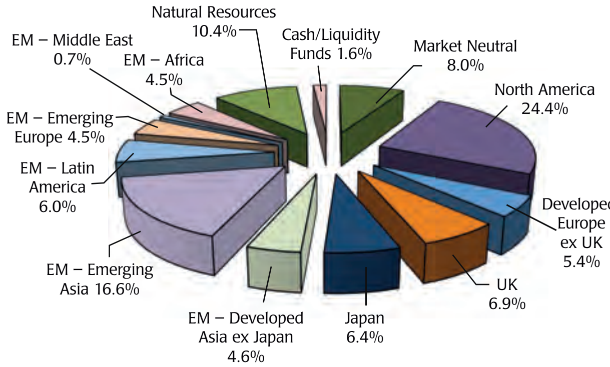
Odey Absolute Return Fund – is a Developed Market long/short equities hedge fund.

Sales
There were sales totalling $28.9m in 2013.

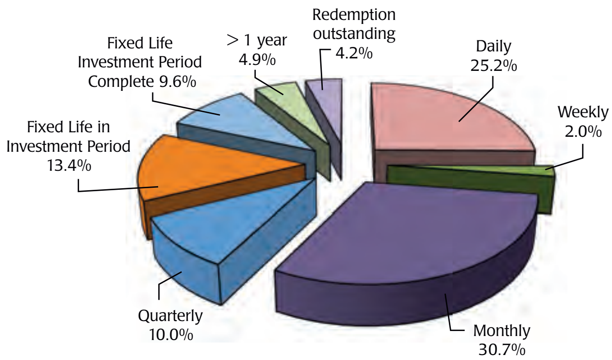
Asset Allocation (as at 31 December 2013)



Geographical Distribution (as at 31 December 2013)



Underlying Liquidity (as at 31 December 2013))



Private Assets – Commitments

There were five new commitments to private assets in 2013:

New Commitments	$m
Navegar I, LP	5.0
NG Capital Partners II, LP	5.0
L Capital Asia 2, LP	5.0
KKR Special Situations Fund, LP	4.5
Silver Lake Partners IV, LP	3.2
Total	**22.7**

Navegar I, LP will make minority growth capital investments in private companies operating in the Philippines. The country has seen considerable economic and political progress, which provides a solid backdrop for investment in the Philippines. The young population is a central driver to the country's projected multi-year growth and offers a powerful tailwind for local consumer businesses.

NG Capital Partners II, LP will make control investments in private companies operating in Peru. In many respects, Peru is a catch-up story as it traces the economic path of Chile. The investment case is supported by a strong Peruvian economy, which remains at an early stage of its development. In particular, businesses engaged in the provision of goods and services to the emerging consumer are expected to exhibit strong growth.

L Capital Asia 2, LP (sponsored by LVMH Group, the French luxury conglomerate) will be a continuation of the strategy of L Capital Asia's predecessor fund, investing in businesses that are direct beneficiaries of discretionary consumer spending in Asia with a focus on the 'Aspirational, Affordable and Alternative' market segment. The manager will target investment opportunities primarily in Greater China, Southeast Asia and India, and on a more opportunistic basis, businesses in developed Asia (e.g. Australia, South Korea and Japan), particularly where such businesses may benefit from expansion into Emerging Asia. The Fund is expected to make between 12 and 15 growth equity investments.

KKR Special Situations Fund, LP – will invest across the capital structure with a credit orientation, with the focus primarily being on corporate opportunities where balance sheet distress or broader market dislocation has created mispricing of assets. The manager expects to invest approximately two-thirds of the Fund's assets in Europe, with the remainder being invested in the US, Asia and Australia. The Fund is expected to make 20-25 core investments, which will be supplemented with a number of toe-hold positions.

Silver Lake Partners IV, LP will invest globally in businesses operating in the technology, technology-enabled and technology-related sectors. The manager will take both minority and control positions. Typical investments will be in large market leading companies with strong growth characteristics.

Investment Managers Report

Investment Portfolio at 31 December 2013

	Market Value $000	% of NAV	Primary Focus
Findlay Park American Fund	17,156	6.9	US equities – long-only
Egerton European Dollar Fund	12,980	5.2	Europe/US equities – hedged
Lansdowne Developed Markets Fund	9,922	4.0	Europe/US equities – hedged
NTAsian Discovery Fund	9,728	3.9	Asia ex-Japan equities – long-only
Oaktree CM Value Opportunities Fund	9,338	3.7	US high yield corporate debt – hedged
AR New Asia Fund	8,498	3.4	Asia ex-Japan equities – long-only
JO Hambro Japan Fund	7,908	3.2	Japan equities – long-only
BlueCrest AllBlue Leveraged Feeder	7,739	3.1	Market Neutral – multi-strategy
Instinct Dark Horse Fund	7,712	3.1	Japan equities – hedged
BlackRock UK Emerging Companies HF	7,648	3.1	UK equities – hedged
Top 10 Holdings	**98,629**	**39.6**	
BlueBay Macro Fund	7,118	2.9	Market Neutral – EM-biased macro
Prosperity Quest Fund	6,846	2.7	Russian equities – long-only
Schroder ISF Asian Total Return	6,523	2.6	Asia ex-Japan equities – long-only
Odey Absolute Return Fund	6,517	2.6	Europe/US equities – hedged
Hirzel Capital Fund	6,192	2.5	US equities – hedged
BlackRock European Hedge Fund	5,903	2.4	Europe equities – hedged
African Development Partners I, LLC	5,758	2.3	Private Assets – Africa
CCI Technology Partners II	5,688	2.3	Technology equities – hedged
China Harvest Fund II, LP	5,634	2.3	Private Assets – China
Artemis Global Energy Fund	5,551	2.2	Energy equities – long-only
Top 20 Holdings	**160,359**	**64.4**	
Prince Street Opportunities Fund	5,147	2.1	Emerging Markets equities – long-only
Greenspring Global Partners IV, LP	5,145	2.1	Private Assets – US Venture Capital
QFR Victoria Fund	5,102	2.0	Market Neutral – EM-biased macro
Prusik Asian Smaller Companies Fund	4,995	2.0	Asia ex-Japan equities – long-only
BlueBay EM Corporate Alpha Fund	4,772	1.9	EM high yield corporate debt – hedged
Oaktree CM Principal Fund V, LP	4,129	1.7	Private Assets – US distressed debt
Helios Investors II, LP	3,769	1.5	Private Assets – Africa
R/C Global Energy and Power Fund IV, LP	3,672	1.5	Private Assets – Energy
Schroder ISF Global Energy Fund	3,620	1.4	Energy equities – long-only
L Capital Asia, LP	3,302	1.3	Private Assets – Asia (Consumer)
Top 30 Holdings	**204,012**	**81.9**	
28 remaining holdings	**40,958**	**16.5**	
Cash	**4,013**	**1.6**	
TOTAL	**248,983**	**100.0**	

Market outlook

2013 was a robust year for global stock markets. Recovering economies and growing confidence saw investors ascribing higher ratings to many developed market equities despite the poor earnings backdrop. It was a classic recovery phase in the stock-market cycle. Underlying this performance, however, the scene is being set for a more challenging, muted phase of the cycle, albeit one which is ultimately positive.

One of the most notable features of markets in recent years has been the unprecedented levels of liquidity being injected by Central Banks. Through a combination of low interest rates and novel measures such as quantitative easing (QE), asset prices were forced up as this money percolated through the financial system. Unfortunately, markets required more and more money to be injected into the system amid a sense that the money was having less of an impact. Central Bankers' worst fears that the process of stopping QE would lead to a disorderly market decline were brought to the fore when Ben Bernanke, Chairman of the US Federal Reserve, raised the prospect of such an event in May of 2013. Government bond yields rose rapidly, risk assets sold off and emerging markets, in particular, were impacted as investors repatriated their money back to the developed world.

Subsequent to this, investors' nerves have been somewhat soothed by the promise of a period of prolonged low interest rates, enabling the US to start its programme of exiting QE. Whilst it is true that rates may well stay low for an extended period of time – it seems likely that Central Bankers will shift their focus from inflation to the broad employment picture – it seems clear that the tide is turning. Hence whilst liquidity undoubtedly remains very accommodative globally, markets are typically more concerned by the direction of travel and that direction has now changed. This has important implications for markets.

From a developed market perspective the progress in markets has been all about valuations being re-rated as liquidity dominated despite a backdrop of disappointing earnings. This has broadly increased market valuations to fair value (and even fully valued in the case of the US). This is fairly typical for this stage of the investment cycle but, importantly, it also means that further progress becomes increasingly dependent on improving profitability. Without such an improvement, markets will be pushed into expensive territory and become a sell. Typically this stage is also characterised by more volatility and opportunities for stock pickers, as those companies which disappoint are punished and those that exceed expectations are rewarded.

The outlook for emerging markets is much more nuanced. Whilst remaining believers in the long-term structural case for the ongoing development of the emerging economies, which should translate into strong equity market performance, we are sufficiently realistic to recognise that such processes are almost always interrupted by the occasional speed-bump. Undoubtedly we are going through such a process at present and the challenge as always is to determine the length and scale of the bump! Our suspicion is that the process will serve to bifurcate investor opinion between those structurally strong emerging markets and those suffering from deficits, poor governance, political uncertainty, pursuing growth at the expense of returns and an over-reliance on commodity exports. Valuations have been falling to reflect these challenges but it must be recognised that whilst they look attractive versus developed markets, historic trough valuations have been lower. In all likelihood we are not at the end of the process but remain acutely aware that such times often provide the greatest opportunities.

At the market level, the US is now at its 10 year price/earnings average but more expensive compared to many other global stock markets. However, this reflects the uncanny ability for the US economy to surprise through productivity gains and entrepreneurship. Buoyed by this, and the likelihood that US oil and gas production will match or even exceed domestic demand, the manufacturing industry has undergone a renaissance and helped drive growth ahead. Assuming this feeds through to earnings growth, this should help sustain stock market performance.

In contrast, Europe is still mired in structural concerns. Whilst the risk of a full scale collapse has been averted for now, there is still considerable work to be done in strengthening the banking sector, and in many of the Southern European economies despite the progress made to date. Unlike the US though, the valuation is lower and corporate profitability is still some way off its historic peak, resulting in a difficult landscape, albeit one which is likely to prove fruitful for the skilled stock-picker.

Japan, as is so often the case, is dancing to a rather different tune. Having finally grasped the nettle and acknowledged the need to address the deflationary pressure and structural challenges, it is implementing an aggressive quantitative easing programme (indeed larger than the US one on a relative basis). Unlike the US, however, the Japanese QE programme is expected to be sustained for some time and is being combined with other measures such as the introduction of Japanese Individual Savings Accounts and encouraging public pension plans to reduce bonds in favour of equities. We feel that the situation is likely to sustain equity market performance, albeit the jury is still out as to whether or not the long awaited structural changes will be successfully completed.

Linked to the emerging market debate is the outlook for commodities. Commodities experienced a prolonged period of strong demand as emerging markets, and China in particular, surprised the world with their growth and urbanisation aspirations. As is often the case, supply initially failed to keep up with this demand, resulting in a period of feverish investment and capital expenditure. Unfortunately these periods rarely end well and with the recent reduction in emerging market growth, coinciding with now excessive levels of investment and production, a period of retrenchment has been inevitable. At the company level, significant cuts in spending are now being made which should support the cash positions of the major firms but one has to suspect that the number of smaller miners will need to decline in the future.

In many ways our current view feels fairly consensual, which makes us slightly uncomfortable in light of our contrarian nature. Even so, this probably reflects the current mid-cycle positioning where it typically pays not to fight the consensus. It also has to be acknowledged that a market setback would not come as a surprise following such a prolonged period of strong market performance. We would view such an event as a buying opportunity.

Hanseatic Asset Management LBG
March 2014

Directors and Advisers

Directors
J F Gouvêa Vieira* (Chairman)
W H Salomon* (Deputy Chairman)
K W Middleton
C F A Cooper*
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 64 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 Engenharia and a number of other Companies.

Mr W H Salomon is German and British, aged 56 and joined the Group in 1995. He is senior partner of Hansa Capital Partners LLP. He is also a non-executive director of Hansa Trust PLC, Wilson Sons Limited and chairman of New India Trust.

Mr C F A Cooper is Bermudian, aged 71 and joined the Group in 1994. He was a partner of Conyers, Dill & Pearman. He is also a non-executive director of Polaris Holding Company Limited.

Mr C Maltby is aged 63, British and resident in Switzerland. He is chairman of BlackRock Absolute Return Strategies Limited and of HarbourVest Senior Loans Europe Limited, a Director of BACIT Limited and Abingworth BioEquities Fund Limited, and a member of the Supervisory Board of Bilfinger Berger Global Infrastructure SICAV SA.

Mr A Rozental is Mexican, aged 68 and is the founding partner of Rozental & Asociados. He is a non-executive director of Wilson Sons Limited, chairman of the Board of Directors of ArcelorMittal Mexico and an independent Director of ArcelorMittal Brazil. He serves on the advisory boards of Kansas City Southern de México, EADS de México, Toyota de México and is a non-executive Board member of HSBC Bank of Mexico.

Mr C Townsend is German and British and resident in Switzerland. He is aged 40 and is a solicitor and has an MBA from the London Business School. He is investment director of Hansa Capital GmbH.

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Ocean Wilsons Dividend Address
Ocean Wilsons Dividend Election
Capita Asset Services
The Registry
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Auditor
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London E14 5GL

Bankers
Deutsche Bank International Limited
Jersey

Investment Managers
Hanseatic Asset Management LBG
Guernsey, Channel Islands

Report of the Directors

The Directors submit herewith their Report and Accounts for the year ended 31 December 2013.

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$37,873,000 (2012: US$41,264,000).

The Directors are declaring the payment of a dividend for the year of 60.0c (2012: 42.0c) gross per share. The dividend will be paid on 6 June 2014 to all shareholders who are on the register at close of business on 9 May 2014.

Principal Activities

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

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

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

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

Directors

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

In accordance with the Company's bye-laws, Mr A Cooper and Mr K Middleton retire at the next annual general meeting and, being eligible, Mr K Middleton offers himself for re-election. The Directors who held office at 31 December 2013 had the following interest in the Company shares:

	Interest	**2013**	2012
C F A Cooper	Beneficial	**46,450**	46,450
J F Gouvêa Vieira	Beneficial	**146,600**	146,600
K W Middleton	Beneficial	**10,000**	10,000
W H Salomon*	Beneficial	**4,659,349**	4,659,349
C Townsend	Beneficial	**40,000**	33,208
C Maltby	Beneficial	**5,000**	–

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

Service Contracts

Regarding the Directors proposed for re-election at the Annual General Meeting Mr K Middleton has terms of service, which can be terminated by the company on not less than twelve months' notice in writing and by the Director on not less than six months' notice in writing.

