

Ocean Wilsons

Holdings Limited

Annual Report 2020



Cover: Dock jetty overlooking North Shore in Bermuda.

Contents

1	Ocean Wilsons Holdings Limited
2	Chairman's Statement
5	Financial Review
10	Wilson Sons Limited
14	Investment Portfolio
15	Investment Manager's Report
19	Directors and Advisers
21	Report of the Directors
43	Independent Auditor's Report
53	Consolidated Statement of Comprehensive Income
54	Consolidated Balance Sheet
55	Consolidated Statement of Changes in Equity
56	Consolidated Cash Flow Statement
57	Notes to the Accounts
111	Statistical Statement 2016 – 2020
112	Notice of Annual General Meeting
113	Form of Proxy

Highlights

- Profit after tax for the year of US\$48.0 million which is US\$13.0 million lower than the prior year (2019: US\$61.0 million) principally due to the impact of foreign exchange losses and increased income tax.
- The investment portfolio (including cash under management) increased US\$25.0 million to US\$310.3 million (2019: US\$285.3 million).
- Operating profit decreased 2.9% to US\$66.9 million (2019: US\$68.9 million) mainly due to foreign exchange losses of US\$7.6 million (2019: US\$0.1 million) driven by a weaker Brazilian Real ("BRL") against the US\$ and there being no impairment charge in the current year (2019: US\$13.0 million). Overall expenses were lower year over year. Raw materials costs were 23.8% lower reflecting lower shipyard activity and other operating expenses declined reflecting the reduction of operational activity as a result of COVID-19.
- Group revenue for the year was 13.1% lower at US\$352.8 million (2019: US\$406.1 million) principally due to the impact of the weaker BRL and lower revenues at the offshore bases due to the impact of COVID-19 on the oil industry.
- Net cash inflow from operating activities for the year was US\$105.7 million (2019: US\$106.3 million).
- Proposed dividend unchanged at US 70 cents per share (2019: US 70 cents per share).
- Earnings per share for the year down US 23 cents per share to US 109.5 cents (2019: US 132.5 cents per share).

About Ocean Wilsons Holdings Limited

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

Wilson Sons Limited ("Wilson Sons") is a Bermuda company listed on the São Paulo Stock Exchange (BOVESPA) and Luxembourg Stock Exchange. At 31 December 2020 Ocean Wilsons holds a 57.77% interest in Wilson Sons which is fully consolidated in the Group accounts with a 42.23% non-controlling interest. Wilson Sons is one of the largest providers of maritime services in Brazil with over three thousand employees and activities including towage, container terminals, offshore oil and gas support services, small vessel construction, logistics and ship agency.

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

Objective

Ocean Wilsons focuses on long-term performance and value creation. This approach applies to both the investment portfolio and our investment in Wilson Sons. The long-term strategy, managed by the Board, enables Wilson Sons' investments to grow and develop sustainable results with less pressure to produce short-term performance at the expense of longer-term value creation. This same view allows our Investment Manager to make investment decisions to achieve long-term capital growth.

Chairman's Statement

Introduction

While this year has presented the most challenging economic and operational environment for businesses globally due to the COVID-19 pandemic, it is important to remember that our business has been through other challenges in the past that have had a significant impact on our results in Wilson Sons and our investment portfolio, including the world financial crisis in 2008 and 2009 and the Brazilian market crash of 2015 and 2016. For most economies and industries, the longer-term financial and social impacts from this pandemic are likely to be far more significant than those two events combined. The economic uncertainty in the earlier days of the pandemic were demonstrated by the global financial market crash and significant terminal activity decline in the operations of Wilson Sons. As the year progressed, markets recovered beyond most forecasters expectations and Wilson Sons' results proved to be more resilient than originally feared.

Wilson Sons' container terminal operations have been negatively impacted by the COVID-19 pandemic resulting in lower import volumes. However, towage volumes improved in the fourth quarter, and Wilson Sons' fourth quarter after tax profit increased and their liquidity remains strong as the Brazilian economy works toward recovery and the new normal.

The investment portfolio performed well while markets recovered from the initial COVID-19 market crash in March. Driven by rising equity markets, the investment portfolio rose 10.9% on a time-weighted net return basis over the year to US\$310.3 million (2019: US\$285.3 million), outperforming its benchmark of 4.4%.

Growth in the Brazilian economy has been a struggle since the 2015-2016 crash and is now exacerbated with the uncertainty of the economic impact of the COVID-19 pandemic. Real GDP growth in 2019 was 1.1%, compared to negative 4.0% real GDP in 2020. Additionally, the BRL fell 28.9% against the US\$. Notwithstanding these economic headwinds, Wilson Sons reported better than expected trade linked volumes in its container terminal business and increased days in operation of its offshore vessels.

These key operational indicators at our container terminals and towage businesses declined only slightly by year end against the 2019 comparative, as trade volumes increased in the second half of the year both domestically and internationally.

Operating volumes	2020	2019	% Change
Container Terminals (container movements in TEU '000s) *	1,017.6	1,027.3	(1.0%)
Towage (number of harbour manoeuvres performed)	52,873	53,088	(0.4%)
Offshore Vessels (days in operation)	5,356	5,128	4.4%

* TEUs stands for "twenty-foot equivalent units".

Results

Profit for the year at US\$48.0 million was US\$13.0 million lower than the prior year (2019: US\$61.0 million) primarily due to the significant impact of the BRL weakening against the US\$ by 28.9% during the year and the impact of COVID-19 on offshore services to the oil and gas industry. While

the investment portfolio increased 10.9%, returns on the investment portfolio were US\$1.3 million lower than the prior year at US\$33.4million (2019: US\$34.7 million).

Operating profit at US\$66.9 million (2019: US\$68.9 million) declined by US\$2.0 million, due to increased foreign exchange losses because of the weaker BRL. Operating expenses generally declined with austerity measures taken to improve liquidity as part of managing through the COVID-19 pandemic and there being no impairment charge in the current year.

Earnings per share for the year were US 109.5 cents compared with US 132.5 cents in 2019.

COVID-19

The priority during the COVID-19 crisis is to protect our employees and balance the needs of our stakeholders. In response to the pandemic, the Group has implemented working practices and protocols to ensure the health and safety of our teams and all stakeholders across our businesses and is focused on business continuity and fiscal prudence. During the year multiple austerity measures were put in place and Wilson Sons was granted "stand-still agreements" with lenders that allowed for the postponement of loan repayment instalments to reinforce liquidity during this market uncertainty. A detailed overview of our COVID-19 response and business risk assessments can be found in Note 37 to the Financial Statements.

Wilson Sons

In October 2020, Wilson Sons concluded a US\$110 million expansion project at the Salvador container terminal which extended the terminal's principal quay to 800 metres. This allows for the simultaneous berthing of two super-post-Panamax ships which will increase our capacity to handle more volumes of containers and improve operational efficiency. The completion of this extension solidifies the Group's position as operating the only dedicated terminal in Bahia, the largest economy in the Northeast of Brazil, which connects Brazil to all major worldwide markets. Additionally, this extra capacity supports initiatives to reinforce economic growth and job creation in this region.

During the year, the Brazilian Government designated Wilson Sons as an essential service provider, removing any operation restrictions during COVID-19 restrictions. This allowed us to remain operational, albeit with lower overall demand and volumes due to the pandemic.

Container volumes at the Salvador terminal grew 2.4% in 2020 to 342,400 TEUs despite the impact of COVID-19 with increased transshipment volumes. Import, export and cabotage volumes were lower year over year at both the Salvador and Rio Grande terminals as global and domestic demand for goods were negatively impacted by the pandemic. Rio Grande volumes declined 2.6% to 675,200 TEUs (2019: 693,100). In the fourth quarter of 2020, the Rio Grande terminal was certified with a deeper draft for the navigation channel that will allow for the berthing of the larger super-post Panamax vessels which is expected to increase volumes for transshipment containers. Transshipment volumes at the Rio Grande Terminal increased 5.7% in 2020.

Wilson Sons continues to be the leader in Brazilian towage services. With a fleet of 80 tugboats, we have the largest and most modern fleet in the country. The number of harbour towage manoeuvres performed in the year was consistent at 52,873 (2019: 53,088). Towage revenue results continued to improve despite volume declines as pricing has improved. Six new 80-tonne tugboats have been approved for construction to be completed during 2022-2025 which will support the capacity of our expanded terminals and the increased number of larger ships calling in Brazil.

Our offshore support bases and our offshore support fleet, which service the oil and gas industries continue to face demand weakness. The support base revenue declined US\$11.3 million to US\$8.0 million (2019: US\$19.3 million). The number of operating days at our offshore vessel joint venture, Wilson Sons Ultratug Offshore, at 5,356 was 4.4% higher than the prior year (2019: 5,128) although our share of revenue was 7.8% lower at US\$ 60.8 million (2019 US\$65.5 million) due to softer average daily rates on new contracts given current market conditions. Our joint venture continues to explore alternative revenue streams for our off-hire vessels. During the year, the platform support vessels ("PSV") Cormoran, Sterna and Torda commenced new two-year contracts. At the year end, the joint venture had a fleet of 23 offshore support vessels ("OSVs") of which 16 were under contract. Subsequent to year end, 18 vessels are under contract with the remainder available in the Brazilian spot market or laid up until market conditions improve.

Investment Portfolio Performance

The investment portfolio out-performed the 2020 benchmark of 4.4% (2019: 5.3%) by 6.5% (2019: 6.8%) despite the COVID-19 market crash in March 2020. With a rebound in both equity and bond markets globally, the portfolio's holdings produced better than originally anticipated results. The portfolio increased US\$25.0 million to US\$310.3 million (2019: US\$285.3 million) after paying dividends of US\$5.0 million to Ocean Wilsons Holdings Limited and deducting management and other fees of US\$2.8 million. This represents a net return in the year of 10.9%. Over the three-year period ended 31 December 2020, the portfolio produced a time-weighted net return of 6.0% per annum compared with the performance benchmark of 4.9% per annum.

At 31 December 2020 the top ten investments account for 46.7% of the investment portfolio valuation (US\$144.9 million).

Investment Manager and Management Fee

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

The Investment Manager receives an investment management fee of 1% of the valuation of funds under management and an annual performance fee of 10% of the net investment return which exceeds the benchmark, provided that the high-water mark has been exceeded. The portfolio performance is measured against a benchmark calculated by reference to Urban Consumers NSA plus 3% per annum over rolling three-year periods. Payment of performance fees are subject to a high-water mark and are capped at a maximum of 2% of the portfolio NAV. The Board considers a three-year measurement

period appropriate due to the investment mandate's long-term horizon and an absolute return inflation-linked benchmark appropriately reflects the Company's investment objectives while having a linkage to economic factors.

In 2020, the investment management fee paid was US\$2.8 million (2019: US\$2.8 million) and a US\$0.3 million performance fee is payable to the Investment Manager (2019: US\$0.7 million).

Net Asset Value

At the close of markets on 31 December 2020, the Wilson Sons' share price was R\$45.30 (US\$8.73), resulting in a market value for the Ocean Wilsons holding of 41,444,000 shares (57.77% of Wilson Sons) totalling approximately US\$361.5 million which is the equivalent of US\$10.22 (£7.48) per Ocean Wilsons share.

Adding the market value per share of Wilsons Sons of US\$10.22 and the investment portfolio at 31 December 2020 of US\$8.77 results in a net asset value per Ocean Wilsons Holdings Limited share of US\$19.00 (£13.89). The Ocean Wilsons Holdings Limited share price was £8.45 at 31 December 2020.

Dividend

Dividends are set in US Dollars and are normally paid annually. The Ocean Wilsons dividend policy is to pay a percentage of the average capital employed in the investment portfolio determined annually by the Board and the Company's full dividend received from Wilson Sons in the period after deducting funding for the parent company costs. The Board may review and amend the dividend policy from time to time in light of our future plans and other factors.

The Board is recommending a dividend of US 70 cents per share to be paid on 4 June 2021 to shareholders of the Company as of the close of business on 14 May 2021. Shareholders will receive dividends in Sterling by reference to the exchange rate applicable to the USD on the dividend record date (14 May 2021) except for those shareholders who elect to receive dividends in USD. Based on the current share price and exchange rates a dividend of US 70 cents per share represents a dividend yield of approximately 6.1%.

Brexit

Shareholders will be aware that the United Kingdom ("UK") left the European Union ("EU") on 31 January 2020 ("Brexit"). The Company is domiciled in Bermuda and does not operate directly within the EU, however Ocean Wilsons (Investments) Limited invests in investment vehicles domiciled both within and outside the EU, and a number of those investment vehicles have direct and / or indirect exposure to the UK and/or the EU.

We are not aware of any tangible direct or indirect impact on the investment portfolio's performance arising from Brexit. The consequences of Brexit for London financial markets, in which some of the investment vehicles participate and where the Company's shares are traded on the London Stock Exchange, is uncertain.

Chairman's Statement

Environmental Social and Governance Practices (ESG)

The Group is continuously improving and monitoring its ESG practices. In September 2020, Wilson Sons published its Greenhouse Gas Emissions Inventory for 2019 emissions. Since 2013, emissions have been reduced by 12%. As part of our plan to improve on emission reduction rates, we seek increasingly advanced technologies to utilise that will contribute to these reductions. For example, Wilson Sons has implemented diesel-electric systems on offshore vessels, moved to the use of electric yard cranes and when commissioning new vessels, ensures that they are compliant with EU emission standards.

Workplace safety at Wilson Sons, is ingrained in the day-to-day operations with a relentless commitment to ensuring the safety of our employees and reducing accident rates through a safety programme in partnership with DuPont. Our target was to reduce and maintain a lost-time injury frequency rate (LTIFR) below or equal to 0.5 per million hours worked. The Company has successfully met this target with a 91% reduction in LTIFR from 2011 to 2020. LTIFR was 0.42 (2019: 0.48).

The Board has established corporate governance arrangements which it believes are appropriate for the operation of the Company. The Board has considered the principles and recommendations of the 2018 UK Corporate Governance Code ("the Code") issued by the Financial Reporting Council and decided to apply those aspects which are appropriate to the business. This reflects the fact that Ocean Wilsons is an investment holding company incorporated in Bermuda with significant operations in Brazil. The Company complies with the Code where it is appropriate for both its wider stakeholders and its business to do so. The areas where the Company does not comply with the Code, and an explanation of why, are contained in the section on Corporate Governance in the Annual Report. The position is regularly reviewed and monitored by the Board.

Board Appointments and Retirements

During the year we were pleased to announce the appointment of two new independent non-executive directors, Ms. Fiona Beck and Ms. Caroline Foulger. Ms. Beck joined the Board effective 13 April 2020 and Ms. Foulger joined the Board effective 1 June 2020. Ms. Foulger will be subject to election as a director at the Company's next Annual General Meeting.

Mr. Colin Maltby retired from the Board effective 1 January 2021 and Mr. Keith Middleton will be retiring from the Board and the Company on March 26, 2021. I would like to thank both Mr. Maltby and Mr. Middleton for their time and dedication to the Group.

Outlook

While there has been some worsening in numbers relating to the pandemic in Brazil recently, the forecasts for economic growth in 2021 remain positive with exports expecting to rise due to the depreciation of the BRL in 2020 and a recovery in global economic activity. The impacts from the COVID-19 pandemic in 2020 on our results were less than we initially anticipated when news of the pandemic broke. While it is unclear how the pandemic will play out in 2021, we expect our operations to continue to be affected and the safety protocols and other measures that were implemented during 2020 to

remain in place for the foreseeable future. The roll out of the vaccines are a positive development although the new variant mutations make it unclear how the pandemic will unfold. The Brazilian offshore oil and gas market is expected to remain soft in 2021. However, we are seeing some green shoots and expect some recovery from 2022 onwards as the offshore oil concessions move towards production. The competitive Brazilian towage market we have experienced in the last few years remains unchanged. The coming year will continue to present a number of challenges for the Group. However, the resilient performance delivered by the Group in 2020 means we are confident in the strength of our Brazilian businesses and believe that the Group will continue to prosper as Brazil and the World recovers from the COVID-19 pandemic.

The financial markets closed 2020 with major equity indices increasing with the MSCI World up 16.2% and the S&P 500 up 18.4% notwithstanding one of the biggest post-war market crashes in March. Bond markets also performed surprisingly well with the global bond index rising 9.5%. Investor confidence continues to be strong as vaccines are being administered globally, spurring anticipation of the world getting back to the normal that we once knew, and we continue to have a positive view on equity markets going into 2021. However, we continue to be alert and exercise caution for any events that could cause the markets to slide. We have particular focus on the impacts of the Biden administration on US and global markets and the speed and success of the COVID-19 vaccine roll-out which is anticipated to allow more social movement that will stimulate and drive economic recovery in those sectors hit hard by the pandemic.

Management and Employees

On behalf of the Board and shareholders, I would like to thank our management and employees for their efforts and hard work during this incredibly difficult year. We understand that our workforce has been faced with day to day personal and professional struggles as we navigate through the new normal of living and working through this pandemic. We are extremely proud of how our teams have managed and responded to the challenges that COVID-19 has created.

J F Gouvêa Vieira

Chairman
Ocean Wilsons Holdings Limited
12 March 2021

Financial Review

Operating Profit

Operating profit of US\$66.9 million was US\$2.0 million lower than prior year (2019: US\$68.9 million) principally due to the negative impact of the BRL devaluation against the US, lower revenues being offset by reduced operating costs and no impairment charges in the current financial year (2019: US\$13.0 million). Operating margin for the year was 18.9% (2019: 20.2% – excluding the impairment charge) principally due to the increase in foreign exchange losses on monetary items, negatively offsetting lower operating costs as the Company implemented cost savings strategies in the face of COVID-19 and lower depreciation expense.

Raw materials and consumables used were US\$6.0 million lower at US\$19.3 million (2019: US\$25.3 million) reflecting lower shipyard activity. Employee expenses were US\$30.3 million lower at US\$110.0 million (2019: US\$140.3 million) principally due to the effect of the stronger average USD/BRL exchange rate. Amortisation of right-of-use assets was \$10.7 million (2019: US\$12.4 million).

The headcount at the year-end was 3,675 compared with 3,939 in 2019. Employee expenses as a percentage of revenue declined from 34.6% in 2019 to 31.2% in the current year. Other operating expenses were US\$4.8 million lower at US\$87.8 million (2019: US\$92.6 million) largely driven by a weaker BRL exchange rate throughout 2020. Depreciation and amortisation expense at US\$50.6 million was US\$3.1 million lower than the comparative period (2019: US\$53.7 million) due to the devaluation of the BRL during the year.

Revenue from Maritime Services

Group revenue for the year in BRL terms increased by 13.3% while in USD terms revenue was 13% lower at US\$352.8 million (2019: US\$406.1 million). The decline in revenue is principally due to the negative impact of BRL devaluation against the USD, with volume declines in logistics revenues due to the end of a specific high value contract, lower offshore support base revenues against a backdrop of lower demand in the oil and gas sector and the overall impact of COVID-19 on operations and trading volumes.

