Ocean Wilsons Holdings Limited

Interim Management Statement for the six months ended 30 June 2016

Ocean Wilsons Holdings Limited ("Ocean Wilsons" or the "Company") today provides its interim management statement for the six months ended 30 June 2016.

Key points

- Profit before tax up 43% to US$57.1 million (2015: US$39.9 million).
- The Brazilian Real appreciated 18% in the period against the US Dollar at period end from 3.90 to 3.21 while the average US Dollar/Brazilian Real exchange rate in the period at 3.70 was 25% higher than the comparative period in 2015 of 2.97.
- Revenue in US Dollar terms 20% lower at US$214.7 million (2015: US$268.9 million) impacted by the lower average Brazilian Real exchange rate. Revenue in BRL terms at R$793.3 million was in line with the prior period, (R$797.2 million).
- Earnings of 56.0 cents per share (2015: 33.8 cents).
- Dividends paid to shareholders in the period of US$22.3 million (2015: US$22.3 million).

Chairman's Statement

Introduction

The Group delivered a solid result for the first half of 2016 in a challenging economic environment. Following the steep devaluation of the Brazilian Real "BRL" in 2015 against the US Dollar "USD", the weaker average USD/BRL exchange rate in the period adversely impacted revenue, although the appreciation of the BRL against the USD at period end enhanced our bottom line earnings. Operating margins for the period remain robust at 21% (2015: 20%) underpinned by our two main businesses, towage and container terminals. Container volumes at our two container terminals continued to improve in the period while towage volumes experienced some market weakness.

Group Results

Revenue

Revenue for the six months ended 30 June 2016 at US$214.7 million was 20% lower than the comparative period in 2015, (US$268.9 million) although revenue in BRL terms at R$793.3 million was in line with the prior period, (R$797.2 million). The principal causes of the decrease in revenue in USD terms were a weaker average USD/BRL exchange rate in the period which was 25% higher than the comparative period in 2015, (3.70 v 2.97) and lower shipyard activity. Port terminal and logistics revenue fell 19% to US$97.6 million (2015: US$121.0 million) mainly due to the higher average USD/BRL exchange rate used to convert revenue into our reporting currency and reduced logistics operations. Container volumes handled at Tecon Rio Grande and Tecon Salvador for the period grew 5% to 503,500 twenty-foot equivalent units "TEUs" (2015: 481,600 TEUs) driven by higher export, cabotage and empty container movements. Import volumes continue to suffer from the weak BRL. Towage and ship agency revenue at US$106.0 million was US$8.8 million lower than prior period (2015: US$114.8 million) mainly due to fewer towage special operations in the period, weaker harbour towage volumes and the exchange rate impact on domestic invoicing denominated in BRL. Towage special operations in 2015 were boosted by revenue from firefighting support in the port of Santos. Shipyard revenue at US$11.0 million (2015: US$33.2 million) was adversely impacted by lower third party construction as the market for vessel construction in Brazil remains weak.

Operating Profit

Operating profit for the period was US$8.9 million lower than the comparative period in 2015 at US$44.6 million (2015: US$53.5 million) principally due to the decrease in revenue and exchange rate impacts. Operating margins for the period at 21% were in line with prior year (20%). Raw materials and consumables used at US$16.3 million were US$17.0 million lower than prior period (2015: US$33.3 million) reflecting the decrease in third party shipyard activity. The higher average USD/BRL exchange rate had a positive impact on BRL denominated costs when converted into USD. Employee expenses were 17% lower than prior period at US$68.2 million (2015: US$82.1 million) and other operating expenses 14% lower at US$61.2 million (2015: US$71.2 million). In addition to the exchange rate effect on these costs, employee expenses benefited from reduced headcount at our logistics and shipyard businesses. The depreciation and amortisation expense in the period decreased US$4.5 million to US$24.4 million from US$28.9 million in 2015 as a result of the weaker BRL and changes made to the Tecon Rio Grande and dry-docking depreciation policies in 2015.

Share of results of joint ventures
The share of results of joint ventures is Wilson Sons' 50% share of net profit for the period from our offshore support vessel joint venture. Net profit attributable to Wilson Sons increased US$0.8 million to US$2.9 million (2015: US$2.1 million). Operating profit for the joint venture in the period was US$8.4 million lower at US$13.6 million (2015: US$22.0 million) principally due to fewer operating days as some platform supply vessels (PSVs) were off hire during the period. The PSVs Gaivota and Albatroz were rehired on term contracts by Petrobras in the first quarter while our new PSVs Pardela and Mandrião remain available in the Brazilian spot market. Total operating days in the period at 2,990 were 8% lower than the comparative period in 2015 of 3,266.

Investment revenues
Investment revenues were US$2.0 million lower at US$5.9 million (2015: US$7.9 million) due to lower average cash balances and the currency mix of investments made.

Investment gains and losses
Other losses of US$7.3 million (2015: US$3.4 million gain) arose from the Group's portfolio of trading investments and reflect the profit realised on disposal of trading investments in the period of US$1.0 million (2015: US$1.6 million) less the decrease in the fair value of trading investments at period end of US$8.3 million (2015: US$1.8 million gain).

Finance costs
Finance costs for the period were US$7.8 million positive compared with a US$20.6 million charge for the comparative period in 2015, mainly as a result of exchange gains on foreign currency borrowings of US$13.9 million (2015: US$13.8 million loss).

Exchange rates
The Group reports in USD and has revenue, costs, assets and liabilities in both BRL and USD. Therefore movements in the USD/BRL exchange rate can impact the Group both positively and negatively from year to year. In the six months to 30 June 2016 the BRL appreciated 18% against the USD from R$3.91 at 1 January 2016 to R$3.21 at the period end. In the comparative period in 2015 the BRL depreciated 17% against the USD from R$2.66 to R$3.10.

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

	2016 US$ million	2015 US$ million
Exchange gain/(loss) on monetary items (i)	3.1	(6.5)
Exchange gain/(loss) on foreign currency borrowings	13.9	(13.8)
Deferred tax on retranslation of fixed assets (ii)	22.2	(12.5)
Deferred tax on exchange variance on loans (iii)	(14.4)	12.5
Total	24.8	**(20.3)**

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

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

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

The average USD/BRL exchange rate in the period was 25% higher at 3.70 (2015: 2.97). A higher average exchange rate adversely impacts BRL denominated revenues and benefits BRL denominated costs when converted into our reporting currency, the USD.

Foreign exchange gains on monetary items
Foreign exchange gains on monetary items of US$3.1 million (2015: US$6.5 million loss) arose from the Group's foreign currency monetary items and largely reflect the appreciation of the BRL against the USD during the period. In 2015 the Brazilian Real depreciated against the US Dollar generating an exchange loss on monetary items.