Employees

The average number of persons, including Directors, employed by the Group was 6,363 (2012: 6,762).

Long-term incentive plan

On 9 April 2007, the boards of Ocean Wilsons Holding Limited and Wilson Sons Limited approved a stock option plan that allows for the granting of phantom options to eligible employees selected by the Wilson Sons Limited Board. The options will provide cash payments, on exercise, based on the number of options multiplied by the growth in the price of a Wilson Sons Limited Brazilian Depositary Receipt "BDR" between the date of grant (the Base Price) and the date of exercise (the Exercise Price). The plan is a Brazilian Real denominated scheme. An accrual of US$10,898,000 (2012: US$12,328,000) has been included in the 2013 accounts for benefits accruing under the plan.

Report of the Directors

Auditor

KPMG LLP were appointed auditor at the 2013 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 24 March 2014 the Company has been notified of the following holdings of its shares, in excess of 3% of the issued ordinary share capital:

Name of holder	Number of shares	% held
Hansa Trust PLC	9,352,770	26.4
Codan Trust Company Limited and Helen Cooper	4,435,064	12.5
Peter A S Pearman and Codan Trust Company Limited	3,929,049	11.1
Utilico Emerging Markets Utilities Limited	2,365,838	6.7
Montanaro Asset Management	1,399,599	3.9

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

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 2010 and 2012 UK Corporate Governance Codes ("the Codes") 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 Codes 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 Codes. The position is regularly reviewed and monitored by the Board.

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

- The Code states that the Board should appoint one independent director to be the senior independent director.

  Due to the small size of the Board and the fact that Ocean Wilsons Holdings Limited is a holding company, the Board does not consider it appropriate to appoint a senior independent non-executive director. If a shareholder feels it is inappropriate to relay views through the chairman or executive director, all non-executive directors are available.

- 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 Code requires the audit committee should review arrangements by which staff of the company may raise concerns about possible improprieties.

  Ocean Wilsons Holdings Limited does not have a whistle blowing policy, as there is only one employee outside the Wilson Sons Limited Group. The Wilson Sons Limited Group whistle blowing policy and procedures enable employees who have concerns about the application of the Group's Code of Ethics to raise them with the Ethics Committee. The Ethics Committee will maintain their anonymity and report back to the employee on actions taken.

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

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

The Board

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

All directors are subject to election by shareholders at the first AGM following their appointment to the Board and are subject to re-election by shareholders once every three years. Mr K Middleton is offering himself for re-election at the next AGM. The Board considers on a regular basis how to refresh itself.

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

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

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

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

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

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

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

Report of the Directors

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

- Appointment, removal and terms of an investment manager
- Determine investment guidelines and restrictions in conjunction with the investment manager
- Review the performance of the investment manager
- Approval of the annual accounts for Ocean Wilsons Investments Limited
- Approving any dividends

The Company has a procedure in place by which directors can seek independent professional advice at the Company's expense if the need arises. The Board has full and timely access to all relevant information to enable it to perform its duties. The Company has directors and officers insurance in place. The executive 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 2013, four scheduled meetings of the Ocean Wilsons Holdings Limited Board were held at different locations. Details of attendance at Board meetings and meetings of the Board committees are set out below. In addition to scheduled Board meetings if matters arise at short notice requiring urgent attention a telephone Board meeting is arranged. During 2013 two telephone Board meetings were held.

Directors' attendance at Board and Finance Committee meetings:

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

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$600,000 in aggregate per annum and the approval of shareholders in a General Meeting is required to change this amount. We are proposing to increase this amount at the next annual general meeting to US$700,000 to allow the appointment of further Directors if necessary.

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

Board Committees

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

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

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

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

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

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

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

Finance Committee report

The finance committee comprises all non-executive directors, two of whom are considered by the Board to be independent during 2013. The Board is satisfied that during 2013 three directors, Mr C Maltby, Mr W Salomon and Mr A Rozental, have recent and relevant financial experience as all have served on the audit committees of other listed companies. Mr Salomon also has considerable experience in finance and investment banking and Mr C Maltby holds an accounting qualification.

The finance committee met three times in 2013. 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 one meeting.

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

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

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

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

Since the beginning of 2013 the Finance committee has:

- reviewed the December 2012 report and financial statements, the June 2013 half yearly financial report and the interim management statements issued in May and November. As part of the review of the December 2012 report, the Committee received a report from the external auditor on their audit of the annual report and financial statements;
- reviewed the adoption of new standards and changes in accounting policy in the period. In the current year the Group adopted the revised IFRS 10 "Consolidated Financial Statements" and IFRS 11 "Joint Arrangements". As a result, the Group has evaluated its consolidation conclusions in respect of its joint arrangements, which resulted in changes to the way joint arrangements are accounted for. The principal change under the new standards is that the Group's offshore joint ventures which were previously proportionally consolidated on a line-by-line basis are now accounted for using the equity method;
- approved a change in the accounting policy of foreign exchange gains and losses arising from the Group's foreign currency monetary items. These were previously allocated to revenues, costs, and financial results in the income statement. To improve transparency and readability of the financial statements the Group now report them in one line in the income statement, "Foreign exchange gain/(loss) on monetary items";

Report of the Directors

- reviewed and agreed the accounting treatment adopted for the Briclog acquisition under IFRS 3 "Business Combinations" as detailed in note 2 and note 29 to the consolidated financial statements;

- reviewed the effectiveness of the Group's internal controls and disclosures made in the annual report and financial statements on this matter. As part of this review, the Committee considered a report on internal controls and the Group's risk register and suggested amendments;

- reviewed and approved the scope of audit work to be undertaken by the auditor;

- agreed the fees to be paid to the external auditor for the audit of the December 2013 financial statements including consideration of the levels of non-audit fees which the committee concluded were immaterial;

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

- reviewed the need for an internal audit function.

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

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

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

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

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

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

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

- *Impairment Risk to Goodwill, Intangibles and Property, Plant and Equipment* – The Group has significant Goodwill, Intangibles and Property, Plant and Equipment balances. The reporting risk is that these balances may be overstated. Management perform impairment reviews for Intangibles and Property, Plant and Equipment 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.

- *Briclog Acquisition* – The Group made a substantial acquisition in the reporting period (Briclog). The reporting risk is that not all assets and liabilities acquired are identified and recognised. Management reported to the Committee on the procedures undertaken to determine all assets and liabilities acquired are identified and recognised including fair valuing the operating lease contract acquired. As part of this process, management contracted an independent external specialist to determine the fair value of assets and liabilities. The committee reviewed the procedures used, questioned management on their assumptions in determining fair value and considered the expertise of the external specialist. The committee was satisfied as to the completeness and measurement used in determining fair value and was further satisfied with the accounting treatment used and disclosures made.

- *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 Groups' 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.

Relations with Shareholders

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

Going Concern

The Group closely monitors and manages its liquidity risk. The Group has considerable financial resources including US$106.5 million in cash and cash equivalents and the Group's borrowings have a long maturity profile. The Group's business activities together with the factors likely to affect its future development and performance are set out in the chairman's statement, operating review and investment managers report on pages 1 to 19. The financial position, cash flows and borrowings of the Group are set out in the Financial review in pages 6 to 10. In addition note 37 to the financial statements include details of its financial instruments and hedging activities and its exposure to credit risk and liquidity risk. Details of the Group's borrowings are set out in note 22. Based on the Group's forecasts and sensitivities run, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

Directors' responsibilities

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

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

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

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

By Order of the Board

Malcolm Mitchell
Secretary
28 March 2014

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 2013 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 2013 and of its profit for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

2. Our assessment of risks of material misstatement

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

Business combinations – acquisition of Brazilian Intermodal Complex ("Briclog") (US$40.2m)

Refer to page 26 (Finance Committee Report), page 38 (accounting policy) and pages 68 and 69 (financial disclosures).

- The risk – On 1 July 2013, the Group completed the acquisition of Briclog for a total consideration of US$40.2m. Accounting for this significant acquisition required the identification of all assets and liabilities that existed in the acquired business and to measure them at fair value. This involved significant judgement around the assumptions applied to forecasting and discounting future cash flows, particularly in reference to valuing the lease concession intangible asset. Due to the inherent uncertainty involved in these future cash flows, which form an integral part of the fair value model, this is one of the key judgemental areas that our audit concentrated on.

- Our response – In this area, our audit procedures included, among others, challenging the Directors on their assumptions and judgements used in compiling the fair value model for the lease concession intangible asset. We assessed the completeness and measurement of the fair value adjustments made by the Directors against our own expectations. This was compared against our knowledge and experience of the industry and understanding of Briclog's particular circumstances. The Group employed an external expert in order to assist them with calculating the fair value adjustments associated with the acquisition of Briclog. We used our own corporate finance valuation specialists to assist us in evaluating the assumptions and judgements used by the Group and the expert employed by them, in particular, the projected economic growth, inflation, exchange rates and discount rates. 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. In addition to testing the sensitivity of the values produced by the model to changes in certain inputs and assumptions, in order to derive comfort over the principles underpinning the model, we performed procedures over the integrity of the design and build of the model, including verifying that formulae operated as intended. We also considered the accuracy and adequacy of disclosures made to allow users to evaluate the financial effects of adjustments recognised.

Shipbuilding revenue recognition in Maritime Services segment (US$100.3m)

Refer to page 26 (Finance Committee Report), page 40 (accounting policy) and page 46 (financial disclosures).

- The risk – The Group recognises shipbuilding revenue based on the stage of completion of contracts, which is assessed by reference to the proportion of contract costs incurred for the work performed to the balance sheet date relative to the estimated total contract costs to completion. The recognition of revenue therefore relies on estimates in relation to the final out-turn of costs on each contract. Changes to these estimates could give rise to material variances in the amount of revenue recognised. Cost contingencies may also be included in these estimates to take account of specific uncertain risks, or disputed claims against the Group, arising within each contract. These contingencies are reviewed by the Group on a regular basis throughout the contract life and adjusted where appropriate. There is therefore a high degree of management judgement in estimating the amount of revenue to be recognised by the Group with respect to the final out-turn on contracts, and assessing the level of the contingencies that are appropriate in estimating the total cost.

- Our response – In this area our audit procedures included, among others, using both quantitative and qualitative factors to select a sample of contracts and then to assess and challenge the most significant and complex contract estimates. We obtained the detailed project management review papers from the Group to support the estimates made and challenged the judgements underlying those papers with senior operational, commercial and financial management. Our audit procedures on this sample included, among others:

  – evaluating the financial performance of contracts against budget and historical trends;

  – site visits, physically inspecting the stage of completion of individual projects and identifying areas of complexity through observation and discussion with site personnel;

  – challenging the Group's judgement in respect of forecast contract out-turn and the recoverability of contract balances via agreement to third party certifications and confirmations and with reference to our own assessments, historical outcomes and industry norms;

  – inspecting the selected contracts for key clauses, identifying relevant contractual mechanisms such as liquidated damages and success fees and assessing whether these key clauses have been appropriately reflected in the amounts recognised in the financial statements; and

  – considering the adequacy of the Group's disclosures in respect of contract accounting and the key risks relating to these amounts.

Goodwill and intangible assets relating to acquisitions (US$37.6m and US$30.7m respectively)
Refer to page 26 (Finance Committee Report), pages 38 and 39 (accounting policy) and pages 51 and 52 (financial disclosures).

- The risk – The Group's investment in Tecon Rio Grande, Tecon Salvador and Briclog all gave rise to goodwill and intangible assets on acquisition. These are all held in Wilson Sons Limited. The recoverable amount of the Group's goodwill and intangible assets relating to the acquisitions is assessed at a cash generating unit ("CGU ") level annually or when there is an indication of impairment through production of a discounted future cash flow model. Due to the inherent uncertainty involved in forecasting and discounting future cash flows, which are the basis of the assessment of recoverability, this is one of the key judgemental areas that our audit is concentrated on. There is also a risk of irrecoverability 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, among others, testing the Group's forecasting process by considering the historical accuracy of previous forecasts. We compared actual results in the current year to forecasts prepared in previous periods. We compared the Group's assumptions to externally derived data which included contract renewal dates, profitability, and probability of contracts being won, renewed or lost. These inputs were agreed to underlying contracts and financial analysis provided by management by the audit team.

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

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

Provisions (US$10.3m)
Refer to page 26 (Finance Committee Report), page 40 (accounting policy) and pages 66 and 67 (financial disclosures).

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

- Our response – Our audit procedures included, among others, 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 formal confirmations from the Group's external counsel for all significant litigation. With regard to open tax cases, in addition to the above we used our own tax specialists to assess the Group's tax positions and its correspondence with the relevant tax authorities. We analysed and challenged the assumptions used to determine tax provisions based on our knowledge and experiences of the application of the international and local legislation by the relevant authorities and courts.

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

3. Our application of materiality and an overview of the scope of our audit
The materiality for the Group financial statements as a whole was set at US$7m. This has been calculated with reference to a benchmark of Group profit before taxation (of which it represents 7%), which we consider to be one of the principal considerations for members of the company in assessing the financial performance of the Group.

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

Audits for Group reporting purposes were performed by component auditors at the key reporting component in Brazil and by the Group audit team in the UK, Brazil and the Channel Islands. These Group procedures covered 79% of total Group revenue; 83% of Group profit before taxation; and 90% of total Group assets. The segment disclosures in Note 4 set out the individual significance of a specific segment and country.

The audits undertaken for Group reporting purposes at the key reporting components of the company were all performed to materiality levels set by, or agreed with, the Group audit team. These materiality levels were set individually for each component and ranged from US$1.4m to US$6.6m.

Detailed audit instructions were sent to the component audit team in Brazil. These instructions covered the significant audit areas that should be covered by this audit (which included the relevant risks of material misstatement detailed above) and set out the information required to be reported back to the Group audit team. The Group audit team visited Brazil in the year and telephone meetings were also held with the auditors in this location.