Towage and agency services revenue at US\$181.7 million was US\$12.9 million higher than the prior year (2019: US\$168.8 million) with increased volumes in ports that operate larger ships, a focus on improving the revenue mix and the full year impact of firming market prices from the end of the prior year. Harbour towage manoeuvres performed in the year decreased 0.4% to 52,873 (2019: 53,088). Special operations revenues increased US\$3.2 million to US\$14.5 million (2019: US\$11.1 million). Special operations are project based, with current year revenue increases being driven by support to two vessels that suffered damage in accidents. Ship agency revenue at US\$8.1 million was 12% lower than the prior year (2019: US\$9.2 million).

Port terminals revenue at US\$140.2 million was US\$47.0 million lower than the prior year (2019: US\$187.2 million) principally due to the lower average BRL exchange rate and the reduction in economic activity caused by COVID-19 on both imports and exports and oil and gas support base activity. Container volumes handled fell 1.0% to 1,017,600 TEUs (2019: 1,027,600 TEUs) mainly due to lower volumes in imports and cabotage flows. Due to the decrease in container volumes handled, lower import warehouse revenue and the higher average USD/BRL exchange rate in the year container terminal revenue declined 21.2% to US\$132.2 million (2019: US\$167.8 million). Revenue at our offshore support base decreased US\$11.3 million to US\$8.0 million (2019:

US\$19.4 million) mainly due to reduced or delayed activity as the oil and gas sector manage reduced oil demand and currency impacts.

Revenue at our logistics business was 37% lower at US\$28.6 million (2019: US\$45.7 million) primarily as a result of the ending of a large warehousing contract at one of our logistics centres, the impact of COVID-19 on import volumes driving lower demand for logistics services and the lower average BRL exchange rate. Third-party shipyard revenue was US\$2.3 million lower at US\$2.2 million (2019: US\$4.5 million). The shipyard continues to provide important vessel construction and maintenance services for our towage and joint venture offshore vessel fleets.

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

Share of Results of Joint Ventures

The share of results of joint ventures is Wilson Sons' 50% share of net profit for the period from our offshore joint ventures. Our joint ventures had 16 offshore support vessels under contract out of a total fleet of 23 at year end. Operating profit for a 50% share in the joint ventures in the year decreased US\$3.3 million to US\$5.5 million compared to US\$8.9 million in 2019. Revenue was 7% lower at US\$60.8 million (2019: US\$65.5 million) while operating days at 5,356 days were 4.4% higher than the prior year (2019: 5,128). The reduction in operating profit, driven by lower revenues and increased exchange losses on monetary items of US\$9.1 million for the period resulted in a loss for the year of US\$4.2 million (2019: US\$0.6 million profit).

Returns on the Investment Portfolio at Fair Value Through Profit or Loss

Returns on the investment portfolio of US\$33.4 million (2019: US\$34.7 million) comprise realised profits on the disposal of financial assets at fair value through profit or loss of US\$1.0 million (2019: US\$7.5 million), income from underlying investment vehicles of US\$3.3 million (2019: US\$2.8 million) and unrealised gains on financial assets at fair value through profit or loss of US\$29.1 million (2019: US\$24.4 million).

Other Investment Income

Other investment income for the year declined US\$4.5 million to US\$1.6 million (2019: US\$6.1 million). Lower interest on bank deposits of US\$1.1 million (2019: US\$1.7 million) and lower other interest income of US\$0.6 million (2019: US\$4.3 million) were the contributing factors. Other interest in the prior year of US\$4.3 million included a one-time income adjustment on the judicial deposits of US\$2.8 million and US\$0.6 million on tax credits.

Finance Costs

Finance costs for the year at US\$23.2 million were US\$4.5 million lower than the prior year (2019: US\$27.7 million) as interest on lease liabilities decreased US\$3.1 million to US\$12.8 million (2019: US\$15.9 million). Exchange losses on foreign currency borrowings were zero (2019: US\$0.8 million) as the Group repaid borrowings in currencies other than the functional currencies of the subsidiaries in the prior period. Interest on bank loans and overdrafts decreased US\$0.5 million to US\$10.3 million (2019: US\$10.8 million) due to lower variable interest rates.

Exchange Rates

The Group reports in USD and has revenues, costs, assets and liabilities in both BRL and USD. Therefore, movements in the USD/BRL exchange rate

Financial Review

influence the Group's results both positively and negatively from year to year. During 2020 the BRL depreciated 28.9% against the USD from R\$4.03 at 1 January 2020 to R\$5.20 at the year end. In 2019 the BRL depreciated 4.0% against the USD from R\$3.87 at 1 January 2019 to R\$4.03 at the year end. The principal effects from the movement of the BRL against the USD on the income statement are set out in the table below:

	2020 US\$ million	2019 US\$ million
Exchange losses on monetary items ⁽ⁱ⁾	(7.4)	(0.6)
Exchange losses on foreign currency borrowings	–	(0.8)
Deferred tax on retranslation of fixed assets ⁽ⁱⁱ⁾	(14.0)	0.6
Deferred tax on exchange variance on loans ⁽ⁱⁱⁱ⁾	15.1	(2.0)
Total	(6.3)	(2.8)

- (i) This arises from the translation of BRL denominated monetary items in USD functional currency entities.
- (ii) The Group's fixed assets are located in Brazil and therefore future tax deductions from depreciation used in the Group's tax calculations are denominated in BRL. When the BRL depreciates against the US Dollar the future tax deduction in BRL terms remain unchanged but is reduced in US Dollar terms.
- (iii) Deferred tax credit arising from the exchange losses on USD denominated borrowings in Brazil.

The movement of the BRL against the USD in 2020 resulted in a negative impact of US\$6.3 million on the income statement in the year compared with a US\$2.8 million negative impact in 2019.

A currency translation adjustment loss of US\$51.8 million (2019: US\$11.1 million) on the translation of operations with a functional currency other than USD is included in other comprehensive expense for the year and recognised in other comprehensive income.

The average USD/BRL exchange rate during 2020 was 30.6% higher than prior year at 5.16 (2019: 3.95). A higher average exchange rate negatively affects BRL denominated revenues and positively impacts BRL denominated costs when converted into our USD reporting currency.

Profit Before Tax

Profit before tax for the year decreased US\$7.9 million to US\$74.6 million compared to US\$82.5 million in 2019. The decline in profit before tax is primarily due to the US\$4.7 million negative movement of results from joint ventures, US\$1.3 million in lower returns from the investment portfolio, US\$7.4 million negative movement in foreign exchange losses on monetary items and a US\$4.4 million reduction in other investment income. Prior year other investment income included a one-time adjustment on US\$2.8 million in judicial deposits.

Taxation

Although taxable profit was US\$7.9 million lower at US\$74.6 million, (2019: US\$82.5 million), the tax charge for the year at US\$26.6 million was US\$5.1 million higher than prior year (2019: US\$21.5 million). This represents an effective tax rate for the year of 36.0% (2019: 26.0%) compared with the corporate tax rate prevailing in Brazil of 34%. The higher effective tax rate is principally due to higher net expenses not included in determining taxable profit. Net expenses not included in determining taxable profit were higher due to higher foreign exchange losses and losses at our joint ventures.

The principal impacts from these items on the tax charge in the income statement are set out in the table below:

	2020 US\$ million	% of taxable profit	2019 US\$ million	% of taxable profit
Deferred tax items not included in determining taxable profit ⁽ⁱ⁾	(2.2)	(3.0%)	(1.2)	(1.5%)
Net expenses not included in determining taxable profit ⁽ⁱⁱ⁾	(7.9)	(10.6%)	(1.7)	(2.1%)
Net income/(expenses) incurred outside Brazil	8.9	12.0%	9.7	11.6%
Total	(1.2)	(1.6%)	6.6	8.0%

Charge/(credit) to the current period tax charge

- (i) The principal deferred tax items not included in determining taxable profit are a deferred tax credit arising on the retranslation of BRL denominated fixed assets in Brazil, the deferred tax charge on the exchange losses on USD denominated borrowings and tax losses at our Brazilian subsidiaries not recognised in deferred tax.
- (ii) The main items not included in determining taxable profit are the tax effect of foreign exchange gains/(losses) on monetary items, the tax effect of the share of results of joint ventures and non-deductible expenses.

A more detailed breakdown is provided in note 10.

Profit for the Year

Profit attributable to equity holders of the parent company for the year is US\$38.7 million (2019: US\$46.9 million) after deducting profit attributable to non-controlling interests of US\$9.3 million (2019: US\$14.2 million).

Earnings per Share

Earnings per share for the year was US 109.5 cents compared with US 132.5 cents in 2019.

Cash Flow

Net cash inflow from operating activities for the period at US\$105.7 million was US\$0.6 million lower than prior year (2019: US\$106.3 million) mainly due to the lower operating profit in the year offset by improvements in working capital balances. Capital expenditure in the year at US\$58.4 million was US\$27.3 million lower than the prior year (2019: US\$85.7 million) as capital expenditure in 2019 on the expansion of Wilson Sons Salvador container terminal contributed to higher spend. This work has now been completed.

The Group drew down new loans of US\$51.5 million (2019: US\$113.6 million) to finance capital expenditure, while making loan repayments of US\$25.7 million in the year (2019: US\$85.9 million). Dividends of US\$24.8 million were paid to shareholders (2019: US\$24.8 million) with a further US\$17.4 million paid to non-controlling interests in our subsidiary (2019: US\$17.4 million).

Cash and cash equivalents at 31 December 2020 decreased US\$5.7 million from the prior year end to US\$63.3 million, (2019: US\$69.0 million) of which US\$53.8 million was denominated in Brazilian Real (2019: US\$35.7 million). Wilson Sons held a further US\$39.6 million in USD denominated fixed rate certificates which are classified as financial assets at fair value through profit or loss (2019: US\$14.1 million) which are not part of the Group's investment portfolio managed by Hanseatic Asset Management LBG and are intended to fund Wilson Sons.



WS Tugboat in Guarujá II Shipyard.

Financial Review

Balance Sheet

Equity attributable to shareholders of the parent company at the balance sheet date was US\$14.0 million lower at US\$555.8 million compared with US\$569.8 million at 31 December 2019. The main movements in equity in the year were profits for the period of US\$38.7 million, less dividends paid of US\$24.8 million and a negative currency translation adjustment of US\$29.8 million. The currency translation adjustment arises from exchange differences on the translation of operations with a functional currency other than USD.

Net Debt and Financing

All debt at the year-end was held in the Wilson Sons group with no recourse to the parent company, Ocean Wilsons, or the investment portfolio held by Ocean Wilsons (Investments) Limited. The Group's borrowings are used principally to finance vessel construction and the development of our container terminal business.

Borrowings are mainly long-term with defined repayment schedules payable over different periods of up to 18 years. At 31 December 2020 all the Group's borrowings are denominated in BRL with 65% linked to the USD and the remaining 35% denominated in BRL. The Group's borrowings denominated in BRL linked to the USD loans are fixed rate loans while BRL denominated debt is variable rate. A significant portion of the Group's Brazilian pricing is denominated in USD which acts as a natural hedge to our long-term exchange rate exposure. In addition to borrowings, the Group has lease liabilities of US\$157.9 million (2019: US\$194.1 million).

Net debt including lease liabilities at 31 December 2020 was US\$397.7 million (2019: US\$446.0 million) as set out in the following table:

	2020 US\$ million	2019 US\$ million
<i>Debt</i>		
Short-term	76.9	58.6
Long-term	423.7	470.5
Total debt	500.6	529.1
Short term investments	(39.6)	(14.1)
Cash and cash equivalents	(63.3)	(69.0)
Net debt	397.7	446.0

The Group's reported borrowings do not include US\$211.9 million (2019: US\$220.3 million) of debt from the Company's 50% share of borrowings in our Offshore Vessel joint venture.

Leslie J. Rans, CPA

Chief Operating and Financial Officer
Ocean Wilsons Holdings Limited
12 March 2021



Tugboat Operations Centre ("COR").

Wilson Sons Limited

The Wilson Sons 2020 Earnings Report released on 12 March 2021 is posted on www.wilsonsons.com.br.

In the report, Mr. Cezãr Baião, Deputy Chairman of Wilson Sons, said:

"Wilson Sons reported that cash flows from operating activities of US\$114.5 million increased 3.0% against 2019 (US\$111.1 million) remaining very resilient notwithstanding the COVID-19 pandemic. In BRL terms, operating cash flow grew 34.5%. A weaker average BRL exchange rate reduced revenues and costs, with costs being further reduced, driven by austerity measures in addressing the financial impacts of COVID-19 on our business.

Container terminal results were impacted by lower import volumes during the year due to the pandemic with business confidence and Brazilian economic indicators remaining soft through Q4. The Salvador terminal reported a 2.4% increase in annual operating volumes and civil works to extend the terminal's principal quay were completed in October 2020. The Rio Grande terminal was certified with a 15-metre draft for the navigation channel in 4Q20 allowing the terminal to receive larger super-post-Panamax vessels, further increasing the terminal's competitiveness as a hub port and potentially attracting more transshipment volume. Although the Rio Grande terminal showed a 2.5% decrease in annual operating volumes, transshipment volume was up 5.6% over the prior year.

Towage results continued to be solid despite the competitive environment and COVID-19 crisis. We recently approved the construction of six new 80-tonne tugboats to be delivered by our shipyard between 2022 and 2025. These new vessels will further expand the capacity of our towage fleet to service the larger ships now calling in to Brazilian ports.

Our oil services businesses, including offshore support vessels ("OSV") and support bases, still face weak demand, although we expect to see a recovery in the medium term. We continue to explore alternative revenue streams for the base areas and our off-hire vessels, which are well positioned to profit from the expected recovery in the industry.

The outlook heading into 2021 remains a challenging operational environment with the persisting effects of COVID-19 and exchange rate volatility remains an item to be monitored. We expect trade flows to recover faster than oil and gas services. Debt standstill agreements have benefitted a number of businesses through this unique period.

In this context, we reaffirm our commitment to the safety and well-being of our employees, clients, suppliers and the communities in which we operate to ensure the continuity of the essential services that we provide. All our operations and facilities are applying rigorous health and safety protocols established by Brazilian authorities and agencies, and we are closely monitoring the evolution of the pandemic in the country."

The Wilson Sons Strategy

The Wilson Sons strategy is to grow and strengthen its businesses while looking for new opportunities in the maritime and transport sector, focusing on Brazil and Latin America. Wilson Sons looks to develop its businesses by maximising economies of scale and efficiency and improving the quality and range of services it provides to customers. Wilson Sons' principal services are

container terminals, logistics, oil and gas support terminals, towage, shipyard and through our joint venture, offshore support vessels.

Utilising capacity in our container terminals. To meet demand from domestic and international trade, we have expanded both container terminals since the beginning of the concessions. By maximising installed capacity utilisation, we can continue to increase productivity and the level of service to our clients through economies of scale. Additionally, we will evaluate new opportunities to invest in the development of new terminals, and the ability for these opportunities to provide a strong return on shareholders' equity.

Maximising capacity utilization of our offshore support bases. Our bases in Niterói and Rio de Janeiro have a total capacity of eight berths which provide logistics support for offshore vessels. With excellent access to the Campos and Santos petroleum basins, including to the pre-salt region, our assets are strategically positioned as one of the largest operators of offshore support bases in Brazil. We continuously monitor the offshore exploration and production activities across the Brazilian coast to meet demand as activity in this sector improves.

Strengthening our position as the leading provider of towage services in Brazil. We will continue to modernise and expand our tugboat fleet to consistently provide high-quality services to our customers and solidify our leading position in the Brazilian towage market. We also look to contribute to the expansion of activities in the Brazilian ports, offering state-of-the-art vessels that are suitable for the operation of new classes of ships, as well as for the oil and gas industry. We regularly review our fleet deployment to optimise efficiency and to seek out new market niches where we may be able to provide additional services or expand our geographical footprint to new ports in Brazil.

Maximising the potential of our shipyard facilities. Through a mix of in-house and third-party vessel construction, repair, maintenance, conversion and dry-docking services we seek to maximise the potential of our shipyards to meet the demands of local and international shipowners operating in Brazil.

Solidifying our offshore support vessel services to oil and gas platforms. Using our knowledge and experience, we look to consolidate our activities maintaining our position amongst the leading suppliers of services to the offshore oil and gas industry in Brazil. We are exploring alternative revenue streams to increase utilisation of our offshore support vessel fleet.

Exploring innovative opportunities and strategies to provide the best and most complete set of services to our customers. We will continue to foster a culture of innovation and digital transformation. We have formed relationships with technology start-ups, to strive for innovative digital solution to support strategic goals of creating efficiencies, improving margins and driving improved customer service throughout our businesses. We are always looking to provide innovative services to our customers, as well as to anticipate their needs. Through a solid nationwide footprint, we will continue our strategy of providing comprehensive logistics solutions to support domestic and international trade activities, as well as the oil and gas industry.



Salvador Container Terminal.

Wilson Sons Limited

Increasing economies of scale, productivity, synergies, and cost savings across our segments. We continuously seek to optimise our operations productivity and reduce costs through digital transformation and synergies among our businesses. We will continue to be focused on driving digital transformation of Wilson Sons to meet stakeholder needs in a rapidly changing market as well as integrating similar activities to achieve economies of scale and reduce costs wherever possible.

Economic Social and Governance (ESG) best practices are key to our overall strategy. We will ensure that ESG best practices are implemented throughout the organization to achieve and maintain excellence in these areas, in line with our strategy of a sustainable and ethical business.



Pegasus Tugboat.

Investment Portfolio

Investment Objective

Ocean Wilsons is run with a long-term outlook. The objective of the investment portfolio is to make investments that create long-term capital growth without pressure to produce short-term results at the expense of long-term value creation.

Investment Policy

The Investment Manager will seek to achieve the investment objective through investments in publicly quoted and private (unquoted) assets across three 'silos':

- (i) Core regional funds which form the core of our holdings, enabling us to capture the natural beta within markets;
- (ii) Sector specific silo, represented by those sectors with long-term growth attributes, such as technology and biotechnology; and
- (iii) Diversifying silo, which are those asset classes and sectors which will add portfolio protection as the business cycle matures. 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 three silos worldwide. The portfolio contains a high level of investments which would not normally be readily accessible to investors without similar resources. Furthermore, a large number of holdings are closed to new investors. There is currently no gearing although the Board would, under the appropriate circumstances, be open-minded to modest levels of gearing. Likewise, the Board may, from time to time, permit the Investment Manager opportunistically to use derivative instruments (such as index hedges using call and put options) 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 fearing 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 interests 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. With travel restrictions related to COVID-19, the due diligence process has been amended to include virtual meetings and onsite visits will resume once travel restrictions have been removed.