Profit before tax
Profit before tax was US$17.2 million higher at US$57.1 million compared to the first half of 2015 (US$39.9 million). The improvement is principally due to the US$9.6 million movement in foreign exchange gains on monetary items and the US$13.9 million exchange gain on foreign currency borrowings, (2015: US$13.8 million loss). These gains were partially offset by a US$8.9 million decrease in operating profit and a decrease in the fair value of trading investments at period end of US$8.3 million (2015: US$1.8 million increase).

Taxation
The tax charge for the period of US$17.2 million represents an effective tax rate in the period of 30% (2015: 51%) compared to the corporate tax rate prevailing in Brazil of 34%. The difference in the effective tax rate between periods is

due to the mix of income and expenses that are not included in determining taxable profit (principally items relating to foreign exchange gains or losses). Current taxation at US$17.4 million was US$3.1 million lower than the comparative period in 2015 (US$20.5 million). There was a deferred tax credit in the period of US$0.2 million compared with a US$0.3 million charge in the prior year.

Profit for the period

Profit attributable to equity holders of the parent is US$19.8 million (2015: US$12.0 million) after deducting profit attributable to non-controlling interests of US$20.1 million (2015: US$7.2 million).

Earnings per share for the period was 56.0 cents (2015: 33.8 cents).

Investment portfolio performance

At 30 June 2016 the trading investment portfolio and cash under management of Ocean Wilsons (Investments) Limited was valued at US$234.1 million, compared with US$244.4 million at prior year end, a decrease of US$10.3 million. The decrease is principally due to dividends paid in the period of US$3.75 million to the parent company, Ocean Wilson Holdings Limited, and a decrease in the fair value of trading investments at period end of US$8.3 million.

Cash flow and debt

Net cash inflow from operating activities for the period was US$48.3 million compared with US$89.1 million in the same period last year reflecting lower operating profit, negative working capital movements in the period and higher income tax paid. Operating cash flow for the comparative period in 2015 benefitted from a significant positive movement in working capital of US$24.6 million compared with a US$6.2 million negative movement in 2016.

Capital expenditure at US$61.2 million was US$28.5 million higher than the comparative period in 2015 (US$32.7 million) principally due to the one-off acquisition of six tugboats that were previously bareboat chartered to the Group and part payment for the acquisition of three ship-to-shore and nine rubber tyred gantry cranes to be delivered in 2017. Further significant capital expenditure was made in towage vessel construction. Dividends of US$22.3 million were paid to shareholders in the period (2015: US$22.3 million) with a further US$14.9 million paid to non-controlling interests in our subsidiaries (2015: US$13.3 million). The Group made capital repayments on existing loans in the period of US$20.3 million (2015: US$28.9 million) and raised new bank loans to finance capital expenditure of US$9.8 million (2015: US$23.4 million.

At 30 June 2016 the Group had US$78.6 million in cash and cash equivalents (31 December 2015: US$97.6 million). The Group’s borrowings, including obligations under finance leases, were US$375.8 million (31 December 2015: US$363.8 million). In addition to the Group’s borrowings, the Company’s 50% share of our offshore vessel joint venture’s debt is US$269.8 million.

Net asset value

At the close of business on 2 August 2016, the Wilson Sons share price was R$34.50, resulting in a market value for the Ocean Wilsons holding of 41,444,000 shares (58.25% of Wilson Sons) totalling approximately US$439.0 million which is the equivalent of US$12.41 (£9.31) per Ocean Wilsons Holdings Limited share.

Adding together the market value per share of Wilsons Sons, US$12.41 and the investment portfolio per share of US$6.62 results in a net asset value per Ocean Wilsons Holdings Limited share of approximately US$19.03 (£14.27). The Ocean Wilsons Holdings Limited share price of £8.95 at 2 August 2016 represented an implied discount of 37%.

Tecon Salvador

On 2 February 2016, Wilson Sons, through its subsidiaries, completed the acquisition of the 7.5% non-controlling interest in Tecon Salvador S.A for consideration of US$4.73 million from Intermaritima Terminais Ltda. The consideration included US$1.88 million in cash and the settlement of US$2.85 million in debt. The transaction also includes an additional US$0.75 million that is conditional upon future contractual events. Following completion of the transaction the Wilson Sons group holds 100% of the shares of Tecon Salvador S.A. and Ocean Wilsons has a 58.25% effective interest.

Outlook

The outlook for the Brazilian economy in 2016 remains weak as Brazil continues to face a challenging economic environment and continued political uncertainty. Demand for offshore support services and small vessel construction continue to suffer from the downturn in the global oil and gas industry. Faced with this difficult operating environment we have moved to reduce costs where necessary and we remain confident in the fundamental strengths and value of our Brazilian business.

Wilson Sons Limited

The Wilson Sons 2nd quarter 2016 Earnings Report released on 12 August 2016 is available on the Wilson Sons Limited website: www.wilsonsons.com.br

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

"Profit of US$25.9 million was boosted by exchange rate movements, although a continuing weak Brazilian macroeconomic scenario has contributed to a second quarter 2016 EBITDA result 5% below the second quarter 2015 comparative.

The positive highlights were Container Terminal business operational TEU increases and continued solid results for the Towage business. The Brasco offshore base is still significantly below its full potential reflecting a very challenging oil and gas service market. Our Offshore Vessels business suffered reduced operating days due to the off hire of the PSVs Mandrião and Pardela.

The Company will continue its focus on improving cash flow, operational efficiencies and maximizing the use of our installed capacity."

Investment Managers Report

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

Market Commentary

To the surprise of many, we awoke on the morning of Friday, 24th June to learn that the UK had voted to leave the European Union. Perhaps less surprisingly, in light of the strength of markets in the lead up to the vote, combined with opinion polls and betting odds all pointing towards a remain vote, stock markets and sterling fell sharply on the news.

On the day, the UK equity markets were volatile, with the FTSE 100 falling by as much as 8.7% (in sterling terms) at its trough but ended the day down a less dramatic 3.2%, supported to some extent by its international bias. Equity markets in Europe were also hit hard, while the declines in the US and Emerging Markets, while significant, were not as steep (see chart below). Currencies, which had throughout the referendum been the asset class most affected by changes in investor's views, experienced more significant shifts. Sterling suffered some of its largest ever daily moves, falling by 7.6% against the US dollar and by 5.6% versus the euro.

The aftermath of the referendum has produced a complex political situation, and it is impossible to determine exactly how events will play out from here. Nevertheless, it is helpful to break the situation down into short-term factors and then to take a longer term perspective.

Short-term……..

The near term outlook can be summarised, in a word, as uncertain. Politics, which has tended to be of less relevance from an investment perspective in recent years, will, we think, play a much more important role in determining how events unfold in the coming months and years. David Cameron's decision to step-down as British Prime Minister, and pledge to let his successor lead the exit process, creates a vacuum that markets will wish to see filled quickly. Theresa May, as the new Prime Minister, will be instrumental in both determining the tempo of how events unfold and the nature of Britain's relationship with Europe and, indeed, the rest of the world. The permutations of such a process are many and much depends on who leads the negotiations for the remainder of the EU, and what their stance will be towards the UK.