Independent Auditor's Report

to the Members of Ocean Wilsons Holdings Limited Only

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

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

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

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

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

Under the Listing Rules we are required to review:

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

- the part of the Corporate Governance Statement on pages 22 to 27 relating to the company's compliance with the nine provisions of the 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 •, the Directors are responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and international Standards of Auditing (UK and Ireland). Those standards require us to comply with the UK Ethical Standards for Auditors.

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

A description of the scope of an audit of financial statements is provided on our website at www.kpmg.com/uk/auditscopeother2013. 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
28 March 2014

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2013

	Notes	Year to 31 December 2013 US$'000	Year to 31 December 2012 (restated – see note 2) US$'000
Revenue	3	**660,106**	610,354
Raw materials and consumables used		**(94,330)**	(72,207)
Employee benefits expense	6	**(209,459)**	(223,031)
Depreciation & amortisation expense	5	**(58,674)**	(55,897)
Other operating expenses		**(188,569)**	(173,951)
Profit/(loss) on disposal of property, plant and equipment		**9,966**	(534)
Operating profit		**119,040**	84,734
Share of results of joint venture		**2,392**	689
Investment revenue	7	**17,838**	18,255
Other gains and losses	8	**13,684**	16,394
Finance costs	9	**(21,863)**	(9,948)
Foreign exchange losses on monetary items		**(30,589)**	(11,572)
Profit before tax		**100,502**	98,552
Income tax expense	10	**(42,216)**	(33,671)
Profit for the year		**58,286**	64,881
Other comprehensive income:			
Items that maybe reclassified subsequently to profit and loss			
Employee benefits		**(2,251)**	–
Items that maybe reclassified subsequently to profit and loss			
Effective portion of changes in fair value of derivatives		**(1,269)**	–
Exchange differences arising on translation of foreign operations		**(4,088)**	(7,211)
Other comprehensive loss for the year		**(7,608)**	(7,211)
Total comprehensive income for the year		**50,678**	57,670
Profit for the period attributable to:			
Equity holders of parent		**37,873**	41,264
Non-controlling interests		**20,413**	23,617
		58,286	64,881
Total comprehensive income for the period attributable to:			
Equity holders of parent		**34,580**	37,269
Non-controlling interests		**18,349**	20,401
	5	**52,929**	57,670
Earnings per share			
Basic and diluted	12	**107.1c**	116.7c

Consolidated Balance Sheet

as at 31 December 2013

	Notes	**As at 31 December 2013 US$'000**	As at 31 December 2012 (restated – see note 2) US$'000	As at 1 January 2012 (restated – see note 2) US$'000
Non-current assets				
Goodwill	13	**37,622**	15,612	15,612
Other intangible assets	14	**46,650**	29,345	28,463
Property, plant and equipment	15	**616,924**	594,877	538,682
Deferred tax assets	24	**30,099**	29,647	29,507
Trade and other receivables	21	**23,998**	16,923	27,965
Investment in joint venture	17	**2,577**	27	7,661
Other non-current assets	27	**10,209**	9,210	8,429
		768,079	695,641	656,319
Current assets				
Inventories	19	**29,090**	37,453	25,371
Trading investments	18	**277,969**	241,582	251,297
Trade and other receivables	21	**150,819**	199,486	160,553
Cash and cash equivalents		**106,512**	136,680	113,643
		564,390	615,201	550,864
Total assets		**1,332,469**	1,310,842	1,207,183
Current liabilities				
Trade and other payables	26	**(135,920)**	(173,219)	(125,454)
Derivatives		**(110)**	–	–
Current tax liabilities		**(210)**	(3,234)	(3,545)
Obligations under finance leases	25	**(1,547)**	(1,234)	(3,804)
Bank overdrafts and loans	22	**(37,997)**	(35,497)	(25,185)
		(175,784)	(213,184)	(157,988)
Net current assets		**388,606**	402,017	392,876
Non-current liabilities				
Trade and other payables	26	**–**	(1,134)	(2,471)
Bank loans	22	**(334,394)**	(324,138)	(304,586)
Derivatives		**(1,130)**	–	–
Employee Benefits		**(2,251)**	–	–
Deferred tax liabilities	24	**(33,761)**	(15,043)	(17,260)
Provisions	27	**(10,262)**	(10,966)	(13,378)
Obligations under finance leases	25	**(4,812)**	(2,809)	(3,293)
		(386,610)	(354,090)	(340,988)
Total liabilities		**(562,394)**	(567,274)	(498,976)
Net assets		**770,075**	743,568	708,207
Capital and reserves				
Share capital	28	**11,390**	11,390	11,390
Retained earnings		**505,922**	482,799	453,205
Capital reserves		**31,760**	31,760	31,760
Translation and hedging reserve		**3,128**	5,966	9,831
Equity attributable to equity holders of the parent		**552,200**	531,915	506,186
Non-controlling interests		**217,875**	211,653	202,021
Total equity		**770,075**	743,568	708,207

The accounts on pages 31 to 87 were approved by the Board on 28 March 2014. 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 2013

For the year ended 31 December 2012	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
As previously reported balance at 1 January 2012	11,390	453,205	31,760	9,831	506,186	200,570	706,756
Impact of new standards	–	–	–	–	–	1,451	1,451
Restated balance at 1 January 2012	11,390	453,205	31,760	9,831	506,186	202,021	708,207
Currency translation adjustment	–	–	–	(3,995)	(3,995)	(3,216)	(7,211)
Profit for the year	–	41,264	–	–	41,264	23,617	64,881
Total income and expense for the period	–	41,264	–	(3,995)	37,269	20,401	57,670
Dividends	–	(11,670)	–	–	(11,670)	(10,862)	(22,532)
Derivatives	–	–	–	130	130	93	223
Balance at 31 December 2012	11,390	482,799	31,760	5,966	531,915	211,653	743,568
For the year ended 31 December 2013							
Balance at 1 January 2013	11,390	482,799	31,760	5,966	531,915	211,653	743,568
Currency translation adjustment	–	–	–	(2,024)	(2,024)	(2,064)	(4,088)
Employee benefits (note 38)	–	(1,312)	–	–	(1,312)	(939)	(2,251)
Effective portion of changes in fair value of derivatives	–	–	–	(684)	(684)	(585)	(1,269)
Profit for the year	–	37,873	–	–	37,873	20,413	58,286
Total income and expense for the period	–	36,561	–	(2,708)	33,853	16,825	50,678
Dividends	–	(13,438)	–	–	(13,438)	(10,510)	(23,948)
Derivatives	–	–	–	(130)	(130)	(93)	(223)
Balance at 31 December 2013	11,390	505,922	31,760	3,128	552,200	217,875	770,075

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 2013

	Notes	Year to 31 December 2013 US$'000	Year to 31 December 2012 (restated – see note 2 US$'000
Net cash inflow from operating activities	30	**108,416**	110,091
Investing activities			
Acquisition of Briclog less net of cash acquired		**(10,153)**	–
Interest received		**9,938**	9,564
Dividends received from trading investments		**4,664**	2,854
Proceeds on disposal of trading investments		**53,701**	134,624
Proceeds on disposal of property, plant and equipment		**17,912**	1,659
Purchase of property, plant and equipment		**(106,148)**	(103,155)
Purchase of intangible asset		**(2,960)**	(7,209)
Purchase of trading investments		**(75,874)**	(108,515)
Additional investment in joint venture		**(4,000)**	–
Net cash used in investing activities		**(112,920)**	(70,178)
Financing activities			
Dividends paid	11	**(13,438)**	(11,670)
Dividends paid to non-controlling interests in subsidiary		**(10,511)**	(10,862)
Repayments of borrowings		**(36,772)**	(30,037)
Repayments of obligations under finance leases		**(1,540)**	(3,331)
New bank loans raised		**50,752**	48,925
Decrease in bank overdrafts		**–**	(132)
Derivative paid		**(39)**	–
Net cash from financing activities		**(11,548)**	(7,107)
Net decrease in cash and cash equivalents		**(16,052)**	32,806
Cash and cash equivalents at beginning of year		**136,680**	113,643
Effect of foreign exchange rate changes		**(14,116)**	(9,769)
Cash and cash equivalents at end of year		**106,512**	136,680

Notes to the Accounts

for the year ended 31 December 2013

1 General Information

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

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

2 Significant accounting policies and critical accounting judgements

Basis of accounting

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

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

Going concern

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

Basis of consolidation

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

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

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

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

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

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

Foreign currency

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

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

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

Notes to the Accounts

2 Significant accounting policies and critical accounting judgements (continued)

Investments in entities accounted for using the equity method

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

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

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

Investments in associates

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

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

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

Investments in joint ventures

Interests in joint ventures

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

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

Interests in joint operations

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

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

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

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

Employee Benefits

Short-term employee benefits

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

2 Significant accounting policies and critical accounting judgements (continued)

Employee Benefits (continued)

Share-Based payment transactions

The fair value at grant date of share-based payments granted to employees is recognised as a personnel expense with a corresponding increase in equity over the period that the employees unconditionally become entitled to the equity instruments. For the award of share-based payments that do not contain vesting conditions (non-vesting conditions), the fair value at grant date of share-based payment is measured to reflect such conditions and are not made further adjustments for differences between the expected and actual results.

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

Other long-term employee benefits

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

Benefits of termination of employment relationship

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

Taxation

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

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

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

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

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

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

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

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

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

Notes to the Accounts

2 Significant accounting policies and critical accounting judgements (continued)

Property, plant and equipment

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

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

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

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

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

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

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

Borrowing costs

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

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

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

Goodwill

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

Business combinations

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

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

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

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

2 Significant accounting policies and critical accounting judgements (continued)

Sale of non-controlling interest

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

Intangible assets

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

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

Impairment of tangible and other intangible assets

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

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

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

Inventories

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

Financial instruments

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

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

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

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

Notes to the Accounts

2 Significant accounting policies and critical accounting judgements (continued)

Derivatives

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

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

Hedge Accounting (Cash flow hedge)

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

Provisions

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

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

Construction contracts

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

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

Revenue

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

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

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

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.

2 Significant accounting policies and critical accounting judgements (continued)

Leasing (continued)

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

Critical accounting judgements and key sources of estimation uncertainty

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

Provisions

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.

Brazilian taxes

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

Deferred and recoverable income tax and social contribution

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

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

Impairment of goodwill and intangibles

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

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

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

Business combinations

Acquisitions of subsidiaries are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values of assets given and liabilities incurred or assumed in exchange for control of the acquiree at the date of acquisition. The fair value of assets and liabilities are based on management's best knowledge and expert advice.

Notes to the Accounts

2 Significant accounting policies and critical accounting judgements (continued)

Revenue recognition

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

Valuation of unquoted investments

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

New standards and interpretations not yet adopted

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

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

IFRS 9 Financial Instruments (2010) and IFRS 9 Financial Instruments (2009)

The new standard uses a single approach to determine whether a financial asset is measured at amortised cost or fair value. The approach in IFRS 9 (2009) is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. IFRS 9 (2010) incorporates new requirements on accounting for financial liabilities. The IASB intends to expand IFRS 9 to add new requirements for impairment of financial assets measured at amortised cost and include limited amendments to the classification and measurement requirements.

The IFRS 9 (2010 and 2009) is effective for annual periods beginning on or after 1 January 2015. The adoption of IFRS 9 (2010) might have an effect on the classification and measurement of the Group's financial assets, but will not have an impact on classification and measurements of financial liabilities.

New standards and interpretations adopted

In the current year the following new and revised standards and interpretations have been adopted which have affected the amounts reported in these consolidated financial statements.

New standards issued by the IASB were effective for annual periods beginning on or after 1 January 2013 as set out in Note 2 (New standards and interpretations) of our consolidated financial statements for the year ended 31 December 2012.

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single framework for measuring and disclosure about fair value when such measurements are required or permitted by other IFRSs. It unifies the definition of fair value as the price that would be received to sell an asset or would be paid for the transfer of a liability in an orderly transaction between market participants at the measurement date. It replaces and expands the disclosure requirements included in other IFRSs, including the IFRS 7. As a result, the Group has included additional disclosures in this regard (see note 23).

IAS 1 Presentation of Items in Other Comprehensive Income

As a result of the revision of IAS 1, the Group has changed the presentation of items in its statement of comprehensive income to present items that will not be reclassified to profit and loss and those items that maybe subsequently reclassified to profit and loss. There was no information from the previous year that required restatement for comparison purposes.

The company implemented the new standards related to the matters regarding subsidiaries and joint arrangements.

IFRS 10 introduces a single control model to determine whether an investee should be consolidated.

Under IFRS 11, the structure of joint arrangement, although still an important consideration, is no longer the main factor in determining the type of joint arrangement and therefore the related accounting.

2 Significant accounting policies and critical accounting judgements (continued)

New standards and interpretations adopted (continued)

The Group's interest in a joint operation, which is an arrangement in which the parties have rights to the assets and obligations for the liabilities, will be accounted for on the basis of the Group's interest in those assets and liabilities.

The Group's interest in a joint venture, which is an arrangement in which the parties have rights to the net assets, will be equity accounted.

The new standard applied by the Company includes the effect of recognising the profit/loss of Wilson Sons Ultratug Offshore and Atlantic Offshore S.A. on a single line in the Income Statement and the Balance Sheet to reflect Company's 50% participation rather than the previous treatment with proportional consolidation line by line. Additionally, Allink, the Company's 50% Non-Vessel Operating Common Carrier ("NVOCC"), which previously included only 50% share in both the Income Statement and the balance sheet, are now 100% consolidated in the financial statements, with a 50% non-controlling interest. For further details of these entities, refer to notes 16 and 17.