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

Portfolio Characteristics

The portfolio has several similarities to the 'endowment model'. These similarities include an emphasis on generating real returns, a perpetual time horizon and broad diversification, whilst avoiding asset classes with low expected returns (such as government bonds in the current environment). This diversification is designed to make the portfolio less vulnerable to permanent loss of capital through inflation, adverse interest rate fluctuations and currency devaluation and to take advantage of market and business cycles. The Investment Manager believes that higher 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 Manager's Report

Market backdrop

Had you asked at the beginning of 2020 how stock markets would fair in the face of a global pandemic, one of the deepest post-war economic declines and with companies in many sectors on the brink of bankruptcy, it would not have been unreasonable to expect responses of 20%, 30% or even 50% declines. The fact that this happened when we were in the eleventh year of one of the longest market cycles in history, arguably made the market even more vulnerable to bad news.

It seems surreal then that the year ended with major equity indices increasing 16.2%, 18.4% and 29.5% for the MSCI World, S&P 500 and MSCI China. German and French indices somewhat lagged, up by 13.5% and 3.5% respectively and the UK and EMs ex-Asia declined by 10.5% and 10.0%. The MSCI Information Technology index was up 45.6% for the year while the

MSCI World Value index was down by 1.2% with sub-sectors such as retail and leisure falling sharply over the period.

The bond markets were also robust at the headline level with the global bond index rising by 9.5% for the year. Investment grade debt rose by 10.4% and high yield by 7.0%; but at the trough in March, they were down 10.4% and 21.2% respectively when the prospect of widespread corporate default seemed very real.

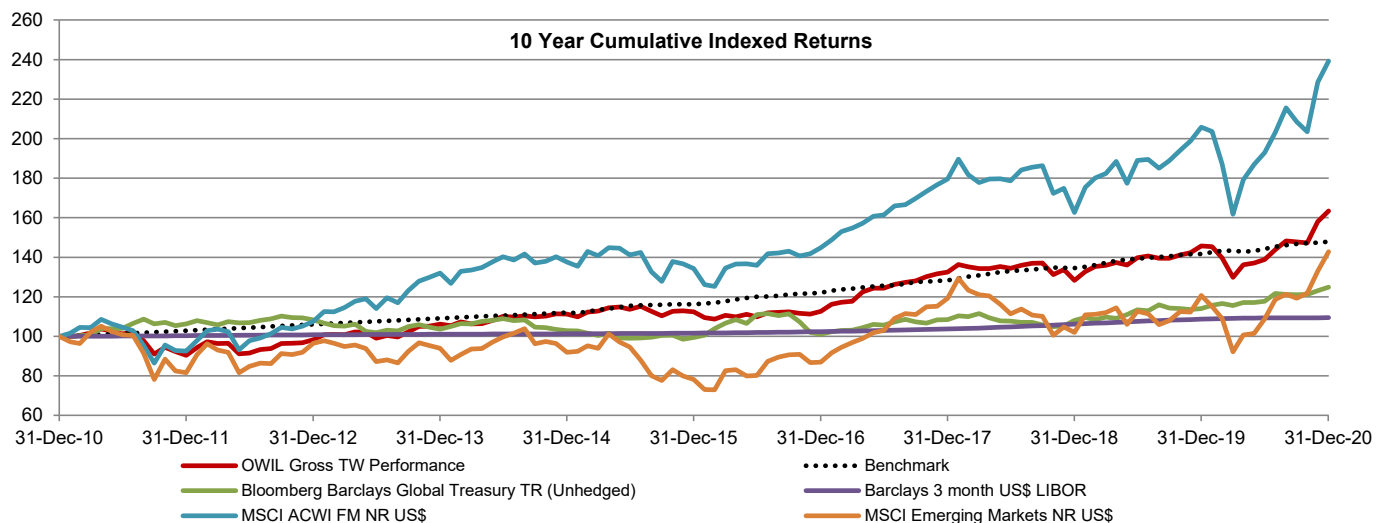
The commodity markets were a case of contrasting fortunes. Gold's defensive attributes came to the fore as is often the case at points of extreme distress, rising by 25.1% over the year. In contrast, oil, which saw demand fall sharply due to a collapse in travel, especially air travel, fell by 20.5% over the year.

Cumulative portfolio returns

	2020	3 years p.a.	5 years p.a.	10 years p.a.
OWIL	12.2%	7.3%	7.8%	5.0%
OWIL (Net) ¹	10.9%	6.0%	6.6%	3.9%
Performance benchmark ²	4.4%	4.9%	4.9%	4.0%
MSCI ACWI + FM NR	16.2%	10.0%	12.2%	9.1%
MSCI Emerging Markets NR	18.3%	6.2%	12.8%	3.6%
Bloomberg Barclays Global Treasury TR Unhedged	9.5%	4.8%	4.7%	2.2%
Barclays 3 Month US\$ LIBOR	0.3%	1.8%	1.5%	0.9%

1. The OWIL net performance is after charging investment management and performance fees.

2. The OWIL performance benchmark which came into effect on 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 current benchmark.



Investment Manager's Report

Portfolio review

The investment portfolio returned 10.9% on a net basis over the year, whilst its benchmark returned 4.4%. Despite the COVID-19 induced crash in March, markets tended to take a longer-term view into 2021 looking past the pandemic with vaccine announcements and the eventual election of Joe Biden as US President seeing investors become increasingly bullish towards the end of the year.

The portfolio's public market investments in North America continued to be some of the larger contributors to performance. **Pershing Square Holdings** generated excellent returns with a yearly gain of 85.5%. The manager placed a lucrative credit hedge at the beginning of the year, before most investors realized the impact COVID-19 would have on markets, which then significantly benefited from the market falls in March. The manager subsequently ploughed these profits into equity markets, particularly consumer focused companies including Chipotle Mexican Grill and Starbucks, who have both been able to successfully adapt their operations to cater towards delivery and takeaway services. Both have rebounded significantly following the market sell-off, with Chipotle more than doubling its value from its trough in mid-March to the end of 2020. Other contributors in North America were **Vulcan Value Equity**, **Select Equity** and **Findlay Park American** which were up 9.5%, 16.0% and 15.8%, respectively, over the year.

Our emerging markets holdings **NTAsian Discovery**, a value-biased fund, had a rollercoaster year ending with an annual return of 10.6%. There was a large drawdown in the first quarter caused by the COVID-19 driven market sell off with the performance then rebounding over the rest of the year, particularly during a strong final quarter when the fund was up 25.3%. One of the investments, BFI Finance, an Indonesian consumer finance firm, saw a significant rally in its share price during the final quarter as it reported a significant drop in debt levels and continued to have a lower ratio of non-performing loans than its peers. Another of the fund's investments, I.T, a Hong Kong based fashion brand, was another strong contributor as the firm announced that it was teaming up with a private equity fund to take itself private at a 54.6% premium over the closing share price.

Schroder Asia Total Return, another fund in the Asian segment, was up 31.0% over the year. The fund's 28% exposure to information technology benefited it this year with large holdings in TSMC and Samsung Electronics increasing significantly in value over the course of the year. The focus that **Prince Street Opportunities** has on emerging and frontier market companies that use data and technology to build market share led it to perform very strongly, gaining 35.7% over the last twelve months. Holdings such as Public Power Corp in Greece and Sea Ltd in Singapore were among the fund's biggest contributors.

In Europe, **Adelphi European Select Equity** and **BlackRock European Hedge Fund** continue to exhibit great performance, up 19.7% and 39.5% for 2020, respectively. The portfolio's Japanese holdings have been more mixed with **Indus Japan Long Only** performing strongly returning 27.4% while **Goodhart Partners: Hanjo** returned only 4.9% as Japanese small cap stocks lagged their large cap comparators over the course of the year.

In the portfolio's thematic holdings, the technology focused **GAM Disruptive**

Growth produced a strong annual return, up 62.8%. The fund benefited from a wide variety of holdings such as Walt Disney which was up 25% over the year following the successful launch of its streaming service, and Uber which gained 71% on the back of a surge in demand for its food delivery service.

Impax Environmental Markets also performed well with an annual return of 28.8%. Energy transition holdings saw a rally in their share prices following Biden's US election victory with his campaign promising a US\$2 trillion green energy plan. Ormat Technologies, a renewable energy developer, performed well following management changes including a new CEO. Other positions which positively contributed were PTC Inc, a software company, and Clean Harbors, a waste disposal and generator firm. The portfolio's healthcare holdings all enjoyed positive years with **RA Capital International Healthcare**, **BB Biotech** and **Worldwide Healthcare Trust** returning 34.2%, 27.4% and 22.9%, respectively.

In the diversifying segment, **Global Event Partners** returned 15.6% over the year. Despite the pandemic the year was a busy one in terms of mergers with an investment in the LVMH/Tiffany proving turbulent but ultimately contributing positively as both companies settled litigation and moved forward with the acquisition at a modestly reduced price. **CZ Absolute Alpha** had a positive year with an annual return of 4.2%. The market neutral equity long/short fund struggled for much of the year with its strong value bias meaning that its investments typically underperformed the market in the second and third quarters. Large positions that did perform well were William Hill where the manager felt the stock was oversold in March, providing an entry opportunity, before bouncing back and then being boosted by takeover approaches by Caesars Entertainment and Apollo in the final quarter of the year. **Hudson Bay International** and **BioPharma Credit** were also positive contributors returning 16.3% and 7.7%, respectively.

On the private asset side of the portfolio, the delayed nature of private asset valuations means that the impact of the strong market performance towards the end of the year will not yet have fully fed through. **KKR Americas XII, LP** has been busy deploying capital with over 50% of the fund now committed. This 2017 vintage fund is carried at a 1.3x net multiple and a 15.9% net IRR with several investments looking like they will be strong performers. AppLovin Corporation, a high-growth mobile gaming platform that publishes its own games as well as enabling user acquisition and monetization for the global mobile gaming market, increased significantly in value over the latter part of 2020 with the gaming industry being a beneficiary of the COVID-19 crisis. The company also acquired two complementary businesses in Machine Zone and Zenlife with their integration the current focus. Nature's Bounty, a manufacturer of vitamins, supplements and nutrition products, is an older investment that is also performing well having significantly increased in value during the last quarter of the year. Many of the investments in this fund are still held at around cost and so we would expect to see some of them moving up in value over the next year as the manager starts to enact their growth plan for each business.

Baring Asia Private Equity Fund VII, LP is a more recent Asia-focused commitment that has started to accelerate this year with several investments growing strongly. JD Health, one of the two largest e-commerce platforms for consumer health and pharma products in China, has seen a 35% increase in the number of active users this year. The fund invested more capital in a recent

fundraising round to enable the company to continue to expand the number of services it can provide to customers through its online platform. The company has now gone through an IPO which was received well by the market. TS Group, a recruitment agency for care and construction workers in Japan, has also reported strong growth with revenue and EBITDA up 28% and 9% year-on-year respectively despite the COVID-19 pandemic. The fund has made two recent investments in Shinhan Financial Group, Korea's largest financial group, and Hexaware, an Indian IT and business process outsourcing services provider, with the fund now looking to implement their business plans. This fund is currently held at a 1.5x net multiple and a 53.5% net IRR, albeit still at an early stage of its life.

More mature investments in the portfolio that have performed well include **TA XII-B, LP** (2.0x net multiple, 33.2% net IRR) and **Great Point Partners II, LP** (2.4x net multiple, 27.5% net IRR). **Greenspring Global Partners IV, LP** (2.8x net multiple, 17.7% net IRR) and **Greenspring Global Partners VI, LP** (2.7x net multiple, 23.3% net IRR) also continued to perform strongly returning significant capital to investors throughout the course of the year.

Summary

Whilst clearly not yet of out woods, especially as we sit here at home writing these comments in the midst of yet another lockdown, 2021 is looking more optimistic as the vaccine roll-out programme starts in earnest. The blend of better growth together with still abundant liquidity should serve to underpin risk assets and, as a result, we see little reason to deviate from our positive stance on equities and more cautious view on bonds. There are clearly risks to this scenario and, not least, the amount of good news already baked into markets as we enter the year will undoubtedly make them vulnerable to any disappointments.

Most worrying would be anything that derails the expected rebound in economic growth. Be it delays in the vaccine roll-out programme or, worse, that vaccines are found to be ineffective in treating new variants of the virus, these outcomes would be extremely damaging to sentiment given the already considerable growth expectations built into asset prices. We continue to be optimistic on most markets for 2021 but as ever remain alert for any events that could cause market disruption.

Hanseatic Asset Management LBG

March 2021

Investment Manager's Report

Investment Portfolio at 31 December 2020

	Fair market value US\$000	% of NAV	Primary Focus
Findlay Park American Fund	31,896	10.3	US Equities – Long Only
Adelphi European Select Equity Fund	18,155	5.8	Europe Equities – Long Only
BlackRock European Hedge Fund	16,419	5.3	Europe Equities – Hedge
Egerton Long – Short Fund Limited	15,238	4.9	Europe/US Equities – Hedge
GAM Star Fund PLC – Disruptive Growth	14,435	4.6	Technology Equities – Long Only
Select Equity Offshore, Ltd.	11,568	3.7	US Equities – Long Only
Vulcan Value Equity Fund	10,776	3.5	US Equities – Long Only
Goodhart Partners: Hanjo Fund	9,642	3.1	Japan Equities – Long Only
Schroder ISF Asian Total Return Fund	9,604	3.1	Asia ex-Japan Equities – Long Only
Pangea II, LP	7,186	2.3	Private Assets - GEM
Top 10 Holdings	144,919	46.7	
NG Capital Partners II, LP	6,375	2.1	Private Assets – Latin America
Greenspring Global Partners, VI, LP	5,864	1.9	Private Assets – US Venture Capital
Pershing Square Holdings Ltd.	5,770	1.9	US Equities – Long Only
Hudson Bay International Fund Ltd.	5,528	1.8	Market Neutral – Multi Strategy
NTAsian Discovery Fund	5,499	1.8	Asia ex-Japan Equities – Long Only
Prince Street Opportunities Fund	5,128	1.7	Emerging Markets Equities – Long Only
Indus Japan Long Only Fund	5,125	1.7	Japan Equities – Long Only
Helios Investors II, LP	4,862	1.6	Private Assets – Africa
Impax Environmental Markets Fund	4,798	1.5	Environmental Equities – Long Only
Silver Lake Partners IV, LP	4,723	1.5	Private Assets – Global Technology
Top 20 Holdings	198,591	64.0	
Primary Capital IV, LP	4,521	1.5	Private Assets – Europe
Global Event Partners Ltd.	4,494	1.4	Market Neutral – Event-Driven
Worldwide Healthcare Trust PLC	4,217	1.4	Healthcare Equities – Long Only
Dynamo Brazil VIII	3,922	1.3	Brazil Equities – Long Only
Greenspring Global Partners IV, LP	3,845	1.2	Private Assets – US Venture Capital
Silver Lake Partners V, LP	3,724	1.2	Private Assets – Global Technology
Prosperity Quest Fund	3,702	1.2	Russia Equities – Long Only
EQT Mid-Market Europe, LP	3,390	1.1	Private Assets – Europe
KKR Americas XII, LP	3,360	1.1	Private Assets – North America
BB Biotech AG	3,273	1.1	Healthcare Equities – Long Only
Top 30 Holdings	237,039	76.3	
Remaining Holdings	67,635	21.8	
Cash, money market funds and other working capital items	5,633	1.8	
TOTAL	310,307	100.0	

Directors and Advisers

Directors

Mr. Jose Francisco Gouvêa Vieira* (Chairman)
 Mr. William Salomon* (Deputy Chairman)
 Mr. Andrey Berzins*
 Mr. Christopher Townsend*
 Ms. Fiona Beck*
 Ms. Caroline Foulger*
 Mr. Colin Maltby* (retired 1 January 2021)
 Mr. Keith Middleton

*Non-executive Director

Secretary

Mr. Malcolm Mitchell

Profiles of Current Non-Executive Directors

Mr. Gouvêa Vieira is Brazilian, aged 71 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. Mr. Gouvêa Vieira is also a member of the Corporate Governance Committee for the American Chamber of Commerce in São Paulo.

Mr. Salomon is German and British, aged 63 and joined the Group in 1995. He is senior partner of Hansa Capital Partners LLP. He is also a non-executive director of Hansa Investment Company Limited and Wilson Sons and a member of the Company's Nomination Committee.

Mr. Berzins is aged 61 and joined the Group in 2014. He is British and resident in Singapore. He is a Chartered Accountant and sits on the Boards of several Luxemburg investment funds. Mr. Berzins is the Senior Independent Director, Chair of the Company's Audit Committee and member of the Company's Nomination and Remuneration Committees.

Mr. Townsend is German and British and resident in Switzerland. He is aged 47 and joined the Group in 2011. He is a solicitor and has an MBA from the London Business School. He is an investment director of Hansa Capital GmbH and a non-executive director of Wilson Sons.

Ms. Beck is aged 55 and joined the Group in 2020. She is resident in Bermuda, a Chartered Accountant and an experienced independent director on several listed and unlisted companies. She was President and CEO of Southern Cross Cable Network. Ms. Beck is a non-executive Director on Oakley Capital Investments Limited, Atlas Arteria International Ltd. And IBEX Ltd. Ms. Beck is a member of the Company's Audit Committee and Chair of the Remuneration Committee.

Ms. Foulger is aged 60 and is resident in Bermuda. She is a Chartered Accountant with significant company director experience on boards of both listed and unlisted companies. She is a non-executive director on Hiscox Ltd, Atlas Arteria International Ltd, and Oakley Capital Investments Limited. Ms. Foulger retired as partner from PWC Bermuda in 2012. Ms. Foulger is a member of the Company's Audit and Remuneration Committees and Chair of the Nominations Committee.

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Hamilton HM JX	12 Par-la-Ville Road
Bermuda	Hamilton HM 12
	Bermuda

Registered Office

Mailing Address:	Office Address:
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Hamilton HM JX	2 Church Street
Bermuda	Hamilton HM 11
	Bermuda

Registrars

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 Hamilton HM 11
 Bermuda

UK Transfer Agent

Link Asset Services
 The Registry
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 Beckenham
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 UK

Ocean Wilsons Dividend Address

Ocean Wilsons Dividend Election
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Auditor

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 London SE1 2AF
 UK

Bankers

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 37 Front Street
 Hamilton HM11
 Bermuda

Investment Manager

Hanseatic Asset Management LBG
 Le Truchot,
 Guernsey GY1 1WD
 Channel Islands

Directors and Advisers

Investment Portfolio Custodian

Bank Lombard Odier & Co Ltd
11, Rue de la Corraterie
CH – 1204 Geneva
Switzerland

Brokers

Peel Hunt
100 Liverpool Street
London
EC2M 2AT
UK

Report of the Directors

The Directors present herewith their Report and Accounts for the year ended 31 December 2020.