There are likely to be short-term effects felt by the UK economy. Short-term uncertainty created by the unclear political backdrop is likely to both constrain the level of foreign investment into the UK (although the weakness of Sterling will make assets cheaper for foreign buyers) and dampen the desire for domestic UK corporates to invest and engage in M&A. It is less clear how the animal spirits of the consumer are affected, but there is a danger that we will see a fall in consumption as individuals worry about job security.

Monetary and fiscal policy may also be shifting. UK interest rates, which have been on hold for several years, may now be cut to offset any economic weakness, potentially sending government bond yields negative, as is currently in the case in much of Europe. Prior to the Brexit vote, the Prime Minister, David Cameron and the Chancellor, George Osborne, had pursued policies which prioritised a balanced budget and fiscal restraint. However, following their departure and the accession of new leadership, the outlook in terms of fiscal priorities is less clear.

Combining these short-term political and economic effects into a perspective on the market is challenging. Previously we had anticipated that stock markets were range-bound. Valuations were high, albeit not necessarily expensive, and were combined with positive but subdued economic growth. Now, though, there is almost universal agreement among economists that growth in the UK will fall and possibly enter recessionary territory as the factors discussed above kick in. Internationally, Europe is also seeing cuts to its projected growth rates, though to a lesser extent than the UK, whereas the US is relatively unaffected (albeit future interest rate increases by the Fed are likely to be put on hold for the time being). Emerging markets, which have historically been susceptible to any international weakness, may prove in this instance to be relatively immune, with the US the key to their future health.

Hence, having viewed markets as capped both on the upside and downside, the probability that markets break-out on the downside has now undoubtedly increased. The cycle is maturing, and recessions, when they occur, tend to go hand-in-hand with bear markets. Breaking out meaningfully on the upside at this stage seems less probable with valuations requiring a pick-up in company profitability which seems less likely (certainly in the UK and Europe).

Before we become too gloomy there are, we think, some silver-linings to these clouds. Firstly, as global investors, we ought not to get too caught up with the challenges facing the domestic UK economy, while international markets outside of Europe appear relatively immune to the issues faced within the UK. Furthermore, we do not view Brexit as a Lehman's style event. A vote to leave was a known risk and does not share the same systemic dangers as those thrown up by the collapse of Lehman Brothers. The resultant weakness in the pound is also a positive, representing both a loosening in monetary policy and offering a significant boost to UK exporters. Finally, it does feel to us that the level of fear within markets is high and as such we wonder whether investors have become overly pessimistic – economies and markets have a habit of muddling through!

Longer term……..

One of the questions arising from recent events is whether the fabric of long-term growth in the UK and Europe has been damaged. Here we are more sanguine.

In practice, it is generally not the machinations of politics and shorter-term events that drive long-term economic growth and stock-market performance. Rather it is fundamental factors such as an economy possessing a highly educated work force, good productivity, and the rule of law and freedom of trade. Undoubtedly politics can have an influence through time but culturally we see these as being deeply ingrained into the British psyche. Indeed, some would even go so far as to say that removing the UK from the straitjacket of Europe may even enhance these factors.

Europe itself stands at a crossroads. On the one hand the EU can seek to maintain the status quo and punish the UK in the subsequent negotiations to discourage other member states from choosing a similar path. We think this would be a mistake. Alternatively, politicians should take stock and recognise that the vote from the UK populace was not taken in isolation, but rather reflected the concerns and frustrations of the broader European population. Hopefully these concerns will be listened to and the 'European experiment' adapted accordingly, creating a more sustainable, dynamic European region for the future.

Portfolio Commentary

Global stock markets experienced strong rotational swings during the first half of the year with the energy and materials sectors notably outperforming. The lack of clear direction in the markets has also expressed itself via a movement towards defensive stocks, with the consumer staples and utilities sectors finding favour with investors, while Emerging Markets, particularly Brazil and Russia, have experienced strong bounces following last year's sharp declines.

Given this backdrop, the portfolio was down 2.2% during the first half of the year, underperforming the benchmark which generated a return of 3.4% albeit this absolute in nature. Year-to-date, Emerging Markets have significantly outperformed Developed Markets. In accordance with this, **Dynamo Brasil** generated an impressive return of 46.5%, outperforming its benchmark and representing the largest contributor to portfolio performance. The portfolio's holding in **NTAsian Discovery Fund** was also a top contributor and the performances of **Schroder Asian Total Return Fund** and **Prosperity Quest Fund** have been pleasing. Within the private equity portfolio, **Hony Capital Fund V** continues to perform well, with a number of underlying companies held above 2.0x cost, despite the testing backdrop in China.

Within Developed Markets, North America has continued to demonstrate resilience and was up 3.8% over the first half of the year. In contrast, Europe, the UK and Japan have come under pressure, returning -5.1%, -3.1% and -5.6%, respectively. Correspondingly, the portfolio's holdings in **Findlay Park American Fund** and **Select Equity** have contributed positively to performance, generating returns of 3.0% and 3.8%, respectively. On the other hand, the portfolio's European and Japanese Managers are among the top detractors from performance. Following last year's sterling performance, both **Adelphi European Select Equity Fund** and **BlackRock European Hedge Fund** have struggled this year, falling, respectively, by 12.9% and 7.4%. Both funds have lagged the European markets owing to their bias against cyclical sectors, which have rallied strongly this year. In addition, the portfolio's investment in **Goodhart Partners: Hanjo Fund** was a top detractor, with the fund falling 17.5%. In addition to weakness in the Japanese markets, the currency hedging on the fund hurt performance further as the fund was unable to benefit from the 16.5% appreciation of the yen.

Performance (time-weighted)	YTD	3 years p.a.	5 years p.a.	10 years p.a.
OWIL	-2.2%	3.5%	1.6%	4.0%
Performance Benchmark *	3.4%	3.7%	3.4%	4.3%
MSCI ACWI + FM	1.2%	6.0%	5.4%	1.4%
MSCI Emerging Markets	2.6%	-2.8%	-4.5%	-5.7%
Morningstar Global Gov't Bond	10.9%	3.0%	1.6%	3.6%
US Cash Indices – LIBOR 3 Month	0.3%	0.3%	0.4%	0.9%

* Note: The OWIL Performance Benchmark which came in to effect on the 1st January 2015 is US CPI Urban Consumers NSA +3% p.a. This has been combined with the old benchmark (USD 12 Month LIBOR +2%) for periods prior to the adoption of the new benchmark.