The impacts of the adoption of these new standards are set out below:

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2012

	As previously reported US$'000	Impact of new standards US$'000	Change in accounting policy US$'000	Restated US$'000
Revenue	645,327	(38,062)	3,089	610,354
Raw materials and consumables used	(77,719)	1,981	3,531	(72,207)
Employee benefits expense	(240,427)	17,396	–	(223,031)
Depreciation & amortisation expense	(66,619)	10,722	–	(55,897)
Other operating expenses	(180,591)	6,826	(186)	(173,951)
Loss on disposal of property, plant and equipment	(546)	12	–	(534)
Operating profit	79,425	(1,125)	6,434	84,734
Share of results of joint ventures	–	689	–	689
Investment revenue	6,526	6,591	5,138	18,255
Other gains and losses	16,394	–	–	16,394
Finance costs	(15,120)	5,172	–	(9,948)
Exchange losses on monetary items	–	–	(11,572)	(11,572)
Profit before tax	87,225	11,327	–	98,552
Income tax expense	(25,540)	(8,131)	–	(33,671)
Profit for the year	61,685	3,196	–	64,881
Other comprehensive income				
Items that will not be reclassified to profit and loss				
Exchange differences arising on translation of foreign operations	(6,987)	(224)	–	(7,211)
Other comprehensive loss for the year	(6,987)	(224)	–	(7,211)
Total comprehensive income/(loss) for the year	54,698	2,972	–	57,670
Profit for the period attributable to:				
Equity holders of parent	41,263	1	–	41,264
Non-controlling interests	20,422	3,195	–	23,617
	61,685	3,196	–	64,881
Total comprehensive income for the period attributable to:				
Equity holders of parent	37,268	1	–	37,269
Non-controlling interests	17,430	2,971	–	20,401
	54,698	2,972	–	57,670
Earnings per share				
Basic and diluted	116.7c	–	–	116.7c

Notes to the Accounts

2 Significant accounting policies and critical accounting judgements (continued)

Consolidated Balance Sheet

as at 31 December 2012

	As previously reported US$'000	Impact of new standards US$'000	Restated US$'000
Non-current assets			
Goodwill	15,612	–	15,612
Other intangible assets	29,899	(554)	29,345
Property, plant and equipment	828,764	(233,887)	594,877
Deferred tax assets	29,827	(180)	29,647
Trade and other receivables	18,015	(1,092)	16,923
Long-term investments	1,072	(1,072)	–
Investment in joint ventures	–	27	27
Other non-current assets	9,197	13	9,210
	932,386	(236,745)	695,641
Current assets			
Inventories	27,697	9,756	37,453
Trading investments	241,582	–	241,582
Trade and other receivables	168,267	31,219	199,486
Cash and cash equivalents	141,335	(4,655)	136,680
	578,881	36,320	615,201
Total assets	1,511,267	(200,425)	1,310,842
Current liabilities			
Trade and other payables	(163,762)	(9,457)	(173,219)
Current tax liabilities	(3,124)	(110)	(3,234)
Obligations under finance leases	(1,222)	(12)	(1,234)
Bank overdrafts and loans	(43,179)	7,682	(35,497)
	(211,287)	(1,897)	(213,184)
Net current assets	367,594	34,423	402,017
Non-current liabilities			
Trade and other payables	(1,134)	–	(1,134)
Bank loans	(524,908)	200,770	(324,138)
Deferred tax liabilities	(17,802)	2,759	(15,043)
Provisions	(10,872)	(94)	(10,966)
Obligations under finance leases	(2,800)	(9)	(2,809)
	(557,516)	203,426	(354,090)
Total liabilities	(768,803)	201,529	(567,274)
Net assets	742,464	1,104	743,568
Capital and reserves			
Share capital	11,390	–	11,390
Retained earnings	482,798	1	482,799
Capital reserves	31,760	–	31,760
Translation and hedging reserve	5,966	–	5,966
Equity attributable to equity holders of the parent	531,914	1	531,915
Non-controlling interests	210,550	1,103	211,653
Total equity	742,464	1,104	743,568

2 Significant accounting policies and critical accounting judgements (continued)

Consolidated Balance Sheet

as at 1 January 2012

	As previously reported US$'000	Impact of new standards US$'000	Restated US$'000
Non-current assets			
Goodwill	15,612	–	15,612
Other intangible assets	28,546	(83)	28,463
Property, plant and equipment	725,869	(187,187)	538,682
Deferred tax assets	28,525	982	29,507
Trade and other receivables	28,240	(275)	27,965
Long-term investments	1,072	(1,072)	–
Investment in joint ventures	–	7,661	7,661
Other non-current assets	8,412	17	8,429
	836,276	(179,957)	656,319
Current assets			
Inventories	21,142	4,229	25,371
Trading investments	251,297	–	251,297
Trade and other receivables	135,574	24,979	160,553
Cash and cash equivalents	119,323	(5,680)	113,643
	527,336	23,528	550,864
Total assets	1,363,612	(156,429)	1,207,183
Current liabilities			
Trade and other payables	(120,324)	(5,130)	(125,454)
Current tax liabilities	(3,472)	(73)	(3,545)
Obligations under finance leases	(3,787)	(17)	(3,804)
Bank overdrafts and loans	(32,672)	7,487	(25,185)
	(160,255)	2,267	(157,988)
Net current assets	367,081	25,795	392,876
Non-current liabilities			
Trade and other payables	(2,471)	–	(2,471)
Bank loans	(451,381)	146,795	(304,586)
Deferred tax liabilities	(26,093)	8,833	(17,260)
Provisions	(13,378)	–	(13,378)
Obligations under finance leases	(3,278)	(15)	(3,293)
	(496,601)	155,613	(340,988)
Total liabilities	(656,856)	157,880	(498,976)
Net assets	706,756	1,451	708,207
Capital and reserves			
Share capital	11,390	–	11,390
Retained earnings	453,205	–	453,205
Capital reserves	31,760	–	31,760
Translation and hedging reserve	9,831	–	9,831
Equity attributable to equity holders of the parent	506,186	–	506,186
Non-controlling interests	200,570	1,451	202,021
Total equity	706,756	1,451	708,207

Notes to the Accounts

2 Significant accounting policies and critical accounting judgements (continued)

Consolidated Cash Flow Statement

for the year ended 31 December 2012

	As previously reported	Impact of new standards	Restated
	US$'000	US$'000	US$'000
Net cash inflow from operating activities	115,597	(5,506)	110,091
Investing activities			
Interest received	9,320	244	9,564
Dividends received from trading investments	2,854	–	2,854
Proceeds on disposal of trading investments	134,624	–	134,624
Proceeds on disposal of property, plant and equipment	2,238	(579)	1,659
Purchases of property, plant and equipment	(162,481)	59,326	(103,155)
Purchase of intangible asset	(7,761)	552	(7,209)
Purchases of trading investments	(108,515)	–	(108,515)
Net cash used in investing activities	(129,721)	59,543	(70,178)
Financing activities			
Dividends paid	(11,670)	–	(11,670)
Dividends paid to non-controlling interests in subsidiary	(7,543)	(3,319)	(10,862)
Repayments of borrowings	(37,559)	7,522	(30,037)
Repayments of obligations under finance leases	(3,331)	–	(3,331)
New bank loans raised	108,121	(59,196)	48,925
Decrease in bank overdrafts	(132)	–	(132)
Derivative paid	(139)	139	–
Net cash from financing activities	47,747	(54,854)	(7,107)
Net decrease in cash and cash equivalents	33,623	(817)	32,806
Cash and cash equivalents at beginning of period	119,323	(5,680)	113,643
Effect of foreign exchange rate changes	(11,611)	1,842	(9,769)
Cash and cash equivalents at end of period	141,335	(4,655)	136,680

3 Revenue

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

	Year ended 31 December 2013 US$'000	Year ended 31 December 2012 (Restated) US$'000
Sales of services	**559,825**	548,575
Revenue from construction contracts	**100,281**	61,779
	660,106	610,354
Investment income (note 7)	**17,838**	18,255
	677,944	628,609

All revenue is derived from continuing operations.

4 Business and geographical segments

Business segments

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

Segment information relating to these businesses is presented below.

For the year ended 31 December 2013

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

Notes to the Accounts

4 Business and geographical segments (continued)

For the year ended 31 December 2012

	Maritime Services Year ended 31 December 2012 (Restated) US$'000	Investment Year ended 31 December 2012 (Restated) US$'000	Unallocated Year ended 31 December 2012 (Restated) US$'000	Consolidated Year ended 31 December 2012 (Restated) US$'000
Revenue	610,354	–	–	610,354
Result				
Segment result	90,287	(2,666)	(2,887)	84,734
Share of results of joint venture	689	–	–	689
Investment revenue	15,397	2,851	7	18,255
Other gains and losses	–	16,394	–	16,394
Finance costs	(9,948)	–	–	(9,948)
Foreign exchange losses on monetary items	(11,635)	(73)	136	(11,572)
Profit before tax	84,790	16,506	(2,744)	98,552
Tax	(33,671)	–	–	(33,671)
Profit after tax	51,119	16,506	(2,744)	64,881
Other information				
Capital additions	(128,916)	–	(5)	(128,921)
Depreciation and amortisation	(55,896)	–	(1)	(55,897)
Balance Sheet				
Assets				
Segment assets	1,068,826	238,904	3,112	1,310,842
Liabilities				
Segment liabilities	(566,592)	(320)	(362)	(567,274)

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 2013 US$'000	31 December 2012 (Restated) US$'000	**Year ended 31 December 2013 US$'000**	Year ended 31 December 2012 (Restated) US$'000
Brazil	**1,032,017**	999,944	**136,947**	128,921
Bermuda	**300,392**	309,872	**–**	–
Other	**60**	1,026	**–**	–
	1,332,469	1,310,842	**136,947**	128,921

5 Profit for the year

Profit for the year has been arrived at after charging:

	Year ended 31 December 2013 US$'000	Year ended 31 December 2012 (Restated) US$'000
Net foreign exchange losses	–	(10,885)
Depreciation of property, plant and equipment	52,372	50,639
Amortisation of intangible assets	6,302	5,258
Operating lease rentals	13,966	14,128
Auditor's remuneration for audit services (see below)	586	625
Non-executive directors emoluments	446	380
A more detailed analysis of auditor's remuneration is provided below:		
Financial statement audit of group and subsidiaries	586	625
Other services	–	–
	586	625

6 Employee benefits expense

	Year ended 31 December 2013 US$'000	Year ended 31 December 2012 (Restated) US$'000
Aggregate remuneration comprised:		
Wages and salaries	176,308	174,656
Share based payment (credit)/expense	(1,430)	2,262
Social security costs	33,070	44,663
Other pension costs	1,511	1,450
	209,459	223,031

7 Investment revenue

	Year ended 31 December 2013 US$'000	Year ended 31 December (Restated) 2012 US$'000
Interest on bank deposits	11,891	14,769
Dividends from equity investments	5,193	2,854
Other interest	754	632
	17,838	18,255

8 Other gains and losses

	Year ended 31 December 2013 US$'000	Year ended 31 December (Restated) 2012 US$'000
Increase in fair value of trading investments held at year end	14,594	3,005
(Loss)/profit on disposal of trading investments	(910)	13,389
	13,684	16,394

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 2013 US$'000	Year ended 31 December 2012 (Restated) US$'000
Interest on bank overdrafts and loans	**11,572**	9,791
Exchange loss/(gain) on foreign currency borrowings	**9,576**	(707)
Interest on obligations under finance leases	**715**	864
	21,863	9,948

Borrowing costs incurred on qualifying assets of US$1.5 million (2012: US$4.3 million) were capitalised in the year at an average interest rate of 3.05% (2012: 3.18%).

10 Taxation

	Year ended 31 December 2013 US$'000	Year ended 31 December 2012 (Restated) US$'000
Current		
Brazilian taxation		
Corporation tax	**23,610**	26,416
Social contribution	**9,898**	10,231
Total current tax	**33,508**	36,647
Deferred tax		
Credit for the year in respect of deferred tax liabilities	**(10,448)**	(3,288)
Charge for the year in respect of deferred tax assets	**19,156**	312
Total deferred tax	**8,708**	(2,976)
Total taxation	**42,216**	33,671

Brazilian corporation tax is calculated at 25% (2012: 25%) of the assessable profit for the year. Brazilian social contribution tax is calculated at 9% (2012: 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 2013 US$'000	Year ended 31 December 2012 (Restated) US$'000
Profit before tax	**100,502**	98,552
Tax at the standard Brazilian tax rate of 34% (2012: 34%)	**34,171**	33,508
Tax effect of expenses/income that are not included in determining taxable profit	**11,976**	2,091
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(3,931)**	(1,928)
Tax expense and effective rate for the year	**42,216**	33,671
Effective rate for the year	**42%**	34%

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 2013 US$'000	Year ended 31 December 2012 (Restated) US$'000
Amounts recognised as distributions to equity holders in the period:		
Final dividend paid for the year ended 31 December 2012 of 38c (2011: 29c) per share	**13,438**	10,255
First interim dividend paid for the year ended 31 December 2013 of 0c per share (2012: 4c)	**–**	1,415
	13,438	11,670
Proposed final dividend for the year ended 31 December 2013 of 60c (2012: 38c) per share	**21,218**	13,438

12 Earnings per share

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

	Year ended 31 December 2013 US$'000	Year ended 31 December 2012 (Restated) US$'000
Earnings:		
Earnings for the purposes of basic earnings per share being net profit attributable to equity holders of the parent	**37,873**	41,264
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 2013 US$'000	31 December 2012 US$'000	1 January 2012 US$'000
Cost and carrying amount attributed to:			
Tecon Rio Grande	**13,132**	13,132	13,132
Tecon Salvador	**2,480**	2,480	2,480
Brazilian Intermodal Complex (Briclog)	**22,010**	–	–
Total	**37,622**	15,612	15,612

For the purposes of testing goodwill for impairment losses, the Group makes use its updated valuation model, for the relevant cash-generating units (Tecon Rio Grande and Tecon Salvador) derived from the most recent financial budget for the following year, extrapolates cash flows for the remaining life of the concession based on an estimated average growth rate of 6% annually and a discount rate of 10.07% (31 December 2012: 10.07% and 1 January 2012: 12%) for both business units. This rate does not exceed the average long-term historical growth rate for the relevant market. After testing goodwill as mentioned above, no impairment losses were recognised for the periods presented.

Briclog's goodwill arose from the acquisition of Briclog and is composed partly of expectation for future profitability and partially for deferred tax on intangibles. This goodwill´s historical value is equivalent to US$23.3 million, with negative foreign exchange impact of US$1.3 million due to the translation effect, on 31 December 2013. The goodwill will be tested for impairment annually; details of the Briclog acquisition are shown in note 29.

The directors consider that no reasonable change in their assumptions regarding their goodwill impairment testing would result in impairment

Notes to the Accounts

14 Other intangible fixed assets

	US$'000
Cost	
At 1 January 2012 – (Restated)	39,041
Additions	7,209
Write off	(684)
Exchange differences	(1,510)
At 1 January 2013 – (Restated)	44,056
Additions	26,028
Acquired with acquisition of Briclog	266
Write off	(30)
Exchange differences	(3,469)
At 31 December 2013	**66,851**
Amortisation	
At 1 January 2012 – (Restated)	10,578
Charge for the year	5,258
Write off	(627)
Exchange differences	(498)
At 1 January 2013 – (Restated)	14,711
Acquired with acquisition of Briclog	206
Charge for the year	6,302
Write off	(23)
Exchange differences	(995)
At 31 December 2013	**20,201**
Carrying amount	
31 December 2013	**46,650**
31 December 2012 – (Restated)	29,345
1 January 2012 – (Restated)	28,463

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) and the implementation of integrated management software (SAP) (iii) the Briclog acquisition in 2013.