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

Profits and Dividends

The Group's profit after tax on ordinary activities attributable to equity shareholders amounted to US\$38.7 million (2019: US\$46.9 million).

The Directors are recommending the payment of a dividend for the year of US 70c (2019: US 70c) per share. The dividend will be paid on 4 June 2021 to all shareholders who are on the register at close of business on 14 May 2021.

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 is to maximise total return by investing in a portfolio of diversified assets including global equities, fixed income and alternative assets. 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, has provided maritime services in Brazil for over 180 years. Wilson Son'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 Manager's report and Financial Review on pages 5 to 18.

Directors and Directors' Interests

The present Members of the Board are as shown on page 19.

In accordance with the Company's bye-laws, Mr. J F Gouvea Vieira, Mr. W Salomon, Mr. A Berzins, Mr. C Townsend, Ms F Beck and Ms. C Foulger retire at the next Annual General Meeting and, being eligible offer themselves for re-election until the following Annual General Meeting. Mr. K Middleton is not being proposed for re-election due to his retirement as a director in March 2021.

The Directors who held office at 31 December 2020 had the following interest in the Company's shares:

	Interest	2020	2019
Mr. J F Gouvea Vieira	Beneficial	179,100	179,100
Mr. K Middleton	Beneficial	30,000	30,000
Mr. W Salomon*	Beneficial	4,659,349	4,659,349
Mr. C Townsend*	Beneficial	4,040,000	4,000,000
Mr. C Maltby (resigned 1 January 2021)	Beneficial	13,000	9,000
Mr. A Berzins	Beneficial	5,000	5,000
Ms. C Foulger	Beneficial	10,000	–
Ms. F Beck	Beneficial	3,000	–

* Additional indirect interests of Mr. W Salomon and Mr. C Townsend in the Company are set out in substantial shareholdings below.

Mr. W Salomon is Chairman of Hanseatic Asset Management LBG.

Mr. C Townsend is a director of Hansa Capital GmbH, a wholly owned subsidiary of Hanseatic Asset Management LBG. Fees paid to Hanseatic Asset Management LBG amounted to US\$2.8 million (2019: US\$2.8 million) for acting as Investment Manager of the Group's investment portfolio. A performance fee of US\$0.3 million is payable to the Investment Manager in 2020 (2019: US\$0.7 million).

Contracts and agreements with substantial shareholders

Mr. W Salomon and Mr. C Townsend are interested in the investment management agreement with Hanseatic Asset Management LBG. Both Mr. W Salomon and Mr. C Townsend receive remuneration from the Hanseatic Asset Management LBG Group.

Service Contracts

Regarding the Directors proposed for re-election at the Annual General Meeting there are no service contracts between any of them and the Company.

Employees

The average number of persons, including Directors, employed by the Group was 3,807 (2019: 3,939).

Share option plan

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

Report of the Directors

Auditor

Ernst & Young LLP were re-appointed auditor at the 2019 Annual General Meeting and have expressed their willingness to continue in office as auditor and a resolution to reappoint Ernst & Young LLP 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 26 February 2021 the Company was aware 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 Investment Company Limited	9,352,770	26.45
Victualia Limited Partnership	4,435,064	12.54
Mr. C Townsend	4,040,000	11.42
Dynamo Administração de Recurso	2,275,079	6.43
Utilico Emerging Markets Utilities Limited	2,146,000	6.07

The Company has been advised that Mr. W Salomon is interested in 4,435,064 shares registered in the name of Victualia Limited Partnership. The Company has also been advised that Mr. W Salomon has an interest in 27.2% and Mr. C Townsend an interest in 25.9% of the voting shares of Hansa Investment Company Limited.

Corporate Governance

The Board has put in place corporate governance arrangements that it believes are appropriate for the operation of the Company. The Board has considered the principles and recommendations of the 2018 UK Corporate Governance Code ("the Code") issued by the Financial Reporting Council (available on the FRC website www.frc.org.uk) and decided to apply those aspects which they believe 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 appropriate for its business to do so and has done so throughout the year and up to the date of this report except, as where noted within this report, where it does not fully comply with the Code. These arrangements are regularly reviewed and monitored by the Board. Below are the areas where Ocean Wilsons Holdings Limited does not comply with the 2018 UK Corporate Governance Code and the rationale for not complying:

- The Code states that at least half the board, excluding the chair, should be non-executive directors whom the Board considers to be independent.

At 31 December 2020 the Company was in compliance with the Code as excluding the chair the Board consisted of seven directors of which four are non-executive directors whom the Board considers to be independent. The Company was not compliant throughout the year until a new non-executive director whom the Board considers to be independent, Ms F Beck was appointed to the Board on the 13 April 2020. A further independent non-executive, Ms. C Foulger was appointed to the Board on the 1 June 2020.

- The Code states that the chair should not remain in their post beyond nine years from the date of their first appointment to the Board.

The current Chairman Mr. J F Gouvêa Vieira was first appointed to the Board in 1991 and made Chairman of the Board in 1999. Due to the Company's significant investment in Wilson Sons the Board considers it important that Mr. Gouvêa Vieira remains as Chairman of Ocean Wilsons Holdings Limited. The insight and knowledge he brings to the Board in relation to Wilson Sons and Brazil through his long association with the Group is a valuable resource in managing and understanding our Brazilian business. Mr. Gouvêa Vieira also received broad shareholder support when he was re-elected at the 2020 Annual General Meeting where 89% of the proxy votes cast were in favour of his re-election. The Board, led by the nomination committee, is however reviewing succession plans for the Chairman.

- The Code states that the Board should establish an Audit Committee of independent non-executive directors, with a minimum membership of three.

The Audit Committee at 31 December consists of three directors, all of whom are independent non-executive directors. The Company was not compliant throughout the year as Mr. C Townsend who the Board does not consider to be independent served on the committee until the 11 August 2020.

- The Code states that the Board should establish a remuneration committee of independent non-executive directors, with a minimum membership of three.

The Remuneration Committee at 31 December consists of three directors, all of whom are independent non-executive directors. The Company was not compliant throughout the year as Mr. W Salomon who the Board does not consider to be independent served on the committee until the 11 August 2020 when he was replaced by Ms. C Foulger who the Board considers to be independent.

- The Code states that to engage with the workforce, one or a combination of the following methods should be used: the Board should appoint a director from the workforce, have a formal advisory panel or a designated non-executive director to engage with the workforce.

The Group does not appoint a director from the workforce, have a formal advisory panel or a designated non-executive director. The Board does not consider this necessary as the Ocean Wilsons Board does not directly manage the Wilson Sons business which is managed by the Wilson Sons Board and Ocean Wilsons Holdings Limited only has one employee.

Purpose

Ocean Wilsons Holdings Limited (“Ocean Wilsons” or the “Company”) is a Bermuda based investment holding company which holds a portfolio of international investments, including a significant strategic investment in a maritime services company with operations in Brazil, Wilson Sons Limited (Wilson Sons”). The Company’s objective is, through its investments, to create long-term capital growth without pressure to produce short-term results at the expense of long-term value creation. The focus is on growing the business through sustainable profit growth.

Strategy

The Company’s strategy is to achieve this purpose through holding a portfolio of international investments, including its strategic investment in Wilson Sons.

The investment strategy is to generate real returns through long-term capital growth, whilst emphasising preservation of capital without respect to short-term movements in equity markets. The investment portfolio is invested in both publicly quoted and private (unquoted) assets in three components:

- (i) *Core Regional & Thematic Component* – this forms the core of the portfolio and provides global exposure mostly through single-country and regional equity funds. By managing the weights of these we can reflect the Investment Manager’s current market outlook. Thematic funds are included to provide exposure to growth sectors such as technology and biotechnology.
- (ii) *Private Equity Component* – In line with the portfolio’s long-term investment horizon we invest in private equity funds. This provides access to the improved potential investment returns available by being able to commit capital for multiple years and also to large areas of the economy that are not accessible through public markets.
- (iii) *Diversifying Component* – as business cycles mature, we seek to shift dynamically to those asset classes that are likely to add portfolio protection. This component includes a wide variety of investment strategies, with the common thread that they all display low correlations to broad equity markets.

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 what we believe represent the most advantageous investment opportunities.

The Wilson Sons strategy is to grow and strengthen their businesses while looking for new opportunities in the maritime and transport sector, focusing on Brazil and Latin America. Wilson Sons looks to develop its businesses by maximising economies of scale and efficiency and improving the quality and range of services it provides to customers. Wilson Sons’ principal services are container terminals, logistics, oil and gas support terminals, towage, shipyard and through our joint venture, offshore support vessels.

Values

The Company’s values are to:

- Invest and develop our business for the long-term in a sustainable manner without pressure to produce short-term results at the expense of long-term value creation;
- Provide a safe operating environment for our staff;
- Respect the environment and the communities in which we operate and the people who work for us;
- Have meaningful and long-term relationships with our stakeholders; and
- Act ethically.

The Board assesses and monitors the corporate culture of the Group through receiving periodic reports from Wilson Sons Management on the Brazilian business including corporate governance, health, safety, ethics and legal updates and ensure results are consistent with the Group’s values. Further details are provided in each section of this report. The Board has not undertaken a formal cultural assessment and is considering performing one in the near future.

The Board

The Board at 31 December 2020 comprised the chairman, Mr. J F Gouvêa Vieira, deputy chairman Mr. W Salomon, a further five non-executive directors, Mr. A Berzins, Mr. C Maltby, Mr. C Townsend, Ms. C Foulger and Ms F Beck and one executive director, Mr. K Middleton. Mr. A Berzins, Mr. C Maltby, Ms. C Foulger and Ms F Beck are considered by the Board to be independent under the Code. Both Ms. Beck and Ms. Foulger have links under the 2018 UK Corporate Governance Code as they serve on two other boards together as non-executive directors. Ms. C Foulger is Chair of one of these Boards. The Board still consider Ms. Foulger and Ms Beck as independent as the Group has no business relationship with either of these companies and both Board members exhibit independent thought. The Board has appointed Mr. A Berzins as the senior independent director. The non-executive directors’ biographies appear on page 19.

Currently all directors are subject to annual re-election by shareholders. Newly appointed directors are subject to election at the first Annual General Meeting following their appointment to the Board. Mr. J F Gouvea Vieira, Mr. W Salomon Mr. A Berzins, Mr. C Townsend, Ms. C Foulger and Ms F Beck are offering themselves for re-election at the next Annual General Meeting. A Director retiring upon the expiration of a term of office at an annual general meeting shall be eligible for reappointment for a further term. The Board led by the nomination committee considers on a regular basis how to refresh itself.

Non-executive directors hold letters of appointment. The other commitments of directors appear on page 19 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 Board ensures that non-executive directors have sufficient time to undertake their duties through reviewing their other directorships, monitoring attendance and participation at Board meetings.

Report of the Directors

The division of responsibilities between the chairman, the senior independent non-executive director and the executive director have been clearly established, set out in writing and agreed by the Board. These are available on the Company's website. The Group does not have a chief executive.

The Board has appointed an executive director, Mr. K Middleton, to administer Ocean Wilsons Holdings Limited. Mr. K Middleton is retiring in March 2021 and is being replaced by Ms. L Rans who was appointed Chief Operating and Financial Officer on 1 January 2021.

Our subsidiary, Wilson Sons (an autonomous listed company) is supervised by the board of Wilson Sons who have appointed Mr. C Baião as chief executive to run the business in Brazil. Mr. C Baião is retiring as chief executive in March 2021 and being replaced by Mr. F Salek. Mr. Baião continues his office as Director Wilson Sons. In Brazil, he will hold the position of Chairman of the Board of Directors of Wilson Sons de Administração e Comércio Ltda, the Brazilian holding company. The chief executive in turn delegates authority to senior executives, in particular strategic business unit directors. Ocean Wilsons Holdings Limited manages its interest in Wilson Sons through the appointment of three non-executive directors of Wilson Sons, (presently Mr. J F Gouvêa Vieira, Mr. W Salomon and Mr. C Townsend), voting on matters requiring Wilson Sons shareholder approval and through the relationship agreement between Ocean Wilsons Holdings Limited and Wilson Sons signed following the listing of Wilson Sons on the Sao Paulo and Luxembourg Stock Exchanges. The relationship agreement details areas of co-operation between Ocean Wilsons Holdings Limited and Wilson Sons in meeting accounting, reporting and compliance requirements for both companies.

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 board to supervise the Wilson Sons business and decisions taken by the Wilson Sons board do not require ratification by the Board of Ocean Wilsons Holdings Limited. The Board of Ocean Wilsons Holdings does have oversight and participate in Wilson Sons Board decisions through the appointment of three directors to the Wilson Sons Board. The schedule of matters reserved for the Board of Ocean Wilsons Holdings Limited includes:

- Determining the Company's purpose, values and strategy and satisfying itself that these and its culture are aligned.
- Determining the responsibilities of the chairman and directors;
- Recommending changes to the capital structure of the Company or other matters relevant to its status as a listed Company for shareholder approval;
- Approving significant matters relating to capital expenditure, acquisitions and disposals and consideration of significant financial matters outside the Wilson Sons group;
- Appointment of directors to Ocean Wilsons and Ocean Wilsons (Investments) Limited;
- Selection of the chairman of the Board;
- Appointment and removal of the company secretary;

- Appointment and removal of executives;
- To review any potential conflicts of interest and where considered appropriate to approve any conflict of interest;
- Approval of annual and interim reports;
- Proposing any dividends and dividend policy;
- Appointment of external auditor, financial advisor or corporate broker;
- Determining the Terms of Reference, membership and chairmanship of Board committees, including the Audit Committee, Remuneration Committee and Nomination Committee;
- To approve any agreements or amendments to agreements between Ocean Wilsons and Wilson Sons including the relationship agreement;
- To vote the shares in Wilson Sons on matters presented to shareholders of Wilson Sons for shareholder approval;
- Appointment of Ocean Wilsons directors or nominees to the Board of Wilson Sons;
- To approve changes in Wilson Sons auditor or accounting policies;
- Agree the strategy of Wilson Sons;
- Undertaking a formal and rigorous annual evaluation of its own performance and that of its committees and individual directors; and
- Review of the Company's overall corporate governance arrangements.

The Board of Ocean Wilsons (Investments) Limited is currently constituted by the same directors as the Board of Ocean Wilsons Holdings Limited. Mr. C Maltby, an independent director, was the chair of the Board of Ocean Wilsons (Investments) Limited throughout 2020. Mr. C Maltby resigned as Chair on the 1 January 2021 and Ms. Caroline Foulger was appointed Chair. The Board delegates authority to run the investment portfolio held by Ocean Wilsons (Investments) Limited to the Investment Manager, Hanseatic Asset Management LBG 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 the Investment Manager;
- Determine investment guidelines and restrictions in conjunction with the Investment Manager;
- Approval of the investment objective and benchmark;
- To approve and set borrowing limits;
- To approve and set limits on the use of derivative instruments;

- Review the performance of the Investment Manager;
- Approval of the annual accounts for Ocean Wilsons (Investments) Limited;
- Approving any dividends; and
- Appointment, removal and terms of the custodian of Ocean Wilsons (Investments) Limited.

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 officer's 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 2020, six scheduled meetings of the Ocean Wilsons Board were held in Bermuda with those Directors unable to travel due to the COVID-19 pandemic joining by video conference. Directors appointed during the year, attended all Board meetings held from the date of their appointment. Details of attendance at Board meetings are set out below.

Directors' attendance at Board meetings:

Director	Board meetings attended
Mr. J F Gouvêa Vieira	6
Mr. W Salomon	6
Mr. K Middleton	6
Mr. C Townsend	6
Mr. C Maltby (resigned 1 January 2021)	5
Mr. A Berzins	6
Ms. F Beck (appointed 13 April 2020)	4
Ms. C Foulger (appointed 1 June 2020)	3

The formal agenda for each scheduled Board meeting is set by the chair in consultation with the executive director. The Board of Ocean Wilsons is invited to attend Wilson Sons Board meetings where appropriate to receive operational updates.

All new directors participate in an induction program 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 when possible. Directors make periodic operational site visits. Directors are also provided with industry and regulatory updates as part of their ongoing training. No site visits were performed in 2020 due to travel and operational restrictions resulting from the COVID-19 pandemic.

Conflicts of Interest

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 including those resulting from significant shareholdings. If a director has a conflict of interest, he/she leaves the meeting prior to discussion unless requested to remain and leaves determination of such matters to the other directors. The Board ensures that the influence of third parties does not compromise or override independent judgement by requiring disclosure of outside interests, encouraging a culture of openness and debate amongst Board members and promoting independent thought.

Board Evaluation

The Board undertakes an annual formal performance evaluation of the Board and individual directors. The process involves completion of internally prepared questionnaires. The Chairman discusses their responses with each director and then reports verbally the results of the process to the Board. The Board discusses the results highlighting any areas for improvement. The conclusion of the 2020 performance evaluation was that the Board was operating effectively and noted the additional independent non-executive directors that had been appointed in 2020 which was a recommendation from the 2019 Board Evaluation. The evaluation identified additional site visits to Brazil by the new directors in 2021 when COVID-19 travel restrictions have eased to ensure that the new directors receive training on the various operations of Wilson Sons. In the place of in-person training, the new directors are engaging via video conference as appropriate.

The Board considered having an externally facilitated board evaluation but did not consider it appropriate at this time due to travel restrictions imposed by the COVID-19 pandemic and changes in Board membership during the year. The Board will review its Board performance evaluation procedures in 2021.

Board Diversity Policy

The Board considers diversity, including the balance of skills, experience, knowledge nationality and gender, amongst many other factors, when reviewing the appointment of new directors. The current seven members of the Board are from a variety of educational and professional backgrounds with four different nationalities represented (British, Brazilian, German and New Zealand) resident in five different countries. The Board has not set specific targets for gender diversity but considers this in making new Board appointments. During 2020 the Board appointed two new women non-executive directors to increase the diversity of the Board. The current composition of the Board is five men and two women.

Remuneration

Non-executive Directors' fees are set within limits set in the Company's Articles of Association. The present limit is US\$900,000 in aggregate per annum and the approval of shareholders in a General Meeting is required to change this amount. The remuneration of non-executive directors is reviewed every three years. Levels of remuneration for the chair and all non-executive directors reflect the time commitment and responsibilities of the role and are benchmarked against comparable companies and considering the Board evaluation.

Report of the Directors

The board of Wilson Sons is responsible for all remuneration matters relating to Wilson Sons and its subsidiaries. Mr. J F Gouvêa Vieira, Mr. W Salomon and Mr. C Townsend are directors of Wilson Sons and as such the Company has oversight of the remuneration matters related to Wilson Sons. These directors received directors' fees from Wilson Sons in addition to their fees as directors of Ocean Wilsons in 2020.