Investment Portfolio at 30 June 2016

	Market Value US$000	% of NAV	Primary Focus
Findlay Park American Fund	16,649	7.1	US equities – long-only
BlackRock European Hedge Fund	12,548	5.4	Europe equities – hedge
Adelphi European Select Equity Fund	12,010	5.1	Europe equities – long-only
Egerton Long - Short Fund	11,120	4.7	Europe / US equities – hedge
Lansdowne Developed Markets Fund	9,839	4.2	Europe / US equities – hedge
NTAsian Discovery Fund	9,514	4.1	Asia ex-Japan equities – long-only
Odey Absolute Return Fund	7,052	3.0	Europe / US equities – hedge
Schroder ISF Asian Total Return Fund	6,176	2.6	Asia ex-Japan equities – long-only
Greenspring Global Partners IV, LP	6,078	2.6	Private Assets – US Venture Capital
Helios Investors II, LP	6,021	2.6	Private Assets – Africa
Top 10 Holdings	**97,007**	**41.4**	
Hony Capital Fund V, LP	6,009	2.6	Private Assets – China
Goodhart Partners: Hanjo Fund	5,998	2.6	Japan equities – long-only
L Capital Asia, LP	5,709	2.4	Private Assets – Asia (Consumer)
Gramercy Distressed Opportunity Fund II, LP	5,312	2.3	Private Assets – distressed debt
Select Equity Offshore, Ltd	5,177	2.2	US equities – long-only
Global Event Partners Ltd	5,153	2.2	Global equities – long-short
Prince Street Opportunities Fund	5,007	2.1	Emerging Markets equities – long-only
Hudson Bay International Fund	4,932	2.1	Market Neutral – multi-strategy
China Harvest Fund II, LP	4,849	2.1	Private Assets – China
Vulcan Value Equity Fund	4,674	2.0	US equities – long-only
Top 20 Holdings	**149,827**	**64.0**	
Pangaea II, LP	4,671	2.0	Private Assets – GEM
Indus Japan Long Only Fund	4,654	2.0	Japan equities – long-only
KKR Special Situations Fund, LP	4,571	2.0	Private Assets – distressed debt
GAM Star Technology	4,095	1.7	Technology – long-only
Oaktree CM Value Opportunities Fund	3,949	1.7	US high yield corporate debt – hedge
L Capital Asia 2, LP	3,851	1.6	Private Assets – Asia (Consumer)
Navegar I, LP	3,723	1.6	Private Assets – Philippines
NYLIM Jacob Ballas India III, LLC	3,427	1.5	Private Assets – India
AMED Fund, SICAR	3,280	1.4	Private Assets – Africa
African Development Partners I, LLC	3,183	1.4	Private Assets – Africa
Top 30 Holdings	**189,231**	**80.8**	

33 remaining holdings	**41,591**	**17.8**
Cash	**3,273**	**1.4**
TOTAL	**234,095**	**100.0**

Hanseatic Asset Management LBG
August 2016

Going concern

The Group closely monitors and manages its liquidity risk. The Group has considerable financial resources including US$78.6 million in cash and cash equivalents and the Group's borrowings have a long maturity profile. The Group's business activities together with the factors likely to affect its future development and performance are set out in the Chairman's statement and investment manager's report. The financial position, cash flows and borrowings of the Group are also set out in the Chairman's statement. Details of the Group's borrowings are set out in note 15. Based on the Group's cash forecasts and sensitivities run, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operation for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

Responsibility statement

The Directors confirm that to the best of our knowledge:

(a) the condensed set of financial statements has been prepared in accordance with IAS 34;

(b) the interim management report includes a fair review of the information required by DTR 4.2.7R; and

(c) the interim management report includes a fair review of the information required by DTR 4.2.8R.

J F Gouvêa Vieira
Chairman
12 August 2016

Consolidated Statement of Comprehensive Income
for the six months ended 30 June 2016

	Notes	**Unaudited six months to 30 June 2016 US$'000**	Unaudited six months to 30 June 2015 US$'000
Revenue	3	214,670	268,899
Raw materials and consumables used		(16,313)	(33,286)
Employee benefits expense	5	(68,255)	(82,127)
Depreciation & amortisation expense	4	(24,405)	(28,904)
Other operating expenses		(61,198)	(71,231)
Profit on disposal of property, plant and equipment		67	141
Operating profit		44,566	53,492
Share of results of joint ventures		2,881	2,093
Investment revenue	6	5,965	7,943
Other gains/(losses)	7	(7,329)	3,421
Finance costs	8	7,852	(20,604)
Foreign exchange gains/(losses) on monetary items		3,143	(6,481)
Profit before tax		57,078	39,864
Income tax expense	9	(17,219)	(20,714)
Profit for the period		39,859	19,150
Other comprehensive income: items that may be reclassified subsequently to profit and loss			
Exchange differences arising on translation of foreign operations		36,892	(35,554)
Effective portion of changes in fair value of derivatives		427	(852)
Other comprehensive income/(loss) for the period		37,319	(36,406)
Total comprehensive income/(loss) for the period		77,178	(17,256)
Profit for the period attributable to:			
Equity holders of parent		19,808	11,953
Non-controlling interests		20,051	7,197
Profit for the period		39,859	19,150
Total comprehensive income for the period attributable to:			
Equity holders of parent		41,457	(8,976)
Non-controlling interests		35,721	(8,280)
Total comprehensive income/(loss) for the period		77,178	(17,256)
Earnings per share			
Basic and diluted	11	56.0c	33.8c

Consolidated Balance Sheet
as at 30 June 2016

	Notes	**Unaudited as at 30 June 2016 US$'000**	Audited as at 31 December 2015 US$'000
Non-current assets			
Goodwill		**30,906**	27,389
Other intangible assets		**31,733**	26,274
Property, plant and equipment	12	**650,157**	557,190
Deferred tax assets		**29,845**	32,128
Trade and other receivables	14	**46,704**	44,328
Investment in joint ventures	16	**19,970**	18,301
Other non-current assets		**10,493**	8,018
		819,808	713,628
Current assets			
Inventories		**31,502**	28,285
Trading investments	13	**254,243**	276,878
Trade and other receivables	14	**85,155**	83,981
Cash and cash equivalents		**78,623**	97,561
		449,523	486,705
Total assets		**1,269,331**	1,200,333
Current liabilities			
Trade and other payables		**(101,086)**	(78,889)
Derivatives		**(1,069)**	(1,339)
Current tax liabilities		**(3,037)**	(3,732)
Obligations under finance leases		**(1,223)**	(1,192)
Bank overdrafts and loans	15	**(49,744)**	(41,490)
		(156,159)	(126,642)
Net current assets		**293,364**	360,063
Non-current liabilities			
Bank loans	15	**(323,296)**	(322,265)
Derivatives		**(1,897)**	(1,547)
Employee benefits		**(1,698)**	(1,308)
Deferred tax liabilities		**(50,787)**	(52,631)
Provisions		**(17,215)**	(13,922)
Obligations under finance leases		**(1,571)**	(1,536)
		(396,464)	(393,209)
Total liabilities		**(552,623)**	(519,851)
Net assets		**716,708**	680,482
Capital and reserves			
Share capital		**11,390**	11,390
Retained earnings		**495,967**	501,426
Capital reserves		**31,760**	31,760
Translation and hedging reserve		**(27,936)**	(49,542)
Equity attributable to equity holders of the parent		**511,181**	495,034
Non-controlling interests		**205,527**	185,448
Total equity		**716,708**	680,482