The breakdown of intangibles by type is as follows:

	31 December 2013 US$'000	31 December 2012 (Restated) US$'000	1 January 2012 (Restated) US$'000
Briclog	**21,454**	–	–
Tecon Salvador	**9,263**	11,509	13,509
Computer software	**7,613**	9,724	6,774
Other	**8,320**	8,112	8,180
Total	**46,650**	29,345	28,463

The additions to Intangible assets in the period are attributable mainly to the 30-year lease right acquired through the Briclog acquisition as detailed in Note 29.

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 2012 – (Restated)	213,951	296,644	232,621	2,667	745,883
Additions	68,049	3,474	23,240	26,952	121,715
Transfers	15	13,743	(15)	(13,743)	–
Exchange differences	(8,482)	–	(7,040)	–	(15,522)
Disposals	(1,174)	–	(5,315)	–	(6,489)
At 1 January 2013 – (Restated)	272,359	313,861	243,491	15,876	845,587
Additions	38,153	7,197	30.234	19,091	94,675
Additions – Briclog	12,687	–	3,291	–	15,978
Transfers	(5,033)	11,913	5,033	(11,913)	–
Exchange differences	(16,663)	–	(14,108)	–	(30,771)
Disposals	(2,006)	(11,809)	(16,282)	–	(30,097)
At 31 December 2013	**299,497**	**321,162**	**251,659**	**23,054**	**895,372**
Accumulated depreciation and impairment					
At 1 January 2012 – (Restated)	34,972	98,783	73,446	–	207,201
Charge for the year	12,759	14,350	23,530	–	50,639
Elimination on construction contracts	–	2,628	–	–	2,628
Exchange differences	(1,254)	–	(4,151)	–	(5,405)
Disposals	(545)	(3)	(3,805)	–	(4,353))
At 1 January 2013 – (Restated)	45,932	115,758	89,020	–	250,710
Charge for the year	17,584	11,523	23,265	–	52,372
Additions – Briclog	530	–	1,489	–	2,019
Elimination on construction contracts	–	3,744	–	–	3,744
Exchange differences	(3,188)	–	(6,015)	–	(9,203)
Disposals	(649)	(11,355)	(9,190)	–	(21,194)
At 31 December 2013	**60,209**	**119,670**	**98,569**	**–**	**278,448**
Carrying Amount					
At 31 December 2013	**239,288**	**201,492**	**153,090**	**23,054**	**616,924**
At 31 December 2012 – (Restated)	226,427	198,103	154,471	15,876	594,877
At 1 January 2012 – (Restated)	178,979	197,861	159,175	2,667	538,682

The carrying amount of the Group's vehicles, plant and equipment includes an amount of US$22.3 million (2012: US$20.5 million) in respect of assets held under finance leases.

Land and buildings with a net book value of US$0.2 million (2012: US$0.2 million) and tugs with a value of US$2.0 million (2012: US$2.2 million) have been given in guarantee of various legal processes.

The Group has pledged assets having a carrying amount of approximately US$234.1 million (2012: US$588.6 million) to secure loans granted to the Group.

At 31 December 2013, the Group had entered into contractual commitments for the acquisition of property, plant and equipment amounting to US$5.5 million (2012: US$15.8 million).

Notes to the Accounts

16 Subsidiaries

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

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

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

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

17 Joint ventures

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

		Proportion of ownership interest		
	Place of incorporation and operation	**31 December 2013**	31 December 2012 (Restated)	1 January 2012 (Restated)
Towage				
Consórcio de Rebocadores Barra de Coqueiros	Brazil	**50%**	50%	50%
Consórcio de Rebocadores Baia de São Marcos	Brazil	**50%**	50%	50%
Logistics				
Porto Campinas, Logística e Intermodal Ltda	Brazil	**50%**	50%	50%
Offshore				
Wilson, Sons Ultratug Participações S.A.*	Brazil	**50%**	50%	50%
Atlantic Offshore S.A.**	Panamá	**50%**	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 2013 US$'000	Year ended 31 December 2012 (Restated) US$'000
Revenue	**108,837**	93,900
Raw materials and consumables used	**(5,190)**	(3,983)
Employee benefits expense	**(42,192)**	(41,180)
Depreciation and amortisation expenses	**(26,249)**	(21,540)
Other operating expenses	**(15,240)**	(16,682)
Loss on disposals of property, plant & equipment	**(72)**	–
Results from operating activities	**19,894**	10,515
Finance income	**1,292**	1,243
Finance costs	**(15,391)**	(11,609)
Foreign exchange gains/(losses) on monetary items	**1,890**	(12,874)
Profit/(loss) before tax	**7,685**	(12,725)
Income tax expense	**(2,900)**	14,104
Profit for the period	**4,785**	1,379
Participation	**50%**	50%
Equity result	**2,392**	689

Notes to the Accounts

17 Joint ventures (continued)

	31 December 2013 US$'000	31 December 2012 (Restated) US$'000	1 January 2012 (Restated) US$'000
Other non-current Assets	**465**	876	554
Property, plant and equipment	**603,137**	510,316	410,986
Long-term investment	**2,131**	2,144	2,145
Other current assets	**864**	380	21
Trade and other receivables	**33,607**	24,906	22,464
Derivatives	**–**	985	–
Cash and cash equivalents	**23,401**	10,488	12,641
Total assets	**663,605**	550,095	448,811
Bank overdrafts and loans	**501,713**	416,905	308,562
Other non-current liabilities	**8,878**	5,537	19,629
Trade and other payables	**102,782**	89,774	84,561
Equity	**50,232**	37,879	36,059
Total liabilities	**663,605**	550,095	448,811

Guarantees

Loans from the BNDES are guaranteed by a pledge over the financed supply vessels and corporate guarantee from Wilson Sons Adminisração e Comércio and/or Remolcadores Ultratug Ltda.

Loans with Banco do Brasil are guaranteed by a pledge over the financed supply vessels, "Standby Letter of Credit", fiduciary assignment of Petrobras long-term contracts and corporate guarantee from Remolcadores Ultratug Ltda. The Magallanes Navegação Brasileira S.A. subsidiary, in accordance to this Financing Agreement with Banco do Brasil, constituted a restricted cash account, accounted for under Long-term investments, in the amount of US$2.1 million. This reserve will be retained until financing settlement, with minimum remuneration as savings account or by other financial instrument with similar risk, at the financial institution's discretion, and operated exclusively by the financial institution.

Covenants

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

Provisions for tax, labour and civil risks

The provisions below are included in other non-current liabilities above. The breakdown of the provision by type of risk is as follows:

	31 December 2013 US$'000	31 December 2012 (Restated) US$'000	1 January 2012 (Restated) US$'000
Civil cases	**9**	10	–
Tax cases	**639**	712	739
Labour claims	**1,231**	1,223	17
Total	**1,879**	1,945	756

18 Investments

	2013 US$'000	2012 US$'000
Trading investments		
At 1 January	**241,582**	251,297
Additions, at cost	**77,879**	114,458
Disposals, at market value	**(55,176)**	(140,567)
Increase in fair value of trading investments held at year end	**14,594**	3,005
(Loss)/profit on disposal of trading investments	**(910)**	13,389
At 31 December	**277,969**	241,582
Ocean Wilsons Investment Limited Portfolio	**244,969**	221,582
Wilson Sons Limited	**33,000**	20,000
Trading investments held at fair value at 31 December	**277,969**	241,582

Wilson Sons Limited

During 2013 Wilson Sons Limited invested in Real denominated and US Dollar denominated fixed rate certificates. The Wilson Sons Limited investments are held and managed separately from the Ocean Wilsons Investment Portfolio.

Ocean Wilsons Investment Portfolio

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

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

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

19 Inventories

	31 December 2013 US$'000	31 December 2012 (Restated) US$'000	1 January 2012 (Restated) US$'000
Operating materials	**13,433**	12,902	11,533
Raw materials and spare parts	**15,657**	24,551	13,838
Total	**29,090**	37,453	25,371

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 2013 US$'000	31 December 2012 (Restated) US$'000	1 January 2012 (Restated) US$'000
Contract costs incurred plus recognised profits less recognised losses to date	**81,995**	77,029	63,425
Less progress billings	**(110,540)**	(152,366)	(87,232)
Amounts due to contract customers included in trade and other payables	**(28,545)**	(75,337)	(23,807)

21 Trade and other receivables

	31 December 2013 US$'000	31 December 2012 (Restated) US$'000	1 January 2012 (Restated) US$'000
Trade and other receivables			
Amount receivable for the sale of services	**65,542**	66,026	67,858
Allowance for doubtful debts	**(1,718)**	(2,506)	(927)
	63,824	63,520	66,931
Income taxation recoverable	**15,082**	11,239	9,262
Other recoverable taxes and levies	**32,760**	44,819	41,283
Prepayments	**7,089**	43,211	16,319
Other	**56,062**	53,620	54,723
	174,817	216,409	188,518
Total current	**150,819**	199,486	160,553
Total non-current	**23,998**	16,923	27,965
	174,817	216,409	188,518

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

Included in the Group's trade receivable balances are debtors with a carrying amount of US$12.8 million (2012: US$16.3 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.

Included in other debtors is US$15.4 million relating to insurance receivables for the damage to the warehouse and materials inventory used in the shipbuilding process by the fire at the Guarujá II shipyard warehouse during the year (property, plant and equipment US$1.5 million and inventories US$13.9 million).

21 Trade and other receivables (continued)

Ageing of past due but not impaired trade receivables	31 December 2013 US$'000	31 December 2012 (Restated) US$'000	1 January 2012 (Restated) US$'000
From 0 – 30 days	**9,046**	8,670	13,720
From 31 – 90 days	**3,015**	4,043	996
From 91 – 180 days	**771**	3,549	622
more than 180 days	**–**	–	–
Total	**12,832**	16,262	15,338

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$2.5 million, which are aged, greater than 180 days. The impairment recognised represents the difference between the carrying amount of these trade receivables and the present value of the expected settlement proceeds.

The Group does not hold any collateral over these balances.

Ageing of impaired trade receivables	31 December 2013 US$'000	31 December 2012 (Restated) US$'000	1 January 2012 (Restated) US$'000
From 0 – 30 days	**–**	–	–
From 31 – 90 days	**–**	–	–
From 91 – 180 days	**–**	–	–
more than 180 days	**1,718**	2,506	927
Total	**1,718**	2,506	927

Movement in the allowance for doubtful debts	2013 US$'000	2012 US$'000
Balance at the beginning of the year (Restated)	**2,506**	927
Amounts written off as uncollectable	**(10,332)**	(5,643)
Increase in allowance recognised in profit or loss	**9,682**	7,348
Exchange differences	**(138)**	(126)
Balance at the end of the year	**1,718**	2,506

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.

Notes to the Accounts

22 Bank loans and overdrafts

	Annual Interest rate %	**31 December 2013 US$'000**	31 December 2012 (Restated) US$'000	1 January 2012 (Restated) US$'000
Unsecured borrowings				
Bank overdrafts – Real	12.4%	**–**	–	132
Total unsecured borrowings		**–**	–	132
Secured borrowings				
BNDES – FINAME Real [1]	3.0% to 12.00%	**10,366**	19,401	30,591
BNDES – FMM linked to US Dollar [2]	2.07% to 6%	**214,826**	213,999	198,827
BNDES – FMM Real [2]	9.71%	**3,247**	3,994	4,540
BNDES – FINEM Real [3]	6.76% – 6.89%	**9,849**	3,604	–
BNDES – linked to US Dollar [3]	5.07% to 5.36%	**11,591**	13,821	15,447
Total BNDES		**249,879**	254,819	249,405
BB – FMM linked to US Dollar [4]	2.00% to 3.00%	**24,387**	–	–
IFC – US Dollar 5IFC – linked to Real [5]	3.14%	**75,296**	77,606	57,208
BB – FMM linked to US Dollar [4]	14.09%	**1,738**	2,655	3,618
China Eximbank – US Dollar [6]	2.19%	**11,563**	13,686	15,769
Itaú – Finimp – US Dollar [7]	2.02% to 4.30%	**9,528**	10,605	3,152
Caterpillar – Supplier´s Credit Real	4.41% to 7.44%	**–**	264	487
Total others		**122,512**	104,816	80,234
Total secured borrowings		**372,391**	359,635	329,639
Total		**372,391**	359,635	329,771

1. FINAME credit line, through a variety of financial agents, finances Logistics and Port Operation equipment.
2. As an agent of Fundo da Marinha Mercante's (FMM), Banco Nacional De Desenvolvimento Economico e Social (BNDES) finances the construction of tugboats and shipyard facilities.
3. Through FINEM credit line, BNDES is also financing improvements in Tecon Rio Grande, modernisation of support bases of Brasco in Niterói and Guaxindiba, Logistics equipment, implementation of Wilport's yard and enlargement of the container storehouse in Salvador Depot. The debt amount is repayable over different periods up to 18 years.
4. Banco do Brasil ("BB") as a Fundo da Marinha Mercante's (FMM) agent, finances the construction of tugboats. The contract shall be repaid in 18 years starting in March 2015, with monthly amortisation and interest payment.
5. International Finance Corporation (IFC) finances projects in container terminal -Tecon Salvador. The amortisation and interest payment are semi-annual.
6. The Export-Import Bank of China (Eximbank) finances Tecon Rio Grande's equipment acquisition. As per loan agreement principal shall be repaid in 9 years (5.1 years on 31 December 2013), with semi-annual amortisation and interest payment. There is a 2.0% p.a. guarantee fee paid to Banco Itaú BBA.
7. Banco Itaú BBA S.A finances Tecon Rio Grande's equipment acquisition through an Import Finance Facility ("FINIMP"). As per the loan agreement the principal will be repaid in 5.5 years (1.1 years on 31 December 2013) with semi-annual amortisation and interest payments. The second loan was signed on 6 January 2012. As per the loan agreement the principal will be repaid in 5 years (3.0 years on 31 December 2013) with semi-annual amortisation and interest payments.