Nomination Committee

The Board has a nomination committee which has formal terms of reference approved by the Board and which are reviewed on an ongoing basis by the Board. These are available on the Company's website. Mr. C Maltby, an independent director, was the chair of the Nomination Committee throughout 2020. In addition to Mr. Maltby, the Nomination Committee during 2020 comprised Mr. A Berzins, an independent director, and Mr. W Salomon. A majority of the members of the committee during 2020 were independent directors of the Company. Following Mr. Maltby's resignation on 1 January 2021 Ms. C Foulger was appointed Chair of the Nomination Committee.

Committee members' attendance at Nomination Committee meetings:

Director	Committee meetings attended
Mr. W Salomon	2
Mr. C Maltby	2
Mr. A Berzins	2

The principal responsibilities of the Nomination Committee are:

- to lead the process for the appointment of Directors, ensure plans are in place for orderly succession to the Board, and oversee the development of a diverse pipeline for succession, taking into account the Company's strategic priorities;
- to be responsible for identifying and nominating, for the approval of the Board, candidates to fill Board vacancies as and when they arise, as well as putting in place succession plans for directors;
- to lead the regular review of the Board structure, size and composition (including its skills, knowledge, diversity and experience);
- before any appointment is made to the Board, prepare for consideration by the Board an updated evaluation of the balance of skills, knowledge and experience on the Board, and in the light of this evaluation prepare a description of the role and capabilities required for a particular appointment. In identifying suitable candidates, the Committee shall:
 - use the services of external advisers to facilitate the search;
 - consider candidates from a wide range of backgrounds;
 - consider candidates on merit and against objective criteria and with due regard for the benefits of diversity on the Board, including gender, taking care that appointees have enough time available to devote to the position;

- ensure that, prior to the appointment of a Director, the proposed appointee should be required to disclose any business interests that may result in a conflict of interest and be required to report any future business interests that could result in a conflict of interest; and
- arrange that on appointment to the Board, Directors receive a formal letter of appointment confirming clearly what is expected of them in terms of time commitment, committee service and involvement outside Board meetings.

When appointing a new Director, 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 nomination committee for evaluation. The committee will review a list of candidates recommended by the search consultant, together with any other candidates who may be recommended by Directors and whom the committee believes meet the criteria for consideration. In consultation with the search consultant, a short list will be selected for interview by the nomination committee. Once the short-listed candidates have been interviewed, the committee will invite two or more preferred candidates to meet the Board prior to a final selection. The Board will decide whether to make an appointment, either of a preferred candidate recommended by the committee, or of a short-listed candidate interviewed by the Board itself.

During 2019 the nomination committee reviewed the Board structure, size and composition (including its skills, knowledge, diversity and experience) through discussions amongst committee members and with other Board members. The committee recommended to the Board the appointment of two new independent non-executive directors. In light of this evaluation the committee prepared a description of the role and capabilities required for the particular appointments. The Company retained Trust Associates Limited, an executive search firm who are not connected to the Company, to help identify the two new independent non-executive directors. As part of this search the committee considered board succession planning and the development of a diverse pipeline so that in the future independent directors with relevant experience will be available to chair the Board and Board committees. As a result of this search two new independent non-executive Directors were appointed to the Board during 2020.

Audit Committee

The Audit Committee comprises Mr. A Berzins (Chairman), Ms F Beck and Ms. C Foulger. During 2020 Mr. C Maltby and Mr. C Townsend served on the Audit Committee and retired during the year. The Board is satisfied that during 2020 four directors, Mr. C Maltby, Mr. A Berzins, Ms. F Beck and Ms. C Foulger have recent and relevant financial experience as all have served on the audit committees of other listed companies. and hold accounting qualifications.

The Audit Committee met five times in 2020. At the request of the committee Chairman the chief executive of Wilson Sons, the finance director of Wilson Sons and the executive director of Ocean Wilsons attended each of these meetings. The external auditor attended two meetings. The committee meets with the external auditor without the executive director present. The Audit Committee has defined terms of reference which are available on the Company's website.

Directors who joined the Board during the year and were appointed to the Audit Committee, attended all meetings since their appointment. Committee members' attendance at Audit Committee meetings:

Director	Committee meetings attended
Mr. A Berzins	5
Mr. C Townsend (resigned 11 August 2020)	3
Mr. C Maltby (resigned 17 December 2020)	4
Ms. F Beck (appointed 13 May 2020)	4
Ms. C Foulger (appointed 17 December 2020)	1

The principal responsibilities of the Audit Committee are:

- to review the integrity of the interim and full year financial statements of the Company, including reviewing significant financial reporting judgements contained in them;
- providing advice to the Board as to whether 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 financial position and performance, business model and strategy;
- 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. The independence of the external audit process has been assessed by reviewing reports from the external auditors describing their arrangements to identify, report and manage any conflicts of interest. The Board also reviews the provision of non-audit services provided by the external auditors (no non-audit services were provided during 2020). Any non-audit services provided by the auditor must be an arms-length transaction.
- 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 develop a policy on the engagement of the external auditors to supply non-audit services;
- to monitor the Group's risk exposure;
- to consider the need for an Ocean Wilsons internal audit function and review the work performed by the Wilson Sons internal audit function; and
- to review arrangements by which staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters.

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

Since the beginning of 2020, the Audit Committee has:

- reviewed the December 2019 annual report and financial statements, the June 2020 half yearly financial report and the quarterly updates issued in May and November 2020. As part of the review of the December 2019 Annual Report and Financial Statements, the committee received a report from the external auditor on their audit work performed on the Annual Report and Financial Statements;
- provided advice to the Board on whether 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 Company's position and performance, business model and strategy;
- reviewed and challenged the assumptions used in the Wilson Sons impairment test on the Brasco offshore support base cash-generating unit "CGU" including long-term revenue; costs and expenses; investments; projection period; growth rate and discount rates based on the weighted average cost of capital ("WACC").
- reviewed disclosures made in the interim and annual reports relating to impacts on the Group resulting from the COVID-19 pandemic. The Group assessed the principal impacts from COVID-19 on the Group's operations, income statement and balance sheet and implemented protective measures and other actions in response to our assessment.
- 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 2020 financial statements including consideration of the levels of non-audit fees. No non-audit fees were paid to the auditor in 2020;
- assessed the qualification, expertise and resources, and independence of the external auditor;
- reviewed the need for an internal audit function and reviewed the work performed by the Wilson Sons internal audit function;
- received a report on cybersecurity at Wilson Sons. The report highlighted the principal risks as ransomware, data loss, customer data breaches, mission critical systems failure, reputational damage, financial losses and operational accidents. The committee was satisfied with the actions being taken to mitigate cyber risks;

Report of the Directors

- received a report on the Wilson Sons enterprise risk management process which is based on the elements predicted in the Committee of Sponsoring Organisations "COSO" enterprise risk management framework. The report detailed the most critical risks of Wilson Sons, identifying the respective risk owners, and the mitigation plans in place or under development, see principal and emerging risks on page 30;
- received litigation reports from the Wilson Sons legal department outlining the legal provisions in the accounts and work performed to manage possible claims;
- received a briefing on the Wilson Sons whistle-blowing channel outlining the structure of the whistle-blowing channel and procedures for following up on complaints received; and
- reviewed the 2020 annual report to assess if the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the performance, strategy and business model of the Company. The Committee is of the opinion that the annual report and accounts articulate how the Company has performed during the year and provides full disclosures at each of the segment levels. The messages in the Chairman's Statement, Directors' Report and Financial Reports are reflected in the annual accounts and there is consistency between the narrative sections and the financial statements. As part of the review of the December 2020 Annual Report and Financial Statements, the committee received a report from the external auditor on their audit work performed on the Annual Report and Financial Statements.

To fulfil its responsibility regarding the independence of the external auditor, the Audit 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;
- the overall extent of non-audit services provided by the external auditor. No non-audit services were provided in 2020; and
- The Committee has conducted its review of the performance of the external auditors and the effectiveness of the external audit process for the year ended 31 December 2019. The review was based on a survey of key stakeholders across the Group, the quality of the auditors' reporting to and interaction with the Audit Committee. Based on the information currently available and this review, the Audit Committee was satisfied with the performance of the auditors and the effectiveness of the audit process.

The last audit tender process was performed in 2016 to select a new external auditor for 2017. The then Finance Committee selected Ernst & Young LLP who were appointed by members at the Annual General Meeting held in June 2017.

The Group does not currently employ any former external audit staff. However, a former Ernst & Young audit partner in the Rio de Janeiro office, Mr. Mauro Moreira was appointed to the Wilson Sons Board in 2020. Prior to his appointment he had no involvement with the Ocean Wilsons or Wilsons Sons audit.

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

- Provisions* – Legal claims against the Brazilian operations comprise civil and environmental cases, tax cases and labour claims. The reporting risk relates to the completeness of claims recorded and the estimation of the provisions held against these exposures. There remain a significant number of contingent liabilities, particularly concerning labour and taxation claims. Provisions are based on prior experience, Wilson Sons management's best knowledge of the relevant facts and circumstances and expert legal advice relative to each case. The committee questioned Wilson Sons 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 Wilson Sons 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. The committee also discusses potential risks surrounding legal claims with the external auditor and reviewed their audit findings.
- Impairment Risk to Goodwill, Intangibles and Property Plant and Equipment* – The Group has significant goodwill, Property Plant and Equipment and intangibles balances. The reporting risk is that these balances may be overstated. Wilson Sons management perform impairment reviews for intangibles, 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, Property Plant and Equipment to its value in use, calculated using the discounted cash flow forecasts under the principles of IAS 36. The committee examined and challenged Wilson Sons 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. The committee also discusses potential risks surrounding impairment risk with the external auditor and reviewed their audit findings.
- Revenue recognition* – The revenue recognition risk could arise from inappropriate revenue recognition policies, incorrect application of policies or cut-off errors surrounding year end or management override/manipulation of revenue. The committee considered the Group's revenue recognition policies and the level of transactions compared to previous periods. The committee received quarterly Wilson Sons management reports on revenue and financial performance with comparisons to budget

and prior year. The committee reviewed and questioned Wilson Sons management explanations for variances and revenue performance. The committee also discussed potential risks surrounding revenue recognition with the external auditor and reviewed their audit findings. The committee was satisfied with management's explanations of variances and application of the presented policies relating to revenue recognition.

- *Investment valuation* – The investment valuation risk arises from the valuation of the Level 2 and 3 investments which requires significant judgements and estimates by management and external inputs, principally investment valuations made by the managers of the funds we invest in. The committee received quarterly reports from the Investment Manager on investment performance which included historical performance analysis and management outlook for investment and market performance. The committee reviewed and questioned the Investment Manager and obtained explanations for investment performance and variations from market performance, investment expectations and potential risks to future performance. This information is considered in the valuation of Level 2 and 3 investments. The committee examined and challenged management's key assumptions used in the valuation of investments. The committee was satisfied that the significant assumptions used were appropriate. The committee was further satisfied with the disclosures in the financial statements. The committee also discusses potential risks surrounding investment valuation with the external auditor and reviewed their audit findings.

Remuneration Committee

The current Remuneration Committee comprises Ms. F Beck (Chair), Mr. A Berzins and Ms. C Foulger. Mr. W Salomon was a committee member until 10 August 2020 when he was replaced by Ms. C Foulger. Mr. A Berzins was the Chairman of the Remuneration Committee throughout 2020. Mr. C Maltby resigned from the Committee on 1 January 2021 and was replaced by Ms F Beck.

Directors who joined the Board during the year and were appointed to the Remuneration Committee, attended all meetings since their appointment. Committee members' attendance at Remuneration Committee meetings:

Director	Committee meetings attended
Mr. A Berzins	1
Mr. C Maltby	1
Mr. W Salomon (resigned 11 August 2020)	1
Ms. C Foulger (appointed 11 August 2020)	0

The principal responsibilities of the Remuneration Committee are:

- to determine the policy for executive director remuneration and 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's bonus scheme.

Remuneration Policy

The Group's remuneration policy aims to align the interests of the executive director with those of shareholders. The overriding objective is to ensure that the Company's executive remuneration policy encourages, reinforces and rewards the delivery of sustainable shareholder value. The Remuneration Committee believes that performance related pay and incentives should account for a proportion of the overall remuneration package of the executive director and management so that their remuneration is aligned with shareholder interests and the Group's performance. The Remuneration Committee is responsible for setting non-executive directors' fees. Fees are structured as a basic fee for Board membership and an additional fee for any committee chairmanship. Non-executive director fees are reviewed at least every three years, the last review was in 2019. The committee believes that an effective remuneration strategy plays an essential part in the future success of the Group.

The Remuneration Committee does not determine the policy for remuneration or set remuneration for the chair, executive directors and senior management at Wilson Sons. It also does not review workforce remuneration and related policies or set remuneration policy at Wilson Sons. The Board regularly reviews oversight of Wilson Sons workforce remuneration and related policies to ensure that incentives and rewards are aligned with culture and are considered when setting the policy for executive remuneration.

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" (Ocean Wilsons Holdings Limited and Ocean Wilsons (Investments) Limited) and the principal operating subsidiary, Wilson Sons, which is managed by an autonomous board on which we have representation.

Wilson Sons is listed on both the Sao Paulo Stock Exchange "BOVESPA" and Luxembourg Stock Exchange, whose rules are different from the London Stock Exchange. Wilson Sons internal control procedures, whilst sufficient for its board to identify, manage and control the principal risks, Internal Control and Related Financial and Business Reporting. The board of the principal operating subsidiary is responsible for identifying key business risks and establishing and reviewing internal control procedures.

Wilson Sons has an integrated risk management strategy to maximise opportunities, reduce uncertainties and mitigate risks identified using a structured process, applicable to the entire organisation enabling identification, evaluation, monitoring, reporting and response to risks. This system supports strategic decision making. The integrated risk management process uses guidelines established by the Wilson Sons board of directors and the executive committee, defining objectives, targets and limits for risk management, in addition to enforcing the risk policy and compliance.

Report of the Directors

The Wilson Sons integrated risk management system is structured according to the concept of three lines of defence. The first line, business areas is responsible for ensuring the efficiency / effectiveness of processes and controls against business risks, performing activities related to mitigation control and risk containment in accordance with the integrated risk management policy. The second line, support areas, is responsible for backing the first line with specific tools and methodologies, monitoring the performance of the first line and its own processes. Wilson Sons seeks to foster a risk management culture, providing a methodology and managing the integrated risk management process in order to promote, support and regularly align how the risk management process is conducted throughout the Wilson Sons group. These activities involve identifying, evaluating, categorising, responding to, monitoring and reporting risks. The third line of defence comprises the Wilson Sons Internal Audit department which is responsible for evaluating and reporting on the activities of the first two lines to senior management and contributing to their improvement.

In 2017 an internal audit process was implemented to substantially reduce on-site testing and visits. Due to the COVID-19 pandemic the internal audit process in 2020 was carried out completely remotely.

The 2020 internal audit plan covered the following processes and operational units:

- Invoicing at the towage business and Salvador terminal
- Fixed asset management
- Contingent liabilities
- A bonded warehouse located at Eadi Santo Andre

- Documentation management
- Supplier management
- PIS/Cofins taxes
- Analysis of Contracts, anti-corruption clauses and documentation

The audit process examines the integrity, adequacy and efficiency of internal controls related to the accounting, financial and operational risks and compliance with the Group's obligations. No significant events were identified that could impact the operating processes and financial results of the Wilson Sons group. Reports for each process or unit evaluated are submitted to management and other relevant parties. Reports include recommendations for improvement which are followed up by internal audit to ensure correct implementation.

In addition to the above work performed, the internal audit department provided support to the Wilson Sons ethics committee in investigating complaints received through the Wilson Sons whistle-blower channel. The results of investigations undertaken are reported to the ethics committee for review and action. The Board is given a high level report on activity from Wilson Sons' management.

The principal risks and uncertainties faced by the Company are described below and additionally note 35 to the financial statements provides detailed explanations of the risks associated with the Company's financial instruments. The Board carried out a robust assessment of the Group's emerging and principal risks.

Description of risk	Summary of implication	Risk mitigation and management
There is the risk of increased competition across all our businesses as we operate in markets with significant competition.	The industries in which we operate are highly competitive. If competitors are able to supply services to our customers at a lower price, then we may have to reduce our rates which would reduce our revenues as our industry is sensitive to price discounting. Competitors may take steps aimed at improving the efficiency and competitiveness of their operations. Failure to invest in our businesses and the latest technology may result in lower demand, loss of market share and lower margins.	We maintain levels of capital expenditure and investment in our assets and personnel to ensure we provide a high-quality service that meets our customers' requirements and continuously look to improve operational efficiency. We continue to invest in new technologies to enable us to maintain our competitiveness.
Our Brazilian businesses operate in a highly regulated environment and are subject to complex laws and regulations.	Our businesses and markets are subject to complex laws and regulations which significantly impact how we operate. It is possible that regulations or laws may change in the future and may increase our costs or affect the way we operate which could have an adverse effect on us.	We dedicate a significant amount of time and resources to understanding laws and regulations and analyse the potential impacts of changes in laws or regulations on our business operations. This is so we can react in an efficient and timely manner and ensure compliance with laws and regulations.
	The Brazilian Congress is discussing a number of tax reforms which include proposals to create a 15% ordinary withholding tax on dividends, and a 25% withholding tax when payments are made to low-tax jurisdictions.	Training of employees to ensure they understand relevant laws and regulations.