Consolidated Statement of Changes in Equity

as at 30 June 2016

For the six months ended 30 June 2015 (unaudited)	Share capital US$'000	Retained earnings US$'000	Capital reserves US$'000	Hedging and Translation reserve US$'000	Attributable to equity holders of the parent US$'000	Non-controlling interests US$'000	Total equity US$'000
Balance at 1 January 2015	11,390	508,298	31,760	(1,677)	549,771	217,573	767,344
Currency translation adjustment	–	–	–	(20,470)	(20,470)	(15,084)	(35,554)
Effective portion of changes in fair value of derivatives	–	–	–	(459)	(459)	(393)	(852)
Profit for the period	–	11,953	–	–	11,953	7,197	19,150
Total income and expense for the period	–	11,953	–	(20,929)	(8,976)	(8,280)	(17,256)
Dividends	–	(22,279)	–	–	(22,279)	(13,336)	(35,615)
Derivatives	–	–	–	283	283	203	486
Share based expense	–	–	–	–	–	1,653	1,653
Balance at 30 June 2015	11,390	497,972	31,760	(22,323)	518,799	197,813	716,612
For the six months ended 30 June 2016 (unaudited)							
Balance at 1 January 2016	**11,390**	**501,426**	**31,760**	**(49,542)**	**495,034**	**185,448**	**680,482**
Currency translation adjustment	**–**	**–**	**–**	**21,378**	**21,378**	**15,514**	**36,892**
Effective portion of changes in fair value of derivatives	**–**	**–**	**–**	**271**	**271**	**156**	**427**
Profit for the period	**–**	**19,808**	**–**	**–**	**19,808**	**20,051**	**39,859**
Total income and expense for the period	**–**	**19,808**	**–**	**21,649**	**41,457**	**35,721**	**77,178**
Dividends	**–**	**(22,279)**	**–**	**–**	**(22,279)**	**(14,850)**	**(37,129)**
Derivatives	**–**	**–**	**–**	**(43)**	**(43)**	**(30)**	**(73)**
Acquisition of non-controlling interest	**–**	**(2,988)**	**–**	**–**	**(2,988)**	**(2,411)**	**(5,399)**
Share based expense	**–**	**–**	**–**	**–**	**–**	**1,649**	**1,649**
Balance at 30 June 2016	**11,390**	**495,967**	**31,760**	**(27,936)**	**511,181**	**205,527**	**716,708**

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 in equity are stated net of tax where applicable.

Consolidated Cash Flow Statement
for the six months ended 30 June 2016

	Notes	**Unaudited six months to 30 June 2016 US$'000**	Unaudited six months to 30 June 2015 US$'000
Net cash inflow from operating activities	18	48,255	89,148
Investing activities			
Interest received		3,109	4,407
Dividends received from trading investments		1,973	2,172
Proceeds on disposal of trading investments		29,620	25,301
Proceeds on disposal of property, plant and equipment		1,482	228
Purchases of property, plant and equipment		(61,216)	(32,657)
Purchase of intangible asset		(3,576)	(255)
Purchases of trading investments		(14,314)	(27,256)
Acquisition of non-controlling interest		(1,855)	–
Net cash used in investing activities		(44,777)	(28,060)
Financing activities			
Dividends paid	10	(22,279)	(22,279)
Dividends paid to non-controlling interests in subsidiary		(14,850)	(13,336)
Repayments of borrowings		(20,319)	(28,855)
Repayments of obligations under finance leases		(641)	(568)
Derivative paid		(421)	(72)
New bank loans raised		23,385	9,804
Net used in financing activities		(35,125)	(55,306)
Net increase/(decrease) in cash and cash equivalents		(31,647)	5,782
Cash and cash equivalents at beginning of period		97,561	103,810
Effect of foreign exchange rate changes		12,709	(8,269)
Cash and cash equivalents at end of period		78,623	101,323

Notes to the Accounts
for the six months ended 30 June 2016

1 General information
The interim financial information is not the Company's statutory accounts. The auditors of the Company have not made any report thereon under section 90(2) of the Bermuda Companies Act.

Ocean Wilsons Holdings Limited is a company incorporated in Bermuda under the Companies Act 1981 and the Ocean Wilsons Holdings Limited Act, 1991.

These financial statements are presented in US Dollars because that is the currency of the primary economic environment in which the Group operates.

2 Accounting policies
The condensed consolidated interim financial report of the Company for the six months ended 30 June 2016 comprises the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in associates and jointly controlled entities.

The condensed set of financial statements has been prepared using accounting policies consistent with International Financial Reporting Standards (IFRSs) and in accordance with IAS 34 – Interim Financial Reporting. For these purposes, IFRS comprise the standards issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

The condensed set of financial statements have been prepared on the basis of accounting policies consistent with those applied to the financial statements for the year ended 31 December 2015.

Reclassification
Provisions relating to legal claims were previously reported in other operating expenses. In 2016 to improve the transparency of the financial statements, the Group has decided to reclassify provisions to revenue, employee benefits expense and income tax expense, according to the underlying nature of the legal claims.

Previous financial figures and those reclassified are as follows:

	As presented 30 June 2015 US$'000	Reclassified 30 June 2015 US$'000
Revenue	-	(509)
Employee benefits expense	-	(349)
Other operating expenses	(3,044)	(1,194)
Income tax expense	-	(992)
Total	(3,044)	(3,044)

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

	Note	**Unaudited six months to 30 June 2016 US$'000**	Unaudited six months to 30 June 2015 US$'000
Sales of services		203,683	235,710
Revenue from construction contracts		10,987	33,189
		214,670	268,899
Investment income	6	5,965	7,943
		220,635	276,842

All revenue is derived from continuing operations.

4 Business and geographical segments

Business segments
Ocean Wilsons Holdings Limited 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 through Wilson Sons Limited. The investment segment holds a portfolio of international investments through Ocean Wilsons (Investments) Limited.

Segment information relating to these businesses is presented below.