22 Bank loans and overdrafts (continued)

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

	31 December 2013 US$'000	31 December 2012 (Restated) US$'000	1 January 2012 (Restated) US$'000
Within one year	**37,997**	35,497	25,185
In the second year	**37,370**	38,358	33,927
In the third to fifth years (including)	**110,115**	102,608	98,092
After five years	**186,909**	183,172	172,567
Total	**372,391**	359,635	329,771
Amounts due for settlement within 12 months	**37,997**	35,497	25,185
Amounts due for settlement after 12 months	**334,394**	324,138	304,586

The analysis of borrowings by currency is as follows:

	$Real US$'000	$Real linked to US Dollars US$'000	US Dollars US$'000	Total US$'000
31 December 2013				
Bank overdrafts	**–**	**–**	**–**	**–**
Bank loans	**25,200**	**250,804**	**96,387**	**372,391**
Total	**25,200**	**250,804**	**96,387**	**372,391**
31 December 2012 (Restated)				
Bank overdrafts	–	–	–	–
Bank loans	29,919	227,820	101,896	359,635
Total	29,919	227,820	101,896	359,635
1 January 2012 (Restated)				
Bank overdrafts	132	–	–	132
Bank loans	39,236	214,274	76,129	329,639
Total	39,368	214,274	76,129	329,771

Guarantees

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

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

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

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

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

Notes to the Accounts

22 Bank loans and overdrafts (continued)

Undrawn credit facilities

At 31 December 2013 the Group had available US$218.5 million (R$512.0 million) of undrawn borrowing facilities. For each disbursement there is a set of precedent conditions that must be satisfied.

Fair value

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

	31 December 2013	31 December 2012 (Restated)	1 January 2012 (Restated)
	US$'000	US$'000	US$'000
Bank overdrafts	**–**	–	132
Bank loans			
BNDES	**249,879**	254,819	249,405
BB	**24,387**	–	–
IFC	**77,034**	80,352	60,934
Eximbank	**11,563**	13,686	15,769
Finimp	**9,528**	10,605	3,152
Caterpillar	**–**	264	487
Total bank loans	**372,391**	359,726	329,747
Total	**372,391**	359,726	329,879

The weighted average interest rates paid were as follows:

	Year ended 2013	Year ended 2012
Bank loans in US$ and linked to the US$	**3.2%**	3.2%
Bank loans in $Real	**7.9%**	8.5%

At 31 December 2013, the Group had available US$218.5 million of undrawn committed borrowings facilities available. For each disbursement, there is a set of conditions precedent that must be met (2012: US$500.5 million).

23 Derivative financial instruments

The Group may enter into derivatives contracts to manage risks arising from exchange rate fluctuations. The derivatives are entered into with bank and financial institution counterparties, which are rated AAA, based on rating agency Standard & Poor's ratings.

The Group buys and sells derivatives, in order to manage market risks. 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 entered into currency put-options contracts during the years ended 31 December 2013 (31 December 2012: nil). Options are derivative financial instruments that give the buyer, in exchange for a premium payment, the right, but not the obligation, to either purchase from (call option) or sell to (put option) the writer a specified underlying instrument at a specific price on or before a specified date.

The premium paid on acquired put options are recorded initially as an asset and adjusted to their respective fair values using valuation techniques as Black and Scholes option model. The model used to price option contracts includes observables inputs available on market.

At 31 December 2013 the notional value of outstanding derivative put contracts was US$• million. The fair value was US$1.2 million.

23 Derivative financial instruments (continued)

Cash flow hedge

The Group seeks to apply hedge accounting in order to manage volatility in profit or loss.

The put option contracts described are designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a highly probable forecast transaction that could affect profit or loss. The effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the hedging reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur then the balance in equity is reclassified to profit or loss.

On initial designation of the derivative as a hedging instrument, the Group formally documents the relationship between the hedging instrument and hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be highly effective in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk, and whether the actual results of each hedge are within a range of 80 – 125%.

Derivatives are recognised initially at fair value; any attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

The hedged item and the risk associated is the foreign currency exposure in BRL of payments to the shipyard.

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

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

		US$'000	
	Outflows	Inflows	Net effect
Within one year	(110)	–	(110)
In the second year	(58)	58	–
In the third to fifth years (including)	(1,118)	34	(1,084)
After five years	(46)	–	(46)
	(1,332)	92	(1,240)
Fair Value			(1,240)

The fair value of the swap was estimated based on the yield curve as of 31 December 2013, and represents its carrying value. As of 31 December 2013, the interest rate swap balance in current liabilities and other non-current liabilities was US$1.2 million; and the balance in accumulated other comprehensive income on the consolidated balance sheets was US$1.2 million. The net change in fair value of the interest rate swap recorded as other comprehensive income for the year ended 31 December 2013 was an after-tax loss of US$1.2 million.

Notes to the Accounts

23 Derivative financial instruments (continued)

31 December 2013	Notional Amount US$000's	Maturity	Fair Value US$000's
Financial Assets			
Interest Rates Swap	74,400	Mar/2020	(1,240)
Total			(1,240)

Derivative Sensitivity Analysis

This analysis is based on foreign currency exchange 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 interest 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 deterioration of 25% (Possible) and 50% (Remote) in the exchange rate, the risk in buying an options contracts is that the Group pays a premium whether or not the option is exercised. In this case in both scenarios the risk associated on 31 December 2013 is US$1.2 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 recognized in other comprehensive income and presented as an asset revaluation reserve in equity. Any ineffective portion of changes in fair value of the derivative is recognised immediately in the profit or loss.

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

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

Under this methodology, the swap was deemed to be highly effective for the period ended 31 December 2013. There was no hedge ineffectiveness recognized in profit or loss for the year ended 31 December 2013.

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 2012 – (Restated)	(16,203)	508	24,790	3,152	12,247
(Charge)/credit to income	(1,670)	4,958	9,913	(10,225)	2,976
Exchange differences	–	(61)	(558)	–	(619)
At 1 January 2013 – (Restated)	**(17,873)**	**5,405**	**34,145**	**(7,073)**	**14,604**
(Charge)/credit to income	(1,320)	11,768	(416)	(18,740)	(8,708)
Deferred tax from acquisitions	–	–	(7,793)	–	(7,793)
Exchange differences	–	(166)	(1,599)	–	(1,765)
At 31 December 2013	**(19,193)**	**17,007**	**24,337**	**(25,813)**	**(3,662)**

24 Deferred tax (continued)

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 2013 US$'000	31 December 2012 (Restated) US$'000	1 January 2012 (Restated) US$'000
Deferred tax liabilities	**(33,761)**	(15,043)	(17,260)
Deferred tax assets	**30,099**	29,647	29,507
	(3,662)	14,604	12,247

At the balance sheet date the Group had unused tax losses of US$42.0 million (2012: US$66.5 million) available for offset against future profits in the company in which they arose. No deferred tax asset has been recognised in respect of US$7.2 million (2012: US$6.9 million) due to the unpredictability of future profit streams.

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

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

25 Obligations under finance leases

	Minimum lease payments		
	31 December 2013 US$'000	31 December 2012 (Restated) US$'000	1 January 2012 (Restated) US$'000
Amounts payable under finance leases			
Within one year	2,042	1,666	4,568
In the second to fifth years inclusive	6,546	3,564	4,305
After five years	–	–	–
	8,588	5,230	8,873
Less future finance charges	(2,229)	(1,187)	(1,776)
Present value of lease obligations	6,359	4,043	7,097
Less: Amounts due for settlement within 12 months (shown under current liabilities)	1,547	1,234	3,804
Amount due for settlement after 12 months	4,812	2,809	3,293

	Present value of Minimum lease payments		
	31 December 2013 US$'000	31 December 2012 (Restated) US$'000	1 January 2012 (Restated) US$'000
Amounts payable under finance leases			
Within one year	**1,547**	1,234	3,804
In the second to fifth years inclusive	**4,812**	2,809	3,293
After five years	**–**	–	–
	6,359	4,043	7,097
Less future finance charges	**–**	–	–
Present value of lease obligations	**–**	–	–
Less: Amounts due for settlement within 12 months (shown under current liabilities)	**1,547**	1,234	3,804
Amount due for settlement after 12 months	**4,812**	2,809	3,293

Notes to the Accounts

25 Obligations under finance leases (continued)

It is the Group's policy to lease certain of its fixtures and equipment under finance leases. The average lease term is 4.5 years.

For the year ended 31 December 2013, the average effective borrowing rate was 13.61% (2012: 14.94%). Interest rates are fixed at contract date. All leases are denominated in Brazilian Real and include a fixed repayment and a variable finance charge linked to the Brazilian interest rate. Interest rates range from 12.11% to 17.32%.

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

26 Trade and other payables

	31 December 2013 US$'000	31 December 2012 (Restated) US$'000	1 January 2012 (Restated) US$'000
Trade creditors	**73,908**	58,671	55,977
Amounts due to construction contract customers (note 20)	**28,545**	75,337	23,807
Other taxes	**12,437**	15,199	16,709
Accruals and deferred income	**10,132**	12,818	13,397
Share based payment liability	**10,898**	12,328	18,035
	135,920	174,353	127,925
Total current	**135,920**	173,219	125,454
Total non-current	**–**	1,134	2,471

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

The average credit period for trade purchases is 76 days (2012: 104 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 2012 – (Restated)	13,378
Increase in provisions in the year	1,658
Utilisation of provisions	(3,452)
Exchange difference	(618)
At 31 December 2012 – (Restated)	10,966
Increase in provisions in the year	4,252
Utilisation of provisions	(1,239)
Exchange difference	(3,717)
At 31 December 2013	**10,262**

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

Analysis of provisions by type:

	31 December 2013 US$'000	31 December 2012 (Restated) US$'000	1 January 2012 (Restated) US$'000
Civil and environmental cases	**2,078**	1,747	1,910
Tax cases	**1,822**	1,764	169
Labour claims	**6,362**	7,455	11,299
	10,262	10,966	13,378

27 Provisions (continued)

Civil and environment cases: these comprise indemnification for environmental damages caused by floating craft accidents and contract disputes.

Labour claims: These claims relate to additional payments for health risks, overtime and other allowances.

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

Other non-current assets of US$10.2 million (2012: US$9.2 million) represent legal deposits required by the Brazilian legal authorities as security to contest legal actions.

In addition to the cases for which the Group booked the provision there are other tax, civil and labour disputes amounting to US$131.6 million (2012: US$91.6 million) included in note 31, contingent liabilities, whose probability of loss was estimated by the legal counsel as possible.

The analysis of possible losses by type:

	31 December 2013 US$'000	31 December 2012 (Restated) US$'000	1 January 2012 (Restated) US$'000
Civil and environmental cases	**10,174**	7,140	6,261
Tax cases	**56,799**	40,479	25,036
Labour claims	**66,416**	43,961	37,365
	133,389	91,580	68,662

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

Upon receipt of the notification of a new judicial lawsuit, the external lawyers, in general, classify it as a possible claim, recording the total amount involved, not the amount at risk which is not known at this stage. Exceptionally, if there is sufficient knowledge from the beginning that there are 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 defense and other variables, the lawyer may re-classify the claim as probable loss or remote loss.

When classifying the claim as probable loss, the lawyer estimates the Amount at Risk for such claim.

28 Share capital

	2013 US$'000	2012 (Restated) US$'000
Authorised		
50,060,000 ordinary shares of 20p each	**16,119**	16,119
Issued and fully paid		
35,363,040 ordinary shares of 20p each	**11,390**	11,390

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

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

Notes to the Accounts

29 Acquisition of subsidiary

Business combinations

Brasco Logística Offshore Ltda ("Brasco"), completed the acquisition of all the shares representing the capital of Brazilian Intermodal Complex S/A ("Briclog"), concluding the acquisition on 1 July 2013. The closing price of the acquisition of shares was R$89.8 million (equivalent to US$40.5 million at the transaction date) with debt of R$32.1 million (equivalent to US$14.5 million at transaction date) assumed on acquisition these values were subsequently adjusted to R$89.2 million regarding the acquisition of shares (equivalent to US$40.2 million at the transaction date) with debt of R$32.7 million (equivalent to US$14.8 million at transaction date) due to an update on the commercial agreement.

The acquisition of shares is payable in three amounts, including R$10 million (equivalent to US$4.5 million at transaction date) paid in June 2011, R$22.5 million (US$10.2 million at transaction date) paid on the closing and R$57.3 million (equivalent to US$25.9 million at transaction date) that will be paid 300 days from the closing adjusted for movement in the Brazilian index of consumer prices (IPCA) from the date of closing.

The major asset of the acquisition is a 30-year lease to operate in an area of Guanabara Bay, Rio de Janeiro, Brazil with excellent access to the Campos and Santos oil producing basins.

In the 6 month-period ended 31 December 2013, Briclog accrued revenues of US$3.9 million and profit of US$790,000. If the acquisition had occurred on 1 January 2013, management estimates that revenue contribution would amount to US$11.0 million and the loss for the year would have been US$3.0 million. In determining these amounts, management considered that the provisional fair value adjustments, which arose on the acquisition date, would have been the same if the acquisition had occurred on 1 January 2013.

Included in the Group's accounts payable at 31 December 2013 is US$25.5 million for amounts outstanding in relation to the purchase of Briclog.

Contingent consideration

There is no contingent consideration involved in the purchase agreement.

Identifiable assets acquired and liabilities assumed

	US$'000
Assets	
Cash and cash equivalents	19
Trade and other receivables	434
Recoverable taxes	357
Other assets	274
Property, plant and equipment	13,990
Identifiable intangible assets	23,413
Total identifiable assets	38,487
Liabilities	
Trade and other payables	6,156
Advances	1,785
Tax payable	3,580
Provisions for tax, labour and civil risks	1,036
Deferred tax on intangible assets	8,131
Other payables	844
Total identifiable liabilities	21,532
Total net identifiable assets	16,955
Goodwill for expected future profitability	23,272
Total consideration	40,227

Lease operations were recognised at fair value on the acquisition date

If any new information is obtained within one year from the date of purchase regarding facts and circumstances that existed at the acquisition date which indicate adjustments to the amounts described above or any additional provision that existed at the acquisition date, the accounting for the acquisition will be reviewed.