Description of risk	Summary of implication	Risk mitigation and management
	<p>Failure in the process of renovation and maintenance of the required environmental licenses would adversely impact our operations.</p> <p>An environmental or accident with fatalities could result in financial and reputational damage.</p>	<p>Training of employees to ensure they understand relevant laws and regulations.</p> <p>Continued investment in environmental response actions, systems management and training of employees.</p> <p>The Group's fleet has Protection and Indemnity "P&I" insurance with an international P&I Group.</p>
<p>Demand for the majority of our services is substantially dependent upon the overall volume of Brazilian domestic and international trade.</p>	<p>The majority of our revenue is derived from services linked to Brazilian trade volumes. Most of our Brazilian businesses are sensitive to the rate of growth in Brazilian GDP and trade flows. Decreases in Brazilian growth or trade volumes could adversely affect our financial condition or results of operations.</p>	<p>We are a market leader in many of our business segments, container terminals, oil and gas, logistics, etc. providing diversification in the Brazilian market.</p>
<p>Our onshore support base and offshore joint venture are dependent on the Brazilian offshore oil and gas industry.</p>	<p>Changes in the level of exploration and production expenditures and in oil and gas prices and industry perceptions about future oil and gas prices could materially decrease demand for our services.</p> <p>If market conditions were to be less favourable, we may have to evaluate the recoverability of long-lived assets, which may result in write-offs or write-downs on assets (see note 13 regarding Brasco impairment review).</p>	<p>The majority of our businesses are not exposed to the Brazilian offshore oil and gas industry and the long-term prospects for the Brazilian economy are positive. We aim to operate our offshore vessels under long-term contracts to reduce volatility in revenue streams. The Brazilian offshore oil and gas industry is forecasted to grow significantly in the next 10 years, but there are risks in forecasting beyond that see note 13.</p>
<p>Movements in the USD/BRL exchange rate.</p>	<p>We are exposed to foreign exchange risk by virtue of the fact that the Group reports in USD and has revenues, costs, assets and liabilities in both BRL and USD. Therefore, movements in the USD/BRL exchange rate influence the Group's results both positively and negatively from year to year. A higher average exchange rate negatively affects BRL denominated revenues and positively impacts BRL denominated costs when converted into our USD reporting currency.</p>	<p>The Group's borrowings are principally linked to the USD with 65% of borrowings denominated in BRL linked to the USD. A significant portion of the Group's pricing is denominated in USD which acts as a natural hedge to our long-term exchange rate exposure see note 24.</p>
<p>Contingent liabilities.</p>	<p>We are defendants in lawsuits where we understand, based on counsels' opinions, that there is a possibility of loss, and for which we have not made provision. Losing lawsuits for which we have not made provision may adversely affect our financial results.</p>	<p>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 or merit, and to manage such claims through its legal counsel.</p>
<p>The Group's investment portfolio is exposed to losses arising from equity price movements and changes to foreign exchange and interest rates.</p>	<p>The Group's activities expose it to losses arising from movements in equity prices and changes to foreign exchange and interest rates.</p>	<p>The Board of Ocean Wilsons (Investments) Limited determines investment guidelines and restrictions in conjunction with the Investment Manager. These, together with the Investment Manager's reports, are reviewed at the Ocean Wilsons (Investments) Limited board meetings. Investment guidelines are reviewed on a periodic basis by the Board. The investment portfolio is invested in a diversified range of asset classes and markets so the group is not exposed to one particular market or asset class.</p>

Report of the Directors

Description of risk	Summary of implication	Risk mitigation and management
Poor long-term investment performance	Investment returns may not meet the Group's investment objectives.	The Investment Manager performs due diligence on all potential investments prior to investing. The investment portfolio is managed by professional investment managers with extensive industry experience under agreed guidelines. The Board monitors the investment portfolio performance through the review of quarterly reports from the Investment Manager containing a detailed analysis of performance and comparison with relevant indices.
A successful malicious cyber-attack could cause damage to our business and operations.	Our Brazilian business is spread across 37 sites with more than 5,000 devices connected to the network and relies on complex computer systems to support our business and provide services to customers. A successful cyber-attack could result in data loss, customer data breaches, mission critical system failures, reputational and financial loss.	<p>Wilson Sons has performed a cyberattacks risk diagnosis, developed an incident response plan, updated the information security policy and developed a data protection and privacy policy.</p> <p>We provide training to employees on computer behaviour to increase their awareness of cybersecurity dangers and reduce the risk of our systems being compromised.</p> <p>We have installed protective software and Wilson Sons has partnered with an external firm which monitors our computer systems for vulnerabilities.</p>
The longer-term impacts of the COVID-19 pandemic on trade and economic growth is still uncertain.	<p>The majority of our revenue is derived from services linked to Brazilian trade volumes and are sensitive to the rate of growth in Brazilian GDP and trade flows. To date Brazilian GDP and trade flows have not been significantly impacted by the COVID-19 pandemic but as the pandemic continues Brazilian GDP and trade flows may be adversely impacted.</p> <p>Global equity markets may remain volatile on investor concerns about how the COVID-19 pandemic is affecting consumer demand, manufacturing supply chains and major economies.</p>	<p>We have a diversified portfolio of assets. Since January 2020 the Group has implemented a number of measures and protocols to ensure:</p> <ul style="list-style-type: none"> (i) the health, safety and well-being of our employees, clients and partners; (ii) the continuity of operations; and (iii) the financial strength and resilience of our business. We continue to monitor developments in the COVID-19 pandemic and will take actions in managing our businesses where appropriate.

The Board reviews the need for an internal audit department annually and considers no internal audit function is required in view of the internal audit function at Wilson Sons and the control environment of Hanseatic Asset Management LBG, the Investment Manager of Ocean Wilsons (Investments) Limited and its portfolio custodian Lombard Odier. The Board also noted there were segregation of duties between the investment advisor and the recording and preparing of accounts as this is done by an independent professional accounting firm. In addition, the executive director and Chairman of the Audit Committee review internal control reports from our major service suppliers. As discussed previously Wilson Sons operates an internal audit function and the Wilson Sons board monitors their internal financial control systems through reports received from the internal audit function. As mentioned, the focus of the Wilson Sons internal audit function in evaluating and reporting on the activities of risk management as well as testing internal controls. Wilson

Sons presents the results of the Wilson Sons internal audit function to the Ocean Wilsons Audit Committee on an annual basis and reports any material findings on a quarterly basis. No material items were reported in 2020. In reviewing Wilson Sons, the Board receives reports from the Wilson Sons legal department, and on cybersecurity from Wilson Sons' IT department.

The Parent Group 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 Audit Committee. The systems operated both by the Parent Group and principal operating subsidiary are reviewed annually. The Board is satisfied that these systems are operating effectively.

The Ocean Wilsons' employee whistle-blowing policy is designed to enable employees of the Company to raise concerns internally and at a high level and to disclose information which the individual believes may show malpractice or impropriety. The Wilson Sons group whistle-blowing policy and procedures enable employees who have concerns about the application of the group's

Code of Ethics to raise them with the Wilson Sons ethics committee. The ethics committee will maintain their anonymity and report back to the employee on actions taken. During the year, the Board of Ocean Wilsons received reports on the Ocean Wilsons and Wilson Sons corporate governance environment as well as the work of the Wilson Sons ethics committee.

Emerging risks

Description of risk	Summary of implication	Risk mitigation and management
<p>Populist political initiatives and economic nationalism lead to increased constraints on the effective deployment of investment capital in international markets.</p>	<p>Capital markets will direct capital less efficiently, leading to reduced returns on investment on portfolio assets. Investments may become subject to exchange controls.</p>	<p>Diversify portfolio assets to avoid excess exposure to specific political risks. Investment decisions should take account of suitable risk premia in economies and financial markets most susceptible to political intervention.</p>
<p>Climate change and extreme weather events may impact our business or the businesses of our customers.</p>	<p>The majority of our revenue is derived from services linked to Brazilian trade volumes and are sensitive to the rate of growth in Brazilian GDP and trade flows. Brazilian GDP or trade flows may be adversely impacted by climate change or a change in the frequency or intensity of extreme weather events. Agricultural exports account for a significant portion of Brazilian trade and are particularly vulnerable to changes in weather patterns which may result from climate change. Decreases in Brazilian growth or trade volumes could adversely affect demand for our services and financial condition. Our operational efficiency may also be adversely impacted by climate change or extreme weather events.</p>	<p>We continue to monitor and evaluate the potential impacts resulting from climate change and extreme weather events including the regulation risk that may result in government taking action prompted by climate change that could impact our operations.</p>
	<p>There is a regulation risk that government may take action prompted by climate change that impacts our business or the businesses of our customers. The International Maritime Organisation initial GHG strategy envisages a reduction in carbon intensity of international shipping (to reduce CO₂ emissions per transport work, as an average across international shipping, by at least 40% by 2030, pursuing efforts towards 70% by 2050, compared to 2008) and that total annual GHG emissions from international shipping should be reduced by at least 50% by 2050 compared to 2008.</p>	<p>We continue to monitor opportunities to invest in technology and implement operational efficiencies that could reduce our greenhouse gas emissions. In 2020 the Wilson Sons Board approved the construction of six new tugs which are compliant with current EU legislation on emissions.</p>

Report of the Directors

Ocean Wilsons Holdings Limited Stakeholder engagement

The Ocean Wilsons Board considers stakeholders when making business decisions. As an investment holding company Ocean Wilsons has a limited number of stakeholders but through our investment in Wilson Sons, we have relationships with a wider range of stakeholders. Wilson Sons is an

autonomous listed company supervised by the Board of Wilson Sons however the Board of Ocean Wilsons has representation on the Board of Wilson Sons and reviews the activities of Wilson Sons to ensure they reflect the Company's values and culture.

Why is it important to engage?

How we engage

Stakeholders key interests

Customers

Ocean Wilsons does not have any direct customers but through our investment in Wilson Sons we have customer relationships. The treatment of customers can have significant impact on financial performance.

Maintaining long-term relationships with our customers.

Regular client visits by Brazilian management to discuss service requirements and pricing. The chief executive of Wilson Sons meets major clients to also understand their requirements.

Participation in local and international industry conferences.

Reports to the Board of Wilson Sons and Ocean Wilsons on business performance and developments.

Availability of services provided.

Investments made to support expansion of services and facilities and therefore support their businesses and reliability of service provided.

Ensure continuity of service during the COVID-19 pandemic while operating a safe working environment.

Fair pricing.

Employees

Ocean Wilsons has only one employee but through our investment in Wilson Sons we have over 3,600 employees. Employees are important stakeholders as they are the ones who create and deliver the products and services that our customers consume.

Wilson Sons invests in the training and development of their employees to ensure employees have the appropriate skills to perform their jobs in a safe environment.

Wilson Sons management regularly interacts and negotiates with the labour unions that represent our workforce throughout Brazil.

The Ocean Wilsons Board receives quarterly reports on employee accident rates and Wilson Sons publishes lost time injury frequency rates in its quarterly earnings release.

The Board receives reports on actions taken to safeguard employees in response to the COVID-19 pandemic and periodic reports on COVID-19 test results performed on employees and third-party contractors.

Wilson Sons employees can raise concerns anonymously through the whistle-blower channel. Complaints received are dealt with by the ethics committee in line with the Wilson Sons ethics policy. Indicators, statistics and actions for events reported through the Wilson Sons whistle-blower channel are reported to the Board. A more detailed report on Wilson Sons engagement with employees is detailed on page 39 of the annual report.

Career opportunities.

Equal opportunity employer.

A safe working environment.

Training and development.

Pay and conditions.

Why is it important to engage?	How we engage	Stakeholders key interests
<p>Investors</p> <p>As a publicly listed company we need to provide fair, balanced and understandable information to allow investors and potential investors to make informed investment decisions.</p>	<p>Annual and interim reports including operational and Investment Manager reports.</p> <p>RNS announcements on major business developments.</p> <p>Corporate website including principal investor information.</p> <p>One-to-one investor meetings with principal shareholders and prospective investors either in person or by video link. The Board receives reports on investor and potential investor meetings to understand points discussed and any issues or concerns raised by investors.</p> <p>Analyst coverage of the Company.</p> <p>Where a major shareholder has abstained or voted against an Annual General Meeting resolution the Board contacts shareholders to understand the reasons behind their vote.</p>	<p>Operating and financial performance information.</p> <p>Appropriate dividends.</p> <p>Access to Board members and management.</p> <p>The Company strategy and values.</p> <p>Viability.</p> <p>Risk management.</p> <p>Internal control.</p>
<p>Suppliers</p> <p>Engaging with our suppliers means that we can ensure security and quality of service from our suppliers.</p>	<p>Maintaining long-term relationships with our suppliers with regular interaction to ensure suppliers meet our service requirements.</p> <p>Working with reputable suppliers who can provide high quality goods or services.</p> <p>Ensured the Group's key service providers executed their business continuity plans in response to the COVID-19 pandemic to maintain continuity of operations.</p> <p>The Ocean Wilsons (Investments) Limited Board periodically reviews the terms and conditions of our investment management agreement to ensure they are in line with market rates.</p> <p>Board members periodically meet with the Investment Manager and other major suppliers.</p>	<p>Long-term relationships with major suppliers.</p> <p>Ethical trading.</p> <p>Fair pricing.</p> <p>Viability of our businesses.</p>

Report of the Directors

Why is it important to engage?	How we engage	Stakeholders key interests
<p>Communities We are committed to making positive contributions to the communities and environment where we operate.</p>	<p>Wilson Sons management routinely provides opportunities to interact with their community stakeholders on a regular basis throughout the year: a volunteer action programme, donations, sponsorships and participation in social responsibility groups and/or issues related to corporate sustainability.</p> <p>Wilson Sons' social practices are aligned with the principles established in the Universal Declaration of Human Rights, the United Nations Global Compact, its Code of Ethical Conduct and its Corporate Health Safety and environment policy. The objective is to promote private social investment in projects, actions and social programmes related to respecting and valuing life and establishing an ethical and transparent dialogue with its stakeholders.</p> <p>A more detailed report on Wilson Sons corporate responsibility and engagement with the community is detailed on page 38 of the annual report.</p> <p>We invest for the long-term providing stable funding for investments to provide long-term economic growth and development.</p>	<p>Impact of the Group on the wider community and environment.</p> <p>Viability and sustainability of employment.</p> <p>Growth and future employment opportunities.</p> <p>Contributions to local charities and causes.</p> <p>Safe working environment.</p>
<p>Government and Industry regulators Our Brazilian businesses operate in highly regulated environments. It is important to understand the requirements and concerns of government and industry regulators.</p>	<p>Wilson Sons management regularly meet with industry regulators and government to understand industry developments and issues at a local and national level.</p> <p>The Chairman of Ocean Wilsons who is based in Brazil is actively involved with management on industry and government matters.</p>	<p>Maritime industry policy and regulation.</p> <p>The role of the Group in the Brazilian economy and to facilitate trade with the rest of the world.</p> <p>Tax collection.</p> <p>Maintaining confidence in the financial system.</p>

The Board gains understanding of the views of the Group's other key stakeholders through Board reports on stakeholder meetings, visiting the Wilson Sons operations, discussions with management and the Board participating in the Board meetings of Wilson Sons including detailed management presentations from department heads and discussions of issues and decisions taken at Board meetings. Due to the COVID-19 pandemic no site visits to the Wilson Sons operations were made in 2020 however there was extensive remote virtual engagement with senior management. The Board considered the views and impact on a range of stakeholders when deliberating on the measures and protocols implemented by the Group in response to the COVID-19 pandemic. This included the health, safety and well-being of our employees, customers, partners and local community as well as our obligations to government and industry regulators. We considered employees, customers, government and investors in ensuring the continuity of operations and the financial strength and resilience of our business. When paying dividends, we

consider investor interests as well as the impact on the cash flow requirements and viability of our businesses with the associated implications for our employees, suppliers, lenders and customers. In 2020 we deferred payment of the full dividend until November 2020 until we had a greater understanding of the impact of the COVID-19 pandemic on the Group's results and financial performance. The Board considered the views and impact on a range of stakeholders when deliberating on the expansion of the Salvador container terminal including investors, employees, the local community, customers as well as government and industry regulators. Issues or concerns raised by both Ocean Wilsons and Wilson Sons at investor meetings are reported to the Board which discusses the points raised and make decisions relating to these points. Ocean Wilsons also has a relationship agreement with Wilson Sons to ensure that both companies shall use their reasonable endeavours to ensure we can comply with our obligations with government and industry regulators.

Relations with shareholders

Communications with shareholders are important to the Board. Ocean Wilsons sends both its annual report and accounts and half year accounts to all shareholders. To ensure Board members develop an understanding of the views of major shareholders there is regular dialogue with major institutional shareholders. The Deputy Chairman and executive director usually attend a number of these meetings. Independent non-executives also have dialogue with major institutional investors to understand their concerns. A report of meetings with shareholders is distributed to all directors with the principal issues raised, discussed at Board meetings. All broker reports are distributed to all Board members. The Annual General Meeting of the Company is held in Bermuda. When a significant proportion of the votes have been cast against a resolution at an Annual General Meeting the Board will contact significant shareholders to understand the reasons behind their vote. The Company's website www.oceanwilsons.bm contains copies of the annual and interim reports and stock exchange announcements.

Employees

The Wilson Sons' goal is to be the first choice for employees. The Group defines and implements workforce strategies aligned with the organisational culture, purpose and strategy. Candidates applying for job vacancies are evaluated according to the degree of alignment with the company's culture, mission and vision along with the relevant experience required for a position.

We consider employee turnover is an important measure of employee satisfaction as well as length of service. The Board considers the employee turnover and length of service results to be satisfactory. There is sufficient employee turnover to refresh the workforce while also retaining a stable workforce with knowledge of the Group's culture and values. This stability is also reflected in the employee length of service with the Group and workforce average age. The average age profile of our workforce is appropriate.

Employee turnover and voluntary redundancy

	2020	2019
Employee turnover*	17.0%	20.2%
Voluntary redundancy	3.1%	4.0%

* Employee turnover represents the average rate during the year.

Employee length of service with the Group

Less than 1 year	1 to 5 years	5 – 10 years	10 – 20 years	20 – 30 years	Greater than 30 years
16%	25%	31%	22%	5%	1%

Workforce average age

18 to 25 years	25 to 45 years	45 - 60 years	Greater than 60 years
8%	61%	25%	6%

Attracting Talent

The Group attracts talent by putting our employees first, guaranteeing a healthy and safe work environment to deliver high performance and efficiency. We invest in the professional development of each employee with education and training for employees in an open work environment. Promotion and development are based on merit with employees recognised according to their performance and achievements. To align the strategy of selecting and recruiting people who share the same values, Wilson Sons has evaluated the ideal type of professionals required to contribute to the achievement of the Company's goals. Candidates applying for job openings are evaluated according to the degree of alignment between personal values and corporate culture together with the skills and experience required for the position.

Education and training

Wilson Sons has a defined and well-structured policy to encourage further education and training. Any employee who wants to improve their education can apply for a postgraduate scholarship (diploma, MBA or master's degree) or language courses which will be granted according to the employee's position and the Company's requirements. In addition, Wilson Sons businesses have their own training plans that provide technical training and knowledge required to perform their roles.

Succession

All key positions of senior leadership in Wilson Sons have been identified for succession planning. As such, company managers are encouraged to develop their teams and prepare their own successors.

Employee retention and remuneration policy

Wilson Sons holds regular individual conversations between the leadership and its managers in order to understand the motivations to remain in the company and develop employee retention initiatives.

The Wilson Sons group manages positions and salaries using the Hays methodology. The objective is to maintain an internal balance regarding remuneration across positions and an external balance with market averages. In the case of variable remuneration, the Wilson Sons group offers managers, administrative and operational professionals' access to a profit-sharing plan which uses profit, budget targets and individual results in determining rewards. Wilson Sons also encourages employee engagement through a stock option plan for senior managers and is designed to reward long term rather than short term performance.