For the six months ended 30 June 2016 (unaudited)

	Maritime services six months to 30 June 2016 US$'000	**Investment six months to 30 June 2016 US$'000**	**Unallocated six months to 30 June 2016 US$'000**	**Consolidated six months to 30 June 2016 US$'000**
Revenue	**214,670**	**–**	**–**	**214,670**
Result				
Segment result	**46,867**	**(1,267)**	**(1,034)**	**44,566**
Share of joint venture results	**2,881**	**–**	**–**	**2,881**
Investment revenue	**3,977**	**1,984**	**4**	**5,965**
Other gains and losses	**–**	**(7,329)**	**–**	**(7,329)**
Finance costs	**7,852**	**–**	**–**	**7,852**
Exchange gains/(losses) on monetary items	**3,513**	**30**	**(400)**	**3,143**
Profit before tax	**65,090**	**(6,582)**	**(1,430)**	**57,078**
Tax	**(17,219)**	**–**	**–**	**(17,219)**
Profit after tax	**47,871**	**(6,582)**	**(1,430)**	**39,859**
Other information				
Capital additions	**(73,970)**	**–**	**–**	**(73,970)**
Depreciation and amortisation	**(24,404)**	**–**	**(1)**	**(24,405)**
Balance Sheet				
Assets				
Segment assets	**1,031,761**	**234,328**	**3,242**	**1,269,331**
Liabilities				
Segment liabilities	**(551,954)**	**(456)**	**(213)**	**(552,623)**

For the six months ended 30 June 2015 (unaudited)

	Maritime services six months to 30 June 2015 US$'000	Investment six months to 30 June 2015 US$'000	Unallocated six months to 30 June 2015 US$'000	Consolidated six months to 30 June 2015 US$'000
Revenue	268,899	–	–	268,899
Result				
Segment result	56,003	(1,353)	(1,158)	53,492
Share of joint venture results	2,093	–	–	2,093
Investment revenue	5,769	2,173	1	7,943
Other gains and losses	–	3,421	–	3,421
Finance costs	(20,604)	–	–	(20,604)
Exchange gains/(losses) on monetary items	(6,673)	17	175	(6,481)
Profit before tax	36,588	4,258	(982)	39,864
Tax	(20,714)	–	–	(20,714)
Profit after tax	15,874	4,258	(982)	19,150
Other information				
Capital additions	(33,722)	–	–	(33,722)

Depreciation and amortisation	(28,903)	–	(1)	(28,904)
Balance Sheet				
Assets				
Segment assets	1,001,132	249,393	2,839	1,253,364
Liabilities				
Segment liabilities	(536,235)	(237)	(280)	(536,752)

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 and Brazil.

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	
	Unaudited 30 June 2016 US$'000	Unaudited 30 June 2015 US$'000	**Unaudited six months to 30 June 2016 US$'000**	Unaudited six months to 30 June 2015 US$'000
Brazil	**992,917**	967,859	**64,791**	33,722
Bermuda	**276,414**	285,505	**–**	–
	1,269,331	1,253,364	**64,791**	33,722

5 Employee benefits expense

	Unaudited six months to 30 June 2016 US$'000	Unaudited six months to 30 June 2015 US$'000
Aggregate remuneration comprised:		
Wages and salaries	**55,787**	69,137
Share based payment expense	**1,649**	1,824
Social security costs	**10,353**	10,637
Other pension costs	**466**	529
	68,255	82,127

6 Investment revenue

	Unaudited six months to 30 June 2016 US$'000	Unaudited six months to 30 June 2015 US$'000
Interest on bank deposits	**2,918**	4,348
Dividends from equity investments	**1,973**	2,172
Other interest	**1,074**	1,423
	5,965	7,943

7 Other gains and losses

	Unaudited	Unaudited

	six months to 30 June 2016 US$'000	six months to 30 June 2015 US$'000
(Decrease)/increase in fair value of trading investments held at period end	**(8,274)**	1,793
Profit on disposal of trading investments	**945**	1,628
	(7,329)	3,421

Other gains and losses form part of the movement in trading investments.

8 Finance costs

	Unaudited six months to 30 June 2016 US$'000	Unaudited six months to 30 June 2015 US$'000
Interest on bank overdrafts and loans	**5,676**	6,479
Exchange (gain)/loss on foreign currency borrowings	**(13,920)**	13,811
Interest on obligations under finance leases	**219**	314
Other interest	**173**	–
	(7,852)	20,604

9 Taxation

	Unaudited six months to 30 June 2016 US$'000	Unaudited six months to 30 June 2015 US$'000
Current taxation		
Brazilian taxation:		
Corporation tax	**12,379**	14,558
Social contribution	**4,988**	5,897
Total current tax	**17,367**	20,455
Deferred tax		
(Credit)/charge for the period in respect of deferred tax liabilities	**(17,367)**	14,230
Charge/(credit) for the period in respect of deferred tax assets	**17,219**	(13,971)
Total deferred tax	**(148)**	259
Total taxation	**17,219**	20,714

Brazilian corporation tax is calculated at 25% (2015: 25%) of the assessable profit for the year.

Brazilian social contribution tax is calculated at 9% (2015: 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.

10 Dividends

	Unaudited six months to 30 June 2016 US$'000	Unaudited six months to 30 June 2015 US$'000
Amounts recognised as distributions to equity holders in the period:		

Final dividend paid for the year ended 31 December 2015 of 63.0c (2014: 63.0c) per share	**22,279**	22,279

11 Earnings per share

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

	Unaudited six months to 30 June 2016 US$'000	Unaudited six months to 30 June 2015 US$'000
Earnings:		
Earnings for the purposes of basic earnings per share being net profit attributable to equity holders of the parent	**19,808**	11,953
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

12 Property, plant and equipment

During the period, the Group spent approximately US$74.0 million mainly on vessel construction and terminal equipment.

At 30 June 2016, the Group had entered into contractual commitments for the acquisition of property, plant and equipment amounting to US$13.6 million.

13 Investments

	Unaudited six months to 30 June 2016 US$'000	Audited year to 31 December 2015 US$'000
Trading investments		
At 1 January	**276,878**	260,491
Additions, at cost	**14,314**	75,558
Disposals, at market value	**(29,620)**	(57,783)
Decrease in fair value of trading investments held at period end	**(8,274)**	(4,396)
Profit on disposal of trading investments	**945**	3,008
At period end	**254,243**	276,878
Ocean Wilsons (Investments) Limited Portfolio	**230,243**	236,155
Wilson Sons Limited	**24,000**	40,723
Trading investments held at fair value at period end	**254,243**	276,878

Wilson Sons Limited

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

Ocean Wilsons (Investments) Limited 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).

14 Trade and other receivables

	Unaudited period ended 30 June 2016 US$'000	Audited year ended 31 December 2015 US$'000
Trade and other receivables		
Amount receivable for the sale of services	**53,485**	48,163
Allowance for doubtful debts	**(1,232)**	(846)
	52,253	47,317
Income taxation recoverable	**7,651**	5,732
Other recoverable taxes and levies	**31,414**	25,340
Loans to related parties	**28,698**	28,392
Prepayments	**6,018**	11,360
Other	**5,825**	10,168
	131,859	128,309
Total current	**85,155**	83,981
Total non-current	**46,704**	44,328
	131,859	128,309

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. 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$11.9 million (2015: US$9.0 million) which are past due but not impaired at the reporting date for which the Group has not provided as there has not been a change in credit quality and the Group believes the amounts are still recoverable.

The Group does not hold any collateral over these balances.