29 Acquisition of subsidiary (continued)

Goodwill and other intangible assets

Goodwill and other intangible assets recognised as a result of the acquisition are as follows:

	US$'000
Lease concession intangible asset	23,353*
Goodwill for expected future profitability	23,272**
	46,625

* The intangible asset is attributable mainly to the 30-year lease to operate in a sheltered area of Guanabara Bay, Rio de Janeiro, Brazil with privileged access to attend the Campos and Santos oil producing basins and the fair value of the customer portfolio. The intangible asset calculation is supported by an independent expert valuation.

** Goodwill is attributable to Briclog's expected future profitability and deferred tax on the lease concession intangible asset and is disclosed in the consolidated balance sheet and assessed for impairment (see note 13).

Acquisition costs

There are no material acquisition costs incurred by the Group including legal fees and due diligence costs.

30 Notes to the cash flow statement

	Year ended 31 December 2013 US$'000	Year ended 31 December 2012 (Restated) US$'000
Reconciliation from profit before tax to net cash from operating activities		
Profit before tax	**100,502**	98,552
Share of results of joint venture	**(2,392)**	(689)
Investment revenues	**(17,838)**	(18,255)
Other gains and losses	**(13,684)**	(16,394)
Finance costs	**21,863**	9,948
Foreign exchange losses on monetary items	**30,589**	11,572
Operating profit	**119,040**	84,734
Adjustments for:		
Depreciation of property, plant and equipment	**52,372**	50,639
Amortisation of intangible assets	**6,302**	5,258
Share based payment (credit)/expense	**(1,430)**	2,262
Gain on disposal of property, plant and equipment	**(9,966)**	534
Decrease in provisions	**(2,528)**	(2,412)
Operating cash flows before movements in working capital	**163,790**	141,015
Increase in inventories	**(3,085)**	(12,082)
Decrease/(increase) in receivables	**62,154**	(27,891)
(Decrease)/increase in payables	**(73,194)**	54,650
Increase in other non-current assets	**(999)**	(781)
Cash generated by operations	**148,666**	154,911
Income taxes paid	**(27,306)**	(31,921)
Interest paid	**(12,944)**	(12,899)
Net cash from operating activities	**108,416**	110,091

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.

Notes to the Accounts

30 Notes to the cash flow statement (continued)

Private investment funds

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

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

Cash and cash equivalents held in Brazil amount to US$84.3 million (2012: US$110.5 million and 2011: US$106.1 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$4.2 million (2012: US$0.7 million) were financed by new finance leases.

31 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 2013 are US$131.6 million (2012: US$91.6 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.

32 Cash-settled share-based payments

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

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

Ocean Wilsons Holdings Limited LTIP

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

As at 31 December 2013 the scheme was closed and there were no outstanding options.

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

	2013 Number of share options	2012 Number of share options
Outstanding at the beginning of the period	**–**	296,038
Exercised during the period	**–**	(296,038)
Outstanding at the end of the period	**–**	–

32 Cash-settled share-based payments (continued)

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

	2013 US$'000	2012 (Restated) US$'000
Liability at 1 January	–	3,664
Charge for the year	–	572
Exercise of options	–	(4,236)
Liability at 31 December	–	–

The group has recorded no liability (2012: zero) in respect of this scheme. There were no exercisable options at period end.

Wilson Sons Limited LTIP

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

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

	2013 Number of share options	2012 Number of share options
Outstanding at the beginning of the period	2,541,260	3,826,260
Granted during the period	–	–
Exercised during the period	–	(1,232,000)
Forfeited during the period	–	(53,000)
Outstanding at the end of the period	2,541,260	2,541,260

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

	2013 US$'000	2012 (Restated) US$'000
Liability at 1 January	12,328	14,371
(Credit)/charge for the year	(1,430)	1,690
Exercise of options	–	(3,733)
Liability at 31 December	10,898	12,328

The group has recorded liabilities of US$10.9 million (2012: US$12.3million). Fair value is determined by using the Binomial model using the assumptions noted in the table below.

	2013	2012	2011
Weighted average option price for awards made in 2007	R$23.74	R$23.74	R$23.74
Weighted average option price for awards made in 2008 and 2009	R$18.70	R$18.70	R$18.70
Weighted average option price for awards made in 2011	R$24.58	R$24.58	R$24.58
Expected volatility	26% – 29%	26% – 30%	30% – 33%
Expected life	10 years	10 years	10 years
Risk free rate	10.40%	3.90%	7.10%
Expected dividend yield	1.60%	1.50%	1.47%

Notes to the Accounts

32 Cash-settled share-based payments (continued)

Expected volatility was determined with reference to the historical volatility of the OWHL Group share price. The expected life used in the model has been adjusted, based on management's best estimate for exercise restrictions and behavioural considerations. The options terminate on the expiry date or immediately on resignation of the Director or senior employee, whichever is earlier.

Share options outstanding at the end of the period had a weighted average exercise price of R$23.56 (2012: R$23.56) and a weighted average remaining contractual life of 2,031 days (2012: 1,667 days).

At period end there were 2,453,510 exercisable options (2012: 2,390,510).

On the 10 January 2014 eligible participants exercised a total of 2,338,750 options at a price of R$30.23 generating a payment liability of R$15.7 million (US$6.6 million).

Stock option scheme

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

On 10 January 2014 options for the acquisition 2,914,100 were granted under the Stock Option Plan with an exercise price of R$31.23 as detailed below:

Options series	Number	Grant date	Vesting date	Expiry date	Exercise price (R$)
07 ESO – 3 Year	961,653	10/1/2014	10/1/2017	10/1/2022	31.23
07 ESO – 4 Year	961,653	10/1/2014	10/1/2018	10/1/2023	31.23
07 ESO – 5 Year	990,794	10/1/2014	10/1/2019	10/1/2024	31.23

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

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 R$'000	Projected IFRS2 Fair Value expense US$'000*
2014	7,507	3,205
2015	7,506	3,204
2016	7,506	3,204
2017	4,408	1,882
2018	2,011	858
Total	28,938	12,353

* Amounts in Dollars converted at R$2.3426/US$1.00.

32 Cash-settled share-based payments (continued)

	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.

The Group has recorded no liability in respect of this scheme at the balance sheet date.

33 Operating lease arrangements

	2013 **US$'000**	2012 (Restated) US$'000
The Group as lessee		
Minimum lease payments under operating leases recognised in income for the year	**13,966**	14,128

At the balance sheet date, the minimum amount due in 2013 by the Group for future minimum lease payments under cancellable operating leases was US$12.5 million (2012: $13.4 million).

Lease commitments for land and buildings over 5 years comprise the minimum contractual lease obligations between Tecon Rio Grande and the Rio Grande port authority the Group and the Salvador port authority. The Tecon Rio Grande concession expires in 2022 and Tecon Salvador in 2025.

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

Tecon Salvador guaranteed payments consists of three elements; a fixed rental, a fee per container moved based on minimum forecast volumes and a fee per ton of non-containerised cargo moved based on minimum forecast volumes.

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:

	2013 **US$'000**	2012 (Restated) US$'000
Within one year	**25,223**	26,698
In the second to fifth year inclusive	**90,634**	95,380
After five years	**108,516**	98,055
	224,373	220,133

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 2013 is 4 years and 11 months and rental payments are corrected by a Brazilian general inflation index.

Notes to the Accounts

34 Commitments

At 31 December 2013 the Group had entered into fifteen commitment agreements with respect to fifteen separate trading investments. These commitments relate to capital subscription agreements entered into by Ocean Wilsons Investments Limited.

The details of these commitments are as follows:

	Commitment $'000	**Year ended Outstanding At 31 December 2013 US$'000**	Year ended Outstanding At 31 December 2012 US$'000
31 March 2014	5,000	**1,700**	2,100
15 May 2014	3,000	**68**	68
03 August 2014	3,000	**810**	1,410
22 November 2014	5,000	**1,175**	1,550
08 December 2013	5,000	**1,356**	2,274
23 February 2015	5,000	**949**	1,823
31 December 2016	3,000	**271**	271
17 February 2017 (a)	3,000	**1,652**	2,253
21 May 2013	4,994	**267**	411
28 March 2017	5,000	**4,884**	–
30 April 2017	7,500	**5,226**	6,304
05 December 2017	5,000	**394**	473
30 March 2018	5,000	**914**	641
21 December 2018	5,000	**623**	1,013
31 December 2018	4,650	**739**	1,766
21 June 2019	5,000	**3,000**	4,392
01 January 2020	4,500	**4,500**	–
18 December 2021	5,000	**3,544**	4,228
01 February 2023	5,000	**1,000**	1,250
01 April 2023	5,000	**3,824**	–
05 June 2023	3,200	**3,048**	–
22 August 2023	5,000	**4,607**	–
Total	101,844	**44,551**	32,227

(a) Commitment made in Euro. Total commitment €3,350,000 with amounts outstanding at 31 December 2013 €193,987 (2012: €311,086).

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.

35 Retirement benefit schemes

Defined contribution schemes

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

The total cost charged to income of US$1.5 million (2012: US$1.2 million) represents contributions payable to the scheme by the Group at rates specified in the rules of the plan.

36 Related party transactions

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

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

	Dividends received/ Revenue of services		Amounts paid/ Cost of services	
	31 December 2013 US$'000	31 December 2012 US$'000	**31 December 2013 US$'000**	31 December 2012 US$'000
Joint ventures				
1. Allink Transportes Internacionais Limitada	**31**	36	**–**	–
2. Consórcio de Rebocadores Barra de Coqueiros	**313**	351	**–**	–
3. Consórcio de Rebocadores Baía de São Marcos	**12**	108	**(1,124)**	(573)
4. Wilson Sons Ultratug and subsidiaries	**55,687**	127,411	**–**	–
Others				
5. Hanseatic Asset Management	**–**	–	**(2,420)**	(2,478)
6. Gouvêa Vieira Advogados	**–**	–	**(245)**	(199)
7. CMMR Intermediacao Comercial Limitada	**–**	–	**(244)**	(279)
8. Jofran Services	**–**	–	**(165)**	(165)

	Amounts owed by related parties		Amounts owed to related parties	
	31 December 2013 US$'000	31 December 2012 US$'000	**31 December 2013 US$'000**	31 December 2012 US$'000
Joint ventures				
1. Allink Transportes Internacionais Limitada	**–**	1	**(2)**	–
2. Consórcio de Rebocadores Barra de Coqueiros	**134**	64	**–**	–
3. Consórcio de Rebocadores Baía de São Marcos	**2,165**	2,497	**–**	–
4. Wilson Sons Ultratug	**20,350**	–	**–**	(12,909)
Others				
5. Hanseatic Asset Management	**–**	–	**(211)**	(204)
6. Gouvêa Vieira Advogados	**–**	–	**–**	–
7. CMMR Intermediacao Comercial Limitada	**–**	–	**–**	–
8. 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. 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.
6. Dr J F Gouvêa Vieira is a partner in the law firm Gouvêa Vieira Advogados. Fees were paid to Gouvêa Vieira Advogados for legal services.
7. 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.
8. Mr J F Gouvêa Vieira is a Director of Jofran Services. Directors' fees were paid to Jofran Services.

Notes to the Accounts

36 Related party transactions (continued)

Remuneration of key management personnel

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

	Year ended 2013 US$'000	Year ended 2012 (Restated) US$'000
Short-term employee benefits	9,265	9,013
Other long-term employee benefits	1,807	2,316
Post-employment benefits	1,541	1,450
Share-based payment	(1,430)	2,262
	11,183	15,041

37 Financial instruments

Capital risk management

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

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

Externally imposed capital requirement

The Group is not subject to externally imposed capital requirements.

Significant accounting policies

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

Categories of financial instruments

	Year ended 2013 US$'000	Year ended 2012 (Restated) US$'000	Year ended 2011 (Restated) US$'000
Financial assets			
Designated as fair value through profit or loss	**244,969**	221,582	226,797
Receivables (including cash and cash equivalents and other non-current assets)	**312,033**	371,060	325,828
Financial liabilities			
Financial instruments classified as amortised cost	**(502,233)**	(521,698)	(445,613)
Financial instruments classified as cash flow hedge (Derivatives)	**(1,240)**	–	–

Financial risk management objectives

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

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

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

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

		Liabilities			Assets	
		(Restated)	(Restated)		(Restated)	(Restated)
	2013	2012	2111	**2013**	2012	2011
	US$'000	US$'000	US$'000	**US$'000**	US$'000	US$'000
Real	**168,913**	236,867	168,323	**262,387**	368,524	303,828
Sterling	**39**	108	446	**18,573**	16,108	27,279
Euro	**–**	–	–	**5,854**	4,509	3,355
Yen	**–**	–	–	**–**	–	3,887
Singapore dollar	**–**	–	–	**4,995**	11,232	2,183
	168,952	236,975	168,769	**291,809**	400,373	340,532

Notes to the Accounts

37 Financial instruments (continued)

Foreign currency sensitivity analysis

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

The sensitivity analysis presented in the following table simulates how movements in the exchange rate may impact the Group. The analysis uses a baseline scenario, represented by the carrying value of the operations, considering the exchange rate prevailing at 31 December 2013. The following table details the Group's sensitivity to three possible scenarios: the likely scenario (Probable) and two possible scenarios of deterioration of 25% (Possible) and 50% (Remote) in the exchange rate. The Group uses the focus reports published by the Brazilian Central Bank (BACEN) to determine the exchange rate used in the probable scenario which is also used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonable possible change in foreign exchange rates.

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

				31 December 2012 – Restated Exchange rates		
				Probable scenario	Possible scenario 25%	Remote scenario 50%
				R$2.070/US$1.00	R$2.588/US$1.00	R$3.105/US$1.00
Operation	Risk	Amount US Dollars	Result	Probable scenario	Possible scenario (25%)	Remote scenario (50%)
Total assets	BRL	365,269	Exchange effects	(4,676)	(76,795)	(124,874)
Total liabilities	BRL	236,867	Exchange effects	3,032	49,799	80,977
			Net effect	(1,644)	(26,996)	(43,897)

				1 January 2012 – Restated Exchange rates (i)		
				Probable scenario	Possible scenario 25%	Remote scenario 50%
				R$1.800/US$1.00	R$2.250/US$1.00	R$2.700/US$1.00
Operation	Risk	Amount US Dollars	Result	Probable scenario	Possible scenario (25%)	Remote scenario (50%)
Total assets	BRL	303,828	Exchange effects	12,795	(50,530)	(92,746)
Total liabilities	BRL	168,323	Exchange effects	(7,088)	27,994	51,382
			Net effect	5,707	(22,536)	(41,364)

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.