Workforce engagement

The Group does not appoint a director from the workforce, have a formal advisory panel or a designated non-executive director. The Board does not consider this necessary as the Ocean Wilsons Board does not directly manage the Wilson Sons business which is managed by the Wilson Sons Board. The Board engages with the workforce by holding a two-day Board meeting once a year at our main offices in Brazil where the Board meets Wilson Sons senior management with Directors also performing site visits. In addition to this the Chairman is based in Brazil and has regular interaction with Wilson Sons management and the Deputy Chairman and executive director visit Brazil periodically throughout the year meeting management and making site

Report of the Directors

visits. These visits and interactions provide important insights to the Board on the culture and concerns at different levels of our Brazilian businesses. Due to the travel restrictions resulting from the COVID-19 pandemic these visits did not occur in 2020. The Board also receives reports on labour claims received by the Group and the management of these labour claims. Wilson Sons management directly engages with 22 labour unions on a regular basis throughout the year that represent the Wilson Sons workforce.

Gender balance

The Wilson Sons workforce is 82% male and 18% female which the Board considers satisfactory considering the historical nature of our businesses while the gender balance of senior management is 76% male and 24% female which the Board considers good. The Board of Ocean Wilsons is 71% male and 29% female.

Corporate Social Responsibility

Wilson Sons routinely provides several opportunities to interact with the wider community throughout the year through volunteer actions, donations, sponsorships and participation in social responsibility boards and/or issues related to the corporate sustainability of important industry institutions.

Wilson Sons' social practices are aligned with the principles established in the Universal Declaration of Human Rights, the United Nations Global Compact, its Code of Ethical Conduct and its Corporate HSE Policy. The Global Compact is a United Nations initiative for the adoption of social responsibility policies and establishes ten principles in the areas of human rights, labour rights, environmental protection and the fight against corruption. Wilson Sons' objective is to promote private social investment in projects, actions and social programmes related to respecting and valuing life, as well as preserving the history of business and industry, establishing an ethical and transparent dialogue with its stakeholders. Wilson Sons is committed to fighting child and forced or slave-like labour. All Wilson Sons businesses must abide by the anti-corruption guide and code of ethical conduct. The Wilson Sons independent whistle-blower channel is available to all employees and the public.

Sponsorship

Private social investments are the basis for the participation of Wilson Sons' corporate volunteering through collaboration between sponsored projects, tax incentive opportunities and institutions supported by financial donations. The total amount contributed in 2020 through incentive laws was US\$301,000 (2019: US\$557,000).

Donations

In line with its value of maintaining long-term relationships, Wilson Sons continues to support several local charities and causes in Brazil. The Group donations for the year totalled US\$34,000 (2019: US\$24,000).

Participation in commissions and workgroups

Wilson Sons values the importance of participating in commissions, conferences, and workgroups. Wilson Sons takes an active part in relevant entities or in areas of interest to articulate, obtain information, and participate in important decisions for the market and society as a whole. Some of the institutions in which Wilson Sons participates are:

- Brazilian Corporate Volunteer Council;
- IBP Social Responsibility Commission; and
- Ethos Human Rights Workgroup.

Corporate Volunteering

We also engage with stakeholders through our corporate volunteering efforts. The programme called Criando Laços (Creating ties), allows Wilson Sons' employees to do voluntary work in the communities located close to our operations.

Health Safety and Environment

Included in the corporate core values of Ocean Wilsons is the need to provide a safe operating environment for our staff and to respect the environment and the communities in which we operate and the people who work for us. These values are reflected in how Wilson Sons manages the areas of Occupational Health, Safety, and Environment ("HSE") in a strategic manner as it is of fundamental importance for the development of sustainable business.

Since January 2020 Wilson Sons has been implementing several measures and protocols to ensure (i) the health, safety and well-being of its employees, clients and partners, (ii) the continuity of all its operations, and (iii) the financial strength and resilience of its business. Actions undertaken were:

- Remote-work routine for all administrative staff;
- Physical isolation of operational employees over 60 years old, with controlled exceptions;
- Extensive travel restrictions prohibiting international travel and limiting domestic travel to business-critical movements;
- Non-essential internal events were cancelled or postponed;
- Employee participation in external events were cancelled or postponed;
- In-person meetings are prohibited and most meetings are held remotely;
- Non-business third-party visits to the Company's operations and facilities are prohibited, with controlled exceptions;
- Reinforced hygiene measures and the use of masks mandated;
- Mandatory quarantine period until completely recovered in the event of employee contamination or direct contact with infected people;

- Stricter measures for offshore support vessel crews (pre-boarding COVID testing) and tugboat crews (medical check-ups); and
- Other containment measures in accordance with the protocol established by the Brazilian Ministry of Health.

HSE has a formal agenda within the Wilson Sons executive committee, with monthly meetings to deal exclusively with issues related to the topic which is supported by dedicated committees and subcommittees for each business unit.

World-class Safety

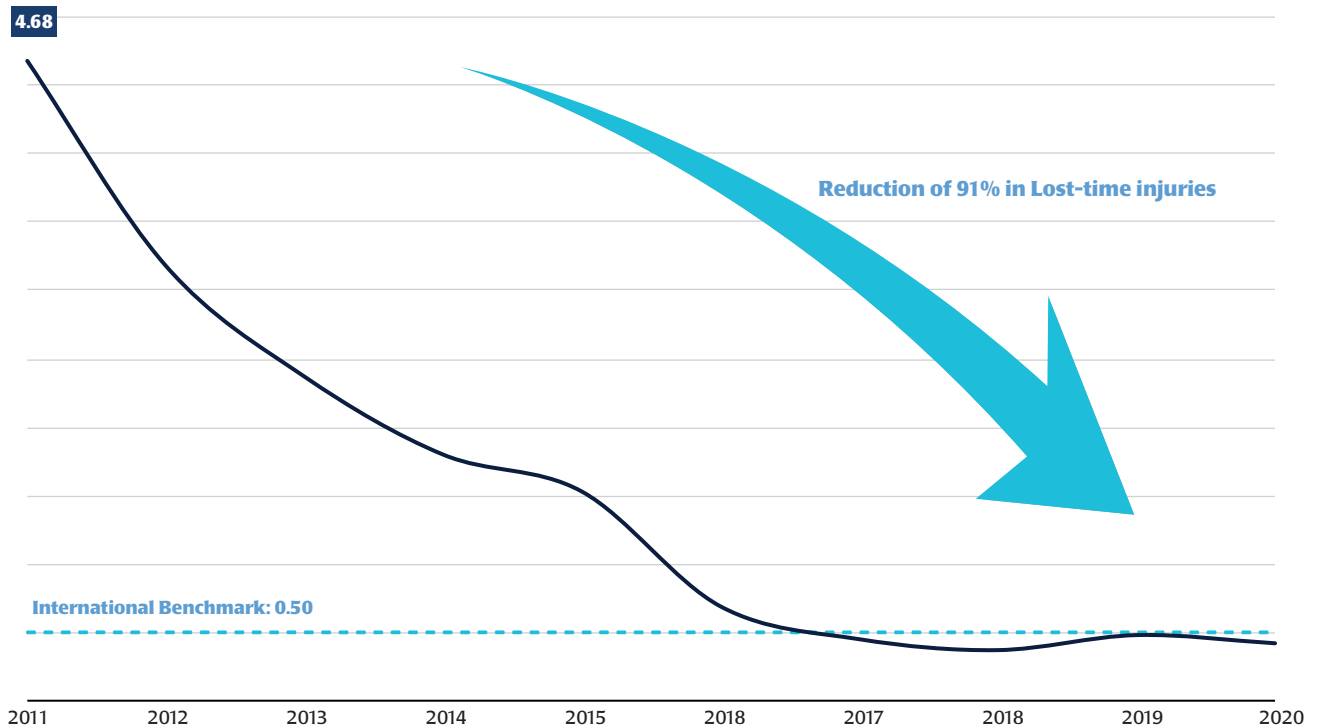
The commitment to safety in all our operations continues to be our top priority, while ensuring the quality of the services we provide to our clients.

Lost-time injury frequency rates are reported to the Wilson Sons and Ocean Wilsons Boards at each quarterly Board meeting. The commitment to safety in all our operations continues to be our top priority, while ensuring the quality of the services we provide to our clients.

Lost Time Injuries

Lost Time Injury Frequency Rate (LTIFR) per million-man hours worked.

LTIFR



LTIFR (1) refers to the absolute number of lost-time injuries occurring in a workplace per one million man-hours worked.
 (2) Considers the total results from the Offshore Support Vessels (joint venture 50%).

WS+ Programme

The Group has run the WS+ safety programme in partnership with DuPont since 2011 to promote improved safety throughout the Wilson Sons group and transform the safety culture of our businesses. The programme is based on the establishment and revision of policies and procedures, engaging with the workforce, operational discipline, risk management, training and responsibility. The success of this programme is shown by the continued improvement in our LTIFR which decreased significantly since the programme was implemented to 0.42 accidents per million man-hours worked from 7.41. The Wilson Sons goal is to maintain their LTIFR below or equal to 0.5 lost-time injuries per one million man-hours worked and achieve an interdependent safety management culture in which everyone is aware of the safety agenda and concerned not only with their own safety but also with those around them.

Occupational Health

Wilson Sons has developed a drug and alcohol prevention programme with a focus on improving operational safety and employee health.

Environment

Excellence in environmental management is a key objective of Wilson Sons and the Company. In this context, excellence means using resources rationally and efficiently, managing environmental risks and liabilities, understanding and engaging with environmental interests of stakeholders with integrity, as well as planning and achieving financial performance targets aligned with environmental commitments.

Report of the Directors

To improve the understanding of the environmental aspects and impacts of its activities, the Wilson Sons group has developed its Environmental Management Index ("EMI") based on current best practices. The EMI's key themes (solid waste, water resources, environmental damage, licensing, stakeholders and atmospheric emissions) use established criteria to promote continuous improvement in environmental management and achieve excellence.

At this stage, the Group has decided to measure and understand our environmental impacts and has not yet established any formal targets although some actions have been implemented to reduce our environmental impacts as detailed below. Nominal emissions vary considerably with activity which makes it difficult to understand if the Group is being more efficient or not. The Group will continue to monitor nominal emissions but is looking to create meaningful ratios to monitor our performance. To date environmental emissions control was managed in a more decentralised manner with sustainability overseen by the HSE manager. Wilson Sons is creating a more robust structure in 2021 by creating a multi-disciplinary ESG committee to oversee our environmental programme.

Atmospheric Emissions and Climate Change

Wilson Sons continue to improve their carbon emissions management by identifying opportunities to reduce their greenhouse gas emissions. Wilson Sons is committed to proactively publish their corporate greenhouse gas emissions inventory "CGH inventory" in the public emissions registry, a platform managed by the Brazilian Greenhouse Gas Protocol Programme. Our CGH inventory is certified with a silver seal in recognition of the completeness of the data.

The Group factors in environmental impacts when making decisions looks to use advanced technology to reduce our greenhouse gas emissions. During 2020 the Board of Wilson Sons approved the construction of six new tugboats that although more expensive than alternative designs will be compliant with European Union emission legislation. Further examples of measures undertaken by the Group include: updating conventional diesel-powered maritime support ships to more efficient diesel-electric systems, using RTG (Rubber-tyre gantry) electric cranes with a lower environmental impact in container terminals and expanding the towage operations centre, making it possible to reduce fuel consumption by optimising the movement of vessels.

Energy

The Group understand that effective energy management comprises the use of clean energy and efficient consumption in our operations. The Wilson Sons energy management model plans and establishes energy acquisition and consumption strategies and seeks to identify, promote and replicate projects that allow operational efficiency gains from reduced energy consumption.

Aquatic Environmental Impacts

Since 2002 the Group has donated some deactivated tugboats to the Pernambuco artificial reefs project to create artificial reefs and help in the recovery of marine ecosystems. These artificial reefs also serve as a living laboratory for studies in marine biology. As well as receiving local environmental awards in 2017 the project was included in the World Social Responsibility Project Initiative ("WSRPI"), an online platform launched by the

World Petroleum Council ("WPC") to exhibit social responsibility projects from a range of countries. The objective of this initiative is to foster the exchange of successful experiences that can be replicated around the world.

Artificial reefs mimic the characteristics of natural reefs, facilitating the development of marine biodiversity in previously uninhabited environments. Artificial reefs help promote activities related to the ocean, such as sport fishing and underwater ecotourism. Authorised by the Brazilian Navy, the Brazilian Federal Environment Agency ("IBAMA") and the Pernambuco State Environment Agency ("CPRH"), the project is supported by guidance from the Federal Rural University of Pernambuco ("UFRPE") and the Pernambuco Scuba Diving Company Association ("AEMPE").

Responsible Investing

The Board has agreed a responsible investing policy with our Investment Manager, Hanseatic Asset Management LBG.

As long-term investors, we have a natural desire to be responsible investors and good corporate citizens. This is reflected in the belief that such businesses and investors are likely to generate superior long-term returns and, furthermore, consideration of such issues is an important element to potential risks. The Responsible Investment Policy agreed with our Investment Manager seeks to incorporate Environmental, Social and Governance ("ESG") factors into their fund management business. When assessing the attractiveness of a fund or company they will seek to consider their environmental impact, social factors and for them to demonstrate good governance.

We do expect the investments in our portfolio to take ESG issues seriously, to clearly report on them and to aspire to do the right thing. Where a portfolio manager or company is not living up to these standards our Investment Manager will seek to engage with them to encourage improvement with the ultimate sanction being exiting, or not investing in, a fund or company if their concerns are not sufficiently addressed.

As part of the investment managers fund selection process the Investment Manager has introduced an ESG section within their due diligence process. They use this section to help them determine whether further action is required. It will look at the following factors:

- Does the manager take their ESG responsibilities seriously?
- Do they have a formal ESG policy?
- How does the manager engage with those companies that are failing in their responsibilities?
- What is their voting policy?
- How do they consider their carbon footprint?

When the Investment manager is selecting funds, they do not seek to exclude specific sectors and countries but instead for those companies that make significant use of energy, resources and materials they want to understand how they manage these issues and their responsibilities.

The Investment Manager's Responsible Investing Policy is available on the Hanseatic Group website www.hansagr.com.

Going Concern

The Group has considerable financial resources including US\$63.3 million in cash and cash equivalents and the Group's borrowings have a long maturity profile. The Group's business activities together with the factors likely to affect its future development and performance are set out in the Chairman's Statement, Financial Report and Investment Manager's Report. The financial position, cash flows and borrowings of the Group are set out in the Financial Review on pages 5 to 8. In addition, note 35 to the financial statements includes details of its financial instruments and hedging activities and its exposure to credit risk and liquidity risk. Details of the Group's borrowings are set out in note 24.

The Group closely monitors and manages its liquidity risk and does so in a manner that reflects its structure, of two distinct businesses, being the parent company along with Ocean Wilsons (Investments) Limited, and Wilson Sons Limited. In performing its going concern assessment, the Board considered the 15 month period to 31 March 2022.

Ocean Wilsons Holdings Limited and Ocean Wilsons (Investments) Limited

The parent company and Ocean Wilson (Investments) Limited have combined cash and cash equivalents of US\$4.6 million and further highly liquid investments in excess of US\$90.0 million as at 31 December 2020. They have no debts but have made commitments in respect of investment subscriptions amounting to US\$45.3 million, details are provided in note 32. The timing of the investment commitments may be accelerated or delayed in comparison with those indicated in note 32. However, the highly liquid investments held are significantly in excess of the commitments. Neither Ocean Wilsons, nor Ocean Wilsons (Investments) Limited have made any commitments or have obligations towards Wilsons Sons and its subsidiaries and their creditors or lenders. Therefore, in the unlikely circumstance that Wilsons Sons was to encounter financial difficulty, the parent company and its subsidiary have no obligations to provide support and have sufficient cash and other liquid resources to continue as a going concern on a standalone basis.

Wilson Sons Limited

Wilson Sons has cash and cash equivalents of US\$58.6 million and further highly liquid investments of US\$39.0 million. All of the debt, as set out in note 24, and all of the lease liabilities, as set out in note 15, relate to Wilson Sons, and have a long maturity profile. The debt held by Wilson Sons is subject to covenant compliance tests as summarised in note 24, which were in compliance with at 31 December 2020 and are forecast to be complied with throughout the forecast period.

The covenants are most sensitive to changes in EBITDA, debt service costs and asset values. The Board reviewed Wilson Sons' 15-month forecasts for the financial year 2021 and the first quarter of 2022 which included analysis of cash flows and loan covenant compliance for the forecasting period. Budgets are compared with prior period actual results and previous forecasts so as to identify variances and understand the drivers of the changes and their future impact so as to allow management to take action as appropriate.

Additional market analysis is performed to corroborate other key assumptions underpinning the forecasts. In preparing the forecasts consideration has been given to the commitments Wilson Sons has to its joint ventures in respect of their loan agreements as set out in note 19 and possible cash outflows these may give rise to, should the joint ventures breach their loan covenants.

Cash flow and loan covenant compliance forecasts were then reverse stress tested to understand the headroom available before a covenant breach occurs or liquidity is exhausted. Consideration was then given as to whether the principal risks attributable to Wilsons Sons would give rise to severe downside scenarios that could cause loan covenant breaches or exhausting of liquidity, such as significant reductions in revenues. The possibility of these scenarios happening are considered remote when contemplating Wilson Sons' financial performance during Brazil's economic crisis in 2015 and 2016 and in the COVID-19 pandemic in 2020 and given the outlook for the global and Brazilian economies in 2021 and beyond. The potential impact of COVID-19 has been considered as part of the going concern assessment. Whilst the going concern assessment does not indicate it will be necessary, should it required, Wilson Sons has the ability to delay or cancel forecast capital expenditure in order to manage liquidity and or loan covenant compliance.

This assessment confirmed that Wilson Sons has adequate cash, other liquid resources and undrawn credit facilities to enable it to meet its obligations as they fall due in order to continue its operations during the going concern forecast period.

Based on the Board's review of Wilson Sons' going concern assessment and the liquidity and cash flow reviews of the Company and its subsidiary Ocean Wilsons Investments, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis in preparing the Annual report and accounts.

Viability Statement

In accordance with the UK Corporate Governance Code, the Directors have assessed the viability of the Group over a three-year period to 31 December 2023, taking into account the Group's current position and potential impact of the principal risks and uncertainties. Based on this assessment, the Directors confirm that they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period to 31 December 2023.

Whilst the Directors have no reason to believe the Company will not be viable over a longer period, given the uncertainties involved in longer term forecasting the Directors have determined that a three-year period to 31 December 2023 is an appropriate period over which to provide its viability statement. The three-year period also aligns with the rolling three-year investment portfolio performance benchmark.

In making the assessment, the Directors have considered a number of factors that affect the Group, including the principal risks and mitigating factors. The Directors also took account that the Group has two distinctly separate investments: Wilson Sons, a maritime services company in Brazil and Ocean

Report of the Directors

Wilsons (Investments) Limited which holds a portfolio of international investments. There is no recourse between the two investments. In addition, the Company holds no external debt.