Ageing of past due but not impaired trade receivables	**Unaudited period ended 30 June 2016 US$'000**	Audited year ended 31 December 2015 US$'000
From 0 – 30 days	**7,421**	6,004
From 31 – 90 days	**2,347**	1,491
From 91 – 180 days	**2,140**	1,523
more than 180 days	**–**	–
Total	**11,908**	9,018

Included in the Group's allowance for doubtful debts are individually impaired trade receivables with a balance of US$1.2 million that 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	**Unaudited period ended 30 June 2016 US$'000**	Unaudited period ended 30 June 2015 US$'000
From 0 – 30 days	**–**	–
From 31 – 90 days	**–**	–

From 91 – 180 days	**–**	–
more than 180 days	**1,232**	846
Total	**1,232**	846

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.

15 Bank loans and overdrafts

	Annual Interest rate	**Unaudited period ended 30 June 2016 US$'000**	Audited year ended 31December 2015 US$'000
Secured borrowings			
BNDES – FMM linked to US$ (1)	2.07% to 6.00%	**176,149**	184,083
BNDES Real	7.50% – 9.69%	**27,212**	23,232
BNDES – linked to US$	5.07% – 5.36%	**6,155**	7,239
BNDES – FMM Real (1)	8.90% – 11.21%	**1,958**	1,684
BNDES – FINAME Real	3.50% – 13.40%	**1,306**	1,952
Total BNDES		**212,780**	218,190
Banco do Brasil – FMM linked to US$	2.00% – 3.00%	**78,579**	75,387
IFC – US$	5.25%	**53,778**	58,971
China Construction Bank – US$	4.36%	**19,035**	–
Eximbank – US$	2.56%	**6,319**	7,356
Finimp – US$	4.65%	**2,338**	3,503
IFC – $Real (4)	14.09%	**211**	348
Total others		**160,260**	145,565
Total borrowings		**373,040**	363,755

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

	Unaudited Period ended 30 June 2016 US$'000	Audited Year ended 31 December 2015 US$'000
The borrowings are repayable as follows:		
On demand or within one year	**49,744**	41,490
In the second year	**47,831**	40,231
In the third to fifth years inclusive	**107,409**	107,996
After five years	**168,056**	174,038
Total borrowings	**373,040**	363,755
Amounts due for settlement within 12 months	**49,744**	41,490
Amounts due for settlement after 12 months	**323,296**	322,265

Analysis of borrowings by currency:

	$Real US$'000	$Real linked to US Dollars US$'000	US Dollars US$'000	Total US$'000
30 June 2016 (unaudited)				

Bank loans	30,687	260,883	81,470	373,040
Total	30,687	260,883	81,470	373,040
31 December 2015 (audited)				
Bank loans	27,216	266,709	69,830	363,755
Total	27,216	266,709	69,830	363,755

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, (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 the company, projects' cash flows, equipment and buildings.

The loan with "The Export-Import Bank of China" is guaranteed by a "Standby Letter of Credit" issued for Tecon Rio Grande by 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.

Undrawn credit facilities

At 30 June 2016, the Group had available US$49.8 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:

	Unaudited 30 June 2016 US$'000	Audited 31 December 2015 US$'000
Bank loans		
BNDES	**212,780**	218,190
Banco do Brasil	**78,579**	59,319
IFC	**53,989**	75,387
CCB	**19,035**	–
Eximbank	**6,319**	7,356
Finimp	**2,338**	3,503
Total	**373,040**	363,755

16 Joint ventures

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

	Place of incorporation and operation	Proportion of ownership interest **30 June 2016**	30 June 2015
Towage			
Consórcio de Rebocadores Barra de Coqueiros (3)	Brazil	**29.13%**	29.13%
Consórcio de Rebocadores Baia de São Marcos (3)	Brazil	**29.13%**	29.13%
Logistics			
Porto Campinas, Logística e Intermodal Ltda (3)	Brazil	**29.13%**	29.13%
Offshore			
Wilson, Sons Ultratug Participações S.A. (1)	Brazil	**29.13%**	29.13%
Atlantic Offshore S.A. (2)	Panama	**29.13%**	29.13%

(1) 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.

(2) Atlantic Offshore S.A. controls South Patagonia S.A. This company is an indirect joint venture of Wilson Sons Limited.

(3) Joint Operations.

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

	Unaudited six months to 30 June 2016 US$'000	Unaudited six months to 30 June 2015 US$'000
Revenue	**63,162**	72,235
Raw materials and consumable used	**(3,454)**	(2,532)
Employee benefits expense	**(18,812)**	(22,084)
Depreciation and amortisation expenses	**(17,371)**	(17,618)
Other operating expenses	**(7,798)**	(7,776)
Loss on disposal of property, plant and equipment	**(2,136)**	(221)
Profits from operating activities	**13,591**	22,004
Finance income	**887**	2,486
Finance costs	**(10,872)**	(8,858)
Foreign exchange gains/(losses) on monetary items	**10,225**	(10,423)
Profit before tax	**13,831**	5,209
Income tax expense	**(8,069)**	(1,024)
Profit for the period	**5,762**	4,185
Participation (before non-controlling interests)	**50%**	50%
Equity result	**2,881**	2,093

	Unaudited Period ended 30 June 2016 US$'000	Audited Year ended 31 December 2015 US$'000
Property, plant and equipment	**674,110**	666,656
Long-term investment	**2,041**	2,041
Other current assets	**2,964**	2,470
Trade and other receivables	**37,689**	32,415
Cash and cash equivalents	**16,828**	21,011
Total assets	**733,632**	724,593
Bank overdrafts and loans	**538,136**	547,550
Other non-current liabilities	**26,806**	21,819
Trade and other payables	**89,903**	81,126
Equity	**78,787**	74,098
Total liabilities	**733,632**	724,593

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

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

The loan agreement Atlantic Offshore has with Deutsche Verkehrs-Bank "DVB" and Norddeutsche Landesbank Girozentrale "Nord/LB" for the financing of the offshore support vessel "Pardela" is guaranteed by a pledge on the vessel, the shares of Atlantic Offshore and a corporate guarantee for half of the credit from Wilson Sons de Administração e Comércio. Remolcadores Ultratug LTDA which is the partner in the business, guarantee the other half of the loan.

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

Atlantic Offshore has to comply with a series of covenants in its two loan agreements with Deutsche Verkehrs-Bank “DVB”. On 28 July 2016 Atlantic Offshore received a Temporary Waiver of non-compliance with Debt Service Coverage Ratio for both Atlantic Offshore facilities for the period 31 December 2015 to 31 March 2017.

Provisions for tax, labour and civil risks

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

In addition to the cases for which the Group has made provision, there are other tax, civil and labour disputes amounting to US$13.5 million (2015: US$9.7 million), whose probability of loss was estimated by the legal counsel as possible.

	Unaudited Period ended 30 June 2016 US$’000	Audited Year ended 31 December 2015 US$’000
Civil cases	**–**	1
Tax cases	**9,727**	7,600
Labour claims	**3,739**	2,089
Total	**13,466**	9,690

17 Acquistion of non-controlling interest

On 2 February 2016, the Wilson Sons Group, through its subsidiaries, completed the acquisition of the 7.5% non-controlling interest in Tecon Salvador S.A for consideration of US$4.73 million from Intermaritima Terminais Ltda. The consideration included US$1.88 million in cash and the settlement of US$2.85 million in debt. The transaction also includes an additional US$0.75 million that is conditional upon future contractual events. Following completion of the transaction the Wilson Sons Group holds 100% of the shares of Tecon Salvador S.A. and the Ocean Wilsons Holdings Group has a 58.25% effective interest.