37 Financial instruments (continued)

Interest rate risk management

The Group is exposed to interest rate risk as entities in the Group borrow funds at both fixed and floating interest rates.

The Group holds most of its debts linked to fixed rates. Most of the Group's fixed rates loans are with the FMM (Fundo da Marinha Mercante).

Other loans exposed to floating rates are as follows:

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

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

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 2013 Libor		
Transaction	Probable scenario	Possible scenario 25%	Remote scenario 50%
Loans	0.57%	0.72%	0.86%
Investments	0.33%	0.42%	0.50%

Transaction	Risk	Amount US Dollars	Result	Probable scenario	Possible scenario (25%)	Remote scenario (50%)
IFC loan	Libor	73,658	Interest	146	107	69
Eximbank loan	Libor	11,663	Interest	13	6	(1)
Finimp loan	Libor	9,799	Interest	23	18	13
Investments	Libor	46,944	Income	(105)	(45)	14
			Net Income	77	86	95

Notes to the Accounts

37 Financial instruments (continued)

Transaction	Probable scenario	31 December 2013 CDI Possible scenario 25%	Remote scenario 50%
Investments	10.95%	13.69%	16.43%

Transaction	Risk	Principle US Dollars	Result	Probable scenario	Possible scenario (25%)	Remote scenario (50%)
Investments CDI	BRL	79,125	Income	2,590	5,178	7,766

The net effect was obtained by assuming a 12 month period starting 31 December 2013 in which interest rates vary and all other variables are held constant.

Other loans have fixed interest rates and represent a total of 81.50%.

The investment rate risk mix in Brazil is 37.24% Libor, 62.76% CDI.

Transaction	Probable scenario	31 December 2012 – Restated Libor Possible scenario 25%	Remote scenario 50%
Loans	0.81%	1.01%	1.21%
Investments	0.48%	0.60%	0.72%

Transaction	Risk	Amount US Dollars	Result	Probable scenario	Possible scenario (25%)	Remote scenario (50%)
IFC loan	BRL	75,750	Interest	(75)	(191)	(308)
Eximbank loan	BRL	13,686	Interest	(9)	(33)	(56)
Finimp loan	BRL	10,588	Interest	(4)	(14)	(23)
Investments	BRL	23,000	Income	246	214	188
			Net effect	158	(24)	(199)

Transaction	Probable scenario	31 December 2012 – Restated CDI (ii) Possible scenario 25%	Remote scenario 50%
Investments	7.09%	8.86%	10.64%

Transaction	Risk	Principle US Dollars	Result	Probable scenario	Possible scenario (25%)	Remote scenario (50%)
Investments	BRL	108,428	Income	30	1,832	3,633

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

The investment rate mix in Brazil is 18% Libor, 82% CDI.

37 Financial instruments (continued)

Transaction	Probable scenario	Possible scenario 25%	Remote scenario 50%
		1 January 2012 – Restated Libor (i)	
Loans	1.11%	1.39%	1.66%
Investments	0.79%	0.99%	1.19%

Transaction	Risk	Amount US Dollars	Result	Probable scenario	Possible scenario (25%)	Remote scenario (50%)
IFC loan	BRL	54,323	Interest	(193)	(301)	(410)
Eximbank loan	BRL	15,769	Interest	(76)	(106)	(137)
Finimp loan	BRL	3,134	Interest	(12)	(17)	(22)
Investments	BRL	24,500	Income	199	148	98
			Net effect	(82)	(276)	(471)

Transaction	Probable scenario	Possible scenario 25%	Remote scenario 50%
		1 January 2012 – Restated CDI (ii)	
Investments	9.66%	12.08%	14.49%

Transaction	Risk	Principal US Dollars	Result	Probable scenario	Possible scenario (25%)	Remote scenario (50%)
Investments	BRL	103,447	Income	(791)	2,060	4,911

The net effect was obtained by assuming a 12 month period starting 1 January 2012 in which interest rates vary and all other variables are held constant.

The investment rate risk mix in Brazil is 18.2% Libor, 81.8% 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.

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

Notes to the Accounts

37 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	Inflows	Net effect
Within one year	(110)	–	(110)
In the second year	(58)	58	–
In the third to fifth years (including)	(1.118)	34	(1.084)
After five years	(46)	–	(46)
	1.332)	92	(1.240)
Fair Value			(1.240)

The fair value of the swap was estimated based on the yield curve as of 31 December 2013, and represents its carrying value. As of 31 December 2013, the interest rate swap balance in other non-current liabilities was $1.2 million; and the balance in accumulated other comprehensive income on the consolidated balance sheets was $1.2 million. The net change in fair value of the interest rate swap recorded as other comprehensive income for the year ended 31 December 2013 was an after-tax loss of $1.2 million.

31 December 2013	Notional Amount US$	Maturity	US$ Fair Value
Financial Assets			
Interest Rates Swap	74,400	Mar/2020	(1,240)
Total			(1,240)

Derivative Sensitivity Analysis

This analysis is based on foreign currency exchange 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 interest 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 deterioration of 25% (Possible) and 50% (Remote) in the exchange rate, the risk in buying an options contracts is that the Group pays a premium whether or not the option is exercised. In this case, in both scenarios the risk associated on 31 December 2013 is US$1.2 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 2013. There was no hedge ineffectiveness recognised in profit or loss for the year ended 31 December 2013.

37 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.

	2013	2012	2011
		(Restated)	(Restated)
	US$'000	US$'000	US$'000
Profit or loss	**24,497**	22,158	22,680
Total equity	**24,497**	22,158	22,680

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.

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

37 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 2013					
Non-interest bearing	–	136,130	–	–	136,130
Finance lease liability	13.61%	1,547	4,812	–	6,359
Variable interest rate instruments	3.02%	16,354	68,708	25,518	110,580
Fixed interest rate instruments	3.06%	21,646	78,775	161,391	261,812
		175,677	**152,295**	**186,909**	**514,881**
31 December 2012 (Restated)					
Non-interest bearing	–	173,219	1,134	–	174,353
Finance lease liability	14.9%	1,654	3,555	–	5,209
Variable interest rate instruments	3.18%	13,511	64,102	35,408	113,021
Fixed interest rate instruments	3.16%	21,986	76,864	147,764	246,614
		210,370	145,655	183,172	539,197
1 January 2012 (Restated)					
Non-interest bearing	–	128,999	2,471	–	131,470
Finance lease liability	14.9%	4,607	4,365	–	8,972
Variable interest rate instruments	3.18%	6,268	52,184	27,723	86,175
Fixed interest rate instruments	3.16%	18,917	76,835	144,844	240,596
		158,791	135,855	172,567	467,213

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. Prior to 1 January 2013, the quoted market price used for financial assets held by the Company was the current bid price. From 1 January 2013 and changed its fair valuation inputs to 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).

37 Financial instruments (continued)

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

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

31 December 2013	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Financial assets at FVTPL				
Non-derivative financial assets for trading	65,831	121,965	57,173	244,969

31 December 2012 (Restated)	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	61,445	113,185	46,952	221,582

1 January 2012 (Restated)	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Financial assets at FVTPL				
Non-derivative financial assets for trading	80,567	110,373	35,857	226,797

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 Jess 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.

Notes to the Accounts

37 Financial instruments (continued)

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 per cent higher or lower at the end of the financial year.

Reconciliation of Level 3 fair value measurements of financial assets:	**2013** **US$'000**	2012 (Restated) US$'000
Balance at 1 January	**46,952**	35,857
Transfer into Level 3	**–**	91
Total profit/(losses) in statement of comprehensive income	**1,643**	(1,660)
Purchases and drawdowns of financial commitments	**14,256**	14,042
Sales and repayments of capital	**(5,678)**	(1,378)
Balance at 31 December	**57,173**	46,952

38 Post-employment benefits

The Brazilian Group operates a private medical insurance scheme for its employees that requires eligible employees to pay fixed monthly contributions. Under Brazilian law, eligible employees acquire the right to remain in the plan following retirement or termination of employment, in accordance with articles 30 and 31 of law 9.656/98, 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 due to the expanded scheme membership.

	31 December **2013** **US$'000**	31 December 2012 US$'000	1 January 2012 US$'000
Present value of actuarial liabilities	**2,251**	–	–

Actuarial assumptions

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

Economic and Financial Assumptions

	31 December **2013**
Annual interest rate	12.38%
Estimated inflation rate in the long-term	5.50%
Aging Factor	2.50% a.a
Medical cost trend rate	2.50% a.a

38 Post-employment benefits (continued)

Biometric and Demographic Assumptions

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

Sensitivity analysis

The present value of future liabilities may change materially depending on market conditions. Fair values are calculated based on rates that are linked to government bonds available in the Brazilian bond market (government bonds in the long-term – NTN-B). Brazil is an emerging market with greater interest rate volatility, which may cause volatility in the fair value of the liability recorded in the balance sheet.

Statistical Statement

2009 – 2013 (in US$'000)

	Year to 31 December 2013 US$'000	**Year to 31 December 2012 (Restated) US$'000**	Year to 31 December 2011 US$'000	Year to 31 December 2010 US$'000	Year to 31 December 2009 US$'000
Closing rates of exchange – R$ to US$	**2.34**	2.04	1.88	1.67	1.74
Income Statement					
Group revenue	**660,106**	610,354	698,044	575,551	477,888
Raw materials and consumables used	**(94,330)**	(72,207)	(82,889)	(67,222)	(49,570)
Employee benefits expense	**(209,459)**	(223,031)	(239,543)	(205,486)	(162,367)
Depreciation & amortisation expense	**(58,674)**	(55,897)	(59,479)	(42,923)	(32,066)
Other operating expenses	**(188,569)**	(173,951)	(221,159)	(192,090)	(155,042)
Profit/(loss) on disposal of property, plant and equipment	**9,966**	(534)	1,959	90	470
Group operating profit	**119,040**	84,734	96,933	67,920	79,313
Profit realised on formation of joint venture	**–**	–	–	20,407	–
Share of results of joint venture	**2,392**	689	–	–	–
Investment revenue	**17,838**	18,255	10,203	17,982	35,613
Other gains and losses	**13,684**	16,394	(27,818)	22,460	34,305
Finance costs	**(21,863)**	(9,948)	(20,741)	(11,611)	(9,411)
Foreign exchange losses on monetary items	**(30,589)**	(11,572)	–	–	–
Profit before tax	**100,502**	98,552	58,577	117,158	139,820
Income tax expense	**(42,216)**	(33,671)	(51,615)	(30,564)	(31,228)
Profit for the year	**58,286**	64,881	6,962	86,594	108,592
Profit for the period attributable to:					
Equity holders of parent	**37,873**	41,264	(8,639)	56,879	70,200
Non-controlling interests	**20,413**	23,617	15,601	29,715	38,392
	58,286	64,881	6,962	86,594	108,592
Group operating profit	**119,040**	84,734	96,933	67,920	79,313
Less share based payment (credit)/expense	**(1,430)**	2,262	(7,880)	16,545	17,174
Adjusted group operating profit	**117,610**	86,996	89,053	84,465	96,487
	US$'000	US$'000	US$'000	US$'000	US$'000
Balance Sheet					
Net assets					
Brazilian interests	**476,626**	461,479	426,760	389,744	297,835
Investments held for trading	**244,969**	221,582	226,797	260,544	238,662
Other net assets	**48,480**	60,507	54,650	78,932	136,748
	770,075	743,568	708,207	729,220	673,245
Attributable net assets – per share					
Brazilian interests – book amount	**1,348c**	1305c	1207c	960c	842c
Other assets – book and market amount	**830c**	798c	796c	1102c	1062c
	2,178c	2103c	2003c	2062c	1904c
Key Statistics					
Earnings per share	107.1	116.7c	(24.4c)	160.8c	198.5c
Cash dividends per share paid	42c	33.0c	42.0c	42.0c	30.0c
Mid-market quotation at end of period	1042p	970p	1065p	1382p	865p
Mid-market quotation at end of period in US Dollars	1,725c	1512c	1650c	2155c	1378c

1. Share based payment expenses are included in employee benefits expense and arise from the Ocean Wilsons Holdings Limited and Wilson Sons Limited cash settled phantom accounting date. Movements in the Wilsons Sons Limited can result in significant movements in the fair value of the two schemes significantly impacting operating profit in the period and causing significant fluctuations in earnings.
2. The year to 31 December 2009, 31 December 2010 and 31 December 2011 have not been restated as a result of adopting new accounting standards in 2013.

Notice of Annual General Meeting

Notice is hereby given that the 21st 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 3 June 2014 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 2013.
2 To determine the maximum number of Directors for the ensuing year as eight and authorise the Board of Directors to elect or appoint on the Members' behalf a person or persons to act as additional Directors up to such maximum number to serve until the conclusion of the next Annual General Meeting.
3 To re-elect Mr K Middleton as a Director.
4 To reappoint KPMG LLP as the Auditor and authorise the Directors to fix the remuneration of the Auditor.
5 To amend Bye-law 23 of the Bye-laws of the Company to increase the maximum aggregate fees to be paid yearly to Directors (other than Directors appointed to an executive office) from US$600,000 to US$700,000.
6 Ratification and confirmation of all and any actions taken by the Board of Directors and the persons entrusted with Company's management in the year ended 31 December 2013.

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

28 March 2014

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

A proxy need not be a member of the Company.

Form of Proxy

*I/We

*of

*of

being a Member of Ocean Wilsons Holdings Limited, hereby appoint Mr J F Gouvêa Vieira, or failing him Mr W H 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 3 June 2014 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 2013.			
2 To determine the maximum number of Directors for the ensuing year as eight and authorise the Board of Directors to elect or appoint on the Members' behalf a person or persons to act as additional Directors up to such maximum number to serve until the conclusion of the next Annual General Meeting.			
3 To re-elect Mr K Middleton as a Director.			
4 To reappoint KPMG LLP as the Auditor and authorise the Directors to fix the remuneration of the Auditor.			
5 To amend Bye-law 23 of the Bye-laws of the Company to increase the maximum aggregate fees to be paid yearly to Directors (other than Directors appointed to an executive office) from US$600,000 to US$700,000.			
6 Ratification and confirmation of all and any actions taken by the Board of Directors and the persons entrusted with Company's management in the year ended 31 December 2013.			

Signature Dated 2014

Notes

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

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

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

4 In the case of a corporation, this proxy must be under its Common Seal or under 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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