The following amounts have been recognised in equity

Movement attributable to equity holders of parent	2,988
Movement attributable to non-controlling interest	2,411

18 Notes to the cash flow statement

	Unaudited six months to 30 June 2016 US$’000	Unaudited six months to 30 June 2015 US$’000
Reconciliation from profit before tax to net cash from operating activities		
Profit before tax	57,078	39,864
Share of joint venture results	(2,881)	(2,093)
Investment revenues	(5,965)	(7,943)
Other gains/(losses)	7,329	(3,421)
Finance costs	(7,852)	20,604
Exchange (losses)/gains on monetary items	(3,143)	6,481
Operating profit	44,566	53,492
Adjustments for:		
Depreciation of property, plant and equipment	21,767	25,912
Amortisation of intangible assets	2,638	2,992
Share based payment expense	1,649	1,684
Loss on disposal of property, plant and equipment	(67)	(141)
Increase/(decrease) in provisions	3,679	(927)
Operating cash flows before movements in working capital	74,232	83,012

Increase in inventories	(3,217)	(2,082)
(Increase)/decrease in receivables	(14,194)	12,705
Increase in payables	13,726	13,497
(Increase)/decrease in other non-current assets	(2,474)	491
Cash generated by operations	68,073	107,623
Income taxes paid	(13,640)	(10,830)
Interest paid	(6,178)	(7,645)
Net cash from operating activities	48,255	89,148

19 Commitments

At 30 June 2016, the Group has twenty-five outstanding commitment agreements with respect to twenty eight separate Limited Partnerships. These commitments relate to capital subscription agreements entered into by Ocean Wilsons (Investments) Limited.

The details of these commitments are as follows:

	Commitment $'000	**Unaudited Outstanding at 30 June 2016 US$'000**	Audited Outstanding at 31 December 2015 US$'000
Expiry date			
31 December 2016	3,000	68	68
22 February 2017	4,994	124	122
05 December 2017	5,000	531	575
30 March 2018	5,000	830	855
4 June 2018	5,000	1,468	1,468
18 July 2018	5,000	698	700
21 December 2018	5,000	2	185
31 December 2018	4,650	208	279
22 November 2019	5,000	550	550
08 December 2019	5,000	206	427
31 December 2019	3,000	90	90
31 January 2020	4,500	148	288
18 December 2021	5,000	448	916
17 February 2022	3,000	690	869
30 April 2022	7,500	2,919	3,781
11 July 2022	4,963	2,797	2,833
01 February 2023	5,000	400	500
28 March 2023	5,000	1,837	3,578
01 April 2023	5,000	2,716	2,259
05 June 2023	3,200	1,697	3,577
22 August 2023	5,000	822	921
21 August 2024	5,005	2,679	1,892
12 March 2025	2,954	1,934	1,800
11 April 2029	3,000	1,260	1,410
23 June 2025	1,800	1,584	465
14 July 2025	2,500	2,244	2,500
19 October 2030	500	390	-
To be confirmed	3,500	3,500	-
Total	118,066	32,840	32,908

20 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	
		Unaudited 30 June 2016 US$'000	Unaudited 30 June 2015 US$'000	**Unaudited 30 June 2016 US$'000**	Unaudited 30 June 2015 US$'000
Joint ventures					
1.	Allink Transportes Internacionais Limitada	–	17	(24)	–
2.	Consórcio de Rebocadores Barra de Coqueiros	–	138	–	–
3.	Consórcio de Rebocadores Baía de São Marcos	333	5	(5)	–
4.	Wilson Sons Ultratug	9,021	8,221	–	–
5.	Atlantic Offshore	–	–	–	–
Others					
6.	Hanseatic Asset Management LBG	–	–	(1,214)	(1,268)
7.	Gouvêa Vieira Advogados	–	–	(20)	(45)
8.	CMMR Intermediacao Comercial Limitada	–	–	(85)	(105)
9.	Jofran Services	–	–	(87)	(87)

		Amounts owed by related parties		Amounts owed to related parties	
		Unaudited 30 June 2016 US$'000	Unaudited 30 June 2015 US$'000	**Unaudited 30 June 2016 US$'000**	Unaudited 30 June 2015 US$'000
Joint ventures					
1.	Allink Transportes Internacionais Limitada	2	3	–	–
2.	Consórcio de Rebocadores Barra de Coqueiros	148	195	–	–
3.	Consórcio de Rebocadores Baía de São Marcos	2,370	2,013	–	–
4.	Wilson Sons Ultratug	3,227	–	–	(8,497)
5.	Atlantic Offshore	8,857	–	–	–
Others					
6.	Hanseatic Asset Management LBG	–	–	(224)	(245)
7.	Gouvêa Vieira Advogados	–	–	–	–
8.	CMMR Intermediacao Comercial Limitada	–	–	–	–
9.	Jofran Services	–	–	–	–

1. Mr A C Baião is a shareholder and Director of Allink Transportes Internacionais Limitada. Allink Transportes Internacionais Limitada is 50% owned by the Group and rents office space from the Group.

6. Mr W H Salomon is Chairman of Hanseatic Asset Management LBG. Fees were paid to Hanseatic Asset Management LBG for acting as investment managers of the Group's investment portfolio and administration services.

7. Mr J F Gouvêa Vieira is a partner in the law firm Gouvêa Vieira Advogados. Fees were paid to Gouvêa Vieira Advogados for legal services.

8. Mr C M Marote is a shareholder and Director of CMMR Intermediacao Comercial Limitada. Fees were paid to CMMR Intermediacao Comercial Limitada for consultancy services.

9. Mr J F Gouvêa Vieira is a Director of Jofran Services. Directors' fees and consultancy fees were paid to Jofran Services.

21 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 15, 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.

Financial risk management objectives
The Group's Corporate Treasury function provides services to the business, co-ordinates access to domestic and international financial markets and manages the financial risks relating to the operations of the Group through internal reports. These risks include market risk, (including currency risk, interest rate risk and price risk) credit risk and liquidity risk.

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

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

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

The Group has no significant concentration of credit risk. 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 Brazilian Real. Due to the cost of hedging the Brazilian Real, the Group does not normally hedge its net exposure to the Brazilian Real as the Board does not consider it economically viable.

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

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

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

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

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

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

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. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

Liquidity risk management
Ultimate responsibility for liquidity risk management rests with the Board. 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 has access to financing facilities, the total unused amount which is US$49.8 million at the balance sheet date. The Group expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets.

Fair value of financial instruments
The fair value of non-derivative financial assets traded on active liquid markets are determined with reference to quoted market prices.

The carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair value.

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