Wilson Sons Limited

The assessment considered that the Wilson Sons business model has proven to be strong in the long term with a range of businesses that have consistently demonstrated their ability to trade, even in challenging market conditions, as evidenced in the current year performance with the COVID-19 pandemic and in 2015 when the Group produced a solid performance despite the Brazilian Real depreciating 47% against the US Dollar in the year. Operational activities are funded by cash generated from operations while the Wilson Sons borrowings are used to finance capital expenditure. The Wilson Sons borrowings are generally long-term with defined repayment schedules repayable over different periods up to 18 years. There is no recourse from Wilson Sons to the Company or Ocean Wilsons (Investments) Limited in respect of Wilson Sons borrowings. Wilson Sons is not reliant on one particular customer: its largest customer constituted approximately 9% of the Group's revenue in 2020 (and including joint venture revenue, 12.8%). In addition, Wilson Sons has opportunities to mitigate any adverse impacts given the flexible cost base of some of their businesses.

Ocean Wilsons (Investments) Limited

In making the assessment for the investment portfolio, the Board has considered matters such as significant stock market volatility, changes in exchange rate and a significant reduction in the liquidity of the portfolio. The investment portfolio and cash under management at 31 December 2020 was US\$310.3 million with outstanding capital commitments of US\$45.3 million and no external debt. At 31 December the investment portfolio had; US\$5.3 million in cash and cash equivalents and daily liquidity of \$96.6 million. This available liquidity covers 200% of the capital commitment in a reasonable time frame, on the remote chance that there was a need to fund all of commitments at one time.

The Directors' assessment is that if severe but plausible downside scenarios were to crystallise, many of the individual risks disclosed would be likely to be confined to either Wilson Sons or Ocean Wilsons (Investments) Limited. The risk is to the valuation of the Group's balance sheet rather than to the viability of the Group.

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 are required to:

- ensure suitable accounting policies have been adopted and applied consistently;

- make judgements and estimates that are reasonable and prudent;
- state that applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
- provide additional disclosure when compliance with the specific requirements of IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company and Group financial position and financial performance; and
- present information, including accounting policies in a manner that provides relevant, reliable, comparable and understandable information.

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

Company Secretary

12 March 2021

Independent Auditor's Report

to the Members of Ocean Wilsons Holdings Limited

Opinion

In our opinion:

- Ocean Wilsons Holdings Limited group financial statements (the "financial statements") give a true and fair view of the state of the group's affairs as at 31 December 2020 and of the group's profit for the year then ended; and
- the group financial statements have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

We have audited the financial statements of Ocean Wilsons Holdings Limited (the "Group") for the year ended 31 December 2020 which comprise:

Consolidated statement of comprehensive income for the year then ended

Consolidated balance sheet as at 31 December 2020

Consolidated statement of changes in equity for the year then ended

Consolidated cash flow statement for the year then ended

Related notes 1 to 37 to the financial statements, including a summary of significant accounting policies

The financial reporting framework that has been applied in their preparation is applicable law and IFRS as issued by IASB.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements of the Group is appropriate. Our evaluation of the directors' assessment of the Group's ability to continue to adopt the going concern basis of accounting included the following:

- We understood the process undertaken by management to perform the going concern assessment, including the evaluation of any operational and economic impacts of the COVID-19 pandemic on the Group;
- We tested the arithmetical accuracy of the forecast models used to prepare the Group's going concern assessment, including the reverse stress testing carried out, and considered the underlying terms of debt agreements including covenant requirements;

- We assessed management's historical forecasting accuracy;
- We considered whether the Group's forecasts used in the going concern assessment were consistent with other information obtained during our audit;
- We considered whether the headroom indicated by reverse stress testing scenarios could reasonably be eliminated and whether there were scenarios that were severe and plausible that could give rise to the forecast headroom being eliminated. Our assessment included consideration of: the impact and likelihood of investment commitments being accelerated, economic analysis for the global economy and the Brazilian economy and whether EBITDA and revenues could be significant reduced, whether additional unexpected cash outflows could arise in connection with the Group's joint ventures, and the principal risks disclosed in the Annual Report; and
- We considered whether through our audit procedures we had identified any commitments between the Company and its subsidiary Ocean Wilsons Investments Limited and Wilson Sons Limited.

Based on the above we observed:

- The company and Ocean Wilsons Investments Limited have access to cash and liquid investments in excess of US\$95m to fund their operations and commitments and we did not identify any obligations / commitments between these companies and Wilson Sons Limited; and
- There would need to be a US\$30m reduction in EBITDA in the review period to cause a breach in covenants or a US\$91m reduction in cashflows from operating activities to exhaust liquidity for Wilson Sons Limited, absent consideration of mitigations actions that management could take. Based on trading performance during the pandemic during 2020 and the Brazilian recession of 2015 and 2016, management consider these possibilities to be remote.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern for the 15 month period to 31 March 2022.

In relation to the group reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

Independent Auditor's Report

to the Members of Ocean Wilsons Holdings Limited

Overview of our audit approach

Audit scope	<ul style="list-style-type: none"> We performed an audit of the complete financial information of 6 components and audit procedures on specific balances for a further 4 components; and The components where we performed full or specific audit procedures accounted for 114% of Profit before tax, 92% of Revenue and 83% of Total assets.
Key audit matters	<ul style="list-style-type: none"> Revenue recognition; Risk of impairment of Brasco cash generating unit ("CGU") assets; Determination of fair value estimates – Level 2 and 3 investments; and Provisions and contingencies.
Materiality	<ul style="list-style-type: none"> Overall group materiality of US\$3.7m which represents 5% of profit before tax.

Overview of the scope of the group audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each entity within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account: size, risk profile, the organisation of the Group and effectiveness of group-wide controls, changes in the business environment and other factors such as recent internal audit results when assessing the level of work to be performed at each entity.

In assessing the risk of material misstatement to the financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, of the 25 reporting components of the Group, we selected ten components covering entities in Bermuda, Brazil and Panama, which represent the principal business units within the Group.

Of the ten components selected, we performed an audit of the complete financial information of six components ("full scope components") which were selected based on their size or risk characteristics. For the remaining four components ("specific scope components"), we performed audit procedures on specific accounts within that component that we considered had the potential for the greatest impact on the significant accounts in the financial statements either because of the size of these accounts or their risk profile.

The reporting components where we performed audit procedures accounted for 114% (2019: 94%) of the Group's Profit before tax, 92% (2019: 89%) of the Group's Revenue and 83% (2019: 90%) of the Group's Total assets. For the current year, the full scope components contributed 134% (2019: 118%) of the Group's Profit before tax, 84% (2019: 77%) of the Group's Revenue and 72% (2019: 75%) of the Group's Total assets. The specific scope components contributed -20% (2019: -24%) of the Group's Profit before tax, 8% (2019: 12%) of the Group's Revenue and 11% (2019: 15%) of the Group's Total assets. The audit scope of these components may not have included testing of all significant accounts of the component but will have contributed to the coverage of significant tested for the Group. We also performed specified procedures on three locations over certain aspects of their accounts, such as

revenue, expenses, investments, cash and cash equivalents and loans where these were individually material to the financial statements. These specified procedures components contributed with -16% (2019: -2%) of Group's Profit before tax, 8% (2019: 2%) of the Group's Revenue and 11% (2019: 8%) of the Group's Total assets.

Of the remaining 12 components that together represent 2% (2019: 8%) of the Group's Profit before tax, none are individually greater than 8% of the Group's Profit before tax. For these components, we performed other procedures, including risk focused analytical review, testing of consolidation journals and intercompany eliminations and foreign currency translation recalculations to respond to any potential risks of material misstatement to the financial statements.

The table below illustrates the coverage obtained from the work performed:

	2020			
	Number	% Group PBT	% Group Revenues	% Group Assets
Full scope	6	134%	84%	72%
Specific scope	4	-20%	8%	11%
Full and specific scope	10	114%	92%	83%
Specified procedures	3	-16%	8%	11%
Remaining components	12	2%	0%	6%
Total Reporting components	25	100%	100%	100%
	2019			
	Number	% Group PBT	% Group Revenues	% Group Assets
Full scope	6	118%	77%	75%
Specific scope	4	-24%	12%	15%
Full and specific scope	10	94%	89%	90%
Specified procedures	5	-2%	2%	8%
Remaining components	9	8%	9%	2%
Total Reporting components	24	100%	100%	100%

Changes from the prior year

In the current year, the components remained of similar relevance within the Group. However, to incorporate an element of unpredictability into our scoping we have included Wilport Operadores Portuários as a specific scope component for the 2020 audit.

Impact of the COVID-19 pandemic – audit logistics

We worked proactively with management to agree a revised timetable to provide sufficient time for the potential impacts and judgements arising from COVID-19 to be considered fully, disclosures adequately assessed, and to reflect the extended time taken for management to complete the financial statement close process and to reflect the incremental time impact on completing our year end external audit fully remotely. The Group audit team performed the year end audit fully remotely, starting from 21 July 2020. We engaged with management throughout the audit, using video calls, share-screen functionality, secure encrypted document exchanges and data downloads to avoid any limitation on the audit evidence required. We were alert to instances requiring physical verification of original documents. We note that our component team in Brazil has had no restrictions in access to physical

sites and attended inventory counts physically, albeit the majority of their audit work was performed remotely. All key meetings, such as the closing meetings and Audit Committees, were performed via video conference calls. We have refined our methods of interaction to ensure direction by the Partner in Charge throughout the audit, ensuring involvement in meetings and video conference calls throughout the audit both internally and with management. We held weekly calls with the Group CFO and Partner in Charge to ensure progress was assessed robustly and audit matters arising were discussed at each meeting. Additional calls were held with the Chair of the Audit Committee to consider audit progress, timetable and matters arising.

Involvement with component teams

In establishing our overall approach to the Group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the primary audit engagement team, or by component auditors from other EY global network firms operating under our instruction. Of the six full scope components, audit procedures were performed on one of these directly by the primary audit team. For the five full scope components and four specific scope components, where the work was performed by component auditors, we determined the appropriate level of involvement to enable us to determine that sufficient audit evidence had been obtained as a basis for our opinion on the Group as a whole.

This year we were unable to visit our component team in Rio de Janeiro, Brazil due to the travel restrictions imposed by the COVID-19 outbreak. As a result we adapted our approach and replaced physical direction and oversight with virtual direction and oversight. The primary audit team replaced our usual face to face meetings and interactions with virtual video conference meetings. In addition, our reviews of audit work papers, which previously would have been carried out on location in Brazil, were performed virtually this year. In doing so we maintained our involvement in planning and agreeing the audit approach with the component team, directing their audit work and understanding any issues arising from their work. We also continued to meet with local management when appropriate, including attending closing meetings. The primary team interacted regularly with the component team during the various stages of the audit, reviewed key working papers and were responsible for the scope and direction of the audit process. This, together with the additional procedures performed at Group level, gave us appropriate evidence for our opinion on the Group financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole and in our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report

to the Members of Ocean Wilsons Holdings Limited Only

Risk

Revenue recognition risk

(2020: US\$ 352.8m; 2019: US\$406.1m)

Refer to the Audit Committee Report (pages 28 and 29); Accounting policies (Page 64); and Note 3 of the Financial Statements (pages 68 to 70)

There is a risk of fictitious revenue recognition or inappropriate revenue recognition for towage, containers handling and port services. We have focused on unbilled revenue for the Brasco component for services rendered and not yet invoiced, due to its significance and the manual nature of the process. For the Saveiros, Tecon Salvador and Tecon Rio Grande components, due to the level of automation and lack of manual intervention in the recognition of services provided and not yet invoiced, our focus was on the risk that the posting of manual entries could give rise to the recording of fictitious revenues. Revenue recognition is presumed by auditing standards to be a fraud risk area, therefore we determined that this is a key audit matter. This risk has remained consistent with the prior year due to no significant changes in the business operations.

Our response to the risk

- We walked through and understood the controls designed and implemented by the group related to revenue recognition, but we did not test the operating effectiveness of the controls;
- We performed procedures using data analysis techniques. We analysed the relationship between revenue, accounts receivable and cash receipts using the entire population of journal entries. We investigated and tested journal entries which did not follow the expected correlation. On a sample basis we tested cash journals to bank statements and evidence that the postings related to revenue transactions;
- We inspected significant new or renewed contracts and/or changes to significant existing contracts. We understood clauses that may give rise to revenue recognition complexity or may involve management judgements or estimates and where applicable considered and challenge whether these are appropriately accounted for including any estimation relevant to recognition decisions;
- On a sample basis we have obtained direct confirmation of balances outstanding at the year end from customers;
- We have performed targeted testing of manual postings to revenues to address the fraud risk we identified for the Saveiros, Tecon Salvador and Tecon Rio Grande components;
- We tested on a sample basis unbilled revenue for the Brasco component to address the identified fraud risk by obtaining supporting documentation to evidence: the provision of the service, the value of the transaction and where applicable the subsequent invoicing and recovery of the unbilled income;
- We have performed cut off testing near to the year end on a sample basis with regard to cargo movements and service provision to ascertain whether revenues are recorded in the appropriate period;
- We performed analytical procedures to identify and investigate unusual trading patterns which could indicate inappropriate revenue recognition; and
- We reviewed the adequacy of the disclosures in the financial statements with regard the requirements of IFRS 15.

Key observations communicated to the Audit Committee

Based on the procedures performed we did not identify any evidence of material misstatement in the revenues recognised in the year. We have also assessed adequacy of the disclosures in the financial statements and found them to be appropriate.

Risk

Risk of Impairment of Brasco CGU's assets

(2020: US\$39.2m tangible assets, US\$7.4m intangible assets and US\$5.8m lease rights; 2019: US\$52.7m tangible assets, US\$9.6m intangible assets and US\$8.2m lease rights respectively)

Refer to the Audit Committee Report (page 28); Accounting policies (pages 61, 62 and 66); and Note 13 of the Financial Statements (pages 76 and 77)

The group's investment in Brasco (Caju location) gave rise to goodwill and intangibles on acquisition. The recoverable amount of Group's goodwill, intangibles and tangible assets is tested at CGU level annually or when there is an indication of impairment.

An impairment of the goodwill related to this CGU was recorded in the prior year.

Due to subdued activity and losses incurred by the CGU, a contraction in the oil and gas sector throughout 2020 due to the effects of COVID-19, the possible impact of future actions that may be taken by governments in response to climate change and the inherent uncertainty involved in forecasting and discounting future cash flows there is a risk that an impairment has not been recognised.

Our response to the risk

- We walked through and understood the controls designed and implemented by the group over the impairment review, but we did not test the operating effectiveness of the controls;
- We analysed past cash flow projections and actual results subsequently achieved to assess managements forecasting track record to ascertain if there may be indicators of management bias or excessive optimism in forecasting cash flows;
- We obtained managements impairment model and tested its mathematical accuracy;
- We challenged management's determination of the projection period used;
- We tested the computation of the carrying value of the CGU's assets and in doing so assessed whether liabilities were appropriately deducted;
- We assessed whether the forecast cashflows were consistent with management's most recently approved budget;
- We have performed independent research on forecasts for the oil and gas sector, globally and also for Brazil. We examined multiple sources of information including those published by oil and gas companies, industry organisations, and industry analysts. We challenged and evaluated management's forecasts in the context of this information;
- With regard near term forecast cashflows which were based on specifically identified projects, tenders submitted and expected outcomes from such tenders, we inspected tender submissions, examined correspondence with potential customers, reviewed management's internal reporting with regard tender and sales pipeline reporting and reviewed press releases and other media published by prospective customers with regard their specific projects. We challenged and evaluated management's forecasts in the context of this information;
- We involved business valuation specialists to assist us in our impairment testing, including assessing the valuation methodology used by management, and challenging specific inputs into the determination of the discount rate with referenced to independently sourced external data and benchmarks and in developing independently a reasonable range of discount rates. We assessed management's choice of discount rate, in the context our independently determined range and also our assessment of the risk inherent within the cashflow forecasts;

Key observations communicated to the Audit Committee

Based on our assessment of the risk inherent within the forecast cashflow analysis and the sensitivity analysis we performed, we conclude that there is headroom when we compare our independent assessment of the value in use with the carrying value of the assets. The discount rate used in management's projections (11.3%) is within our independently determined range of discount rates of 10.7-13.2%. We concluded that the midpoint (12.0%) in the range we independently determined is the most appropriate discount rate to use based on our assessment of risks inherent within the cashflow forecasts. However, we note that plausible changes in the key assumptions may give rise to an impairment, as if the discount rate was to increase to 12.5% it would erode the headroom. We have assessed the adequacy of the disclosures made in the financial statements, particularly the disclosures related to the key assumptions used in the impairment assessment and sensitivity analysis with regard changes in key assumptions and the scenarios that could give rise to a future impairment, and found them to be appropriate.

Independent Auditor's Report

to the Members of Ocean Wilsons Holdings Limited

Risk	Our response to the risk	Key observations communicated to the Audit Committee
<p>Provisions and contingencies</p> <p>(2020: US\$9.6m, 2019: US\$14.6m)</p> <p>The unprovided amounts for possible losses are US\$77.4m (2019: US\$103.6m).</p> <p><i>Refer to the Audit Committee Report (page 28); Accounting policies (page 64); and Note 27 of the Financial Statements (page 94).</i></p> <p>In the normal course of business, the Group receives legal claims arising from: general civil proceedings, labour claims, changing tax legislation and environmental issues. Such claims are particularly prevalent in Brazil. The amounts involved are material and potentially material for provided and un-provided but disclosed amounts. The application of accounting standards to determine the amount, if any, to be provided or disclosed as a liability or a potential liability is inherently subjective and requires management to make judgements and estimates.</p>	<ul style="list-style-type: none"> • We identified those assumptions which are most sensitive to change and performed sensitivity analysis to ascertain what changes in assumptions could produce significantly different outcomes. In doing so we noted the future forecast revenues, and the discount rate are the most sensitive assumptions. In doing so, we ascertained the extent of changes that individually, or in combination, would be required for Brasco's assets to be impaired; and • We reviewed and assessed the fairness, accuracy and completeness of required disclosures required by IAS36. <hr/> <ul style="list-style-type: none"> • We walked through and understood the controls designed and implemented by the group over claims and litigation. However, we did not test the operating effectiveness of the controls; • We obtained a listing of all current open claims and litigation, including details of quantum, appointed advisors, provided and disclosed amounts; • We obtained an understanding from management and in-house legal counsel of the basis for their judgements and best estimates of financial amounts. We challenged the basis of those judgements and estimates with reference to the latest available corroborative information such as correspondence with the group's external counsel on all significant legal cases and held discussions with them when further clarity was deemed necessary; • We reviewed legal expenses and Board minutes to identify possible litigation and claims that had not been identified by management and disclosed to us; • We obtained direct confirmations from the Group's external counsel for all litigation cases and evaluated managements judgements and estimates in the context of these confirmations; 	<p>Based on the results of our audit procedures, we consider that the judgements made and estimates prepared by the group and the related disclosures are materially correct and appropriate. We consider the claims provided for and disclosed are supported by evidence and capable of reliable estimation.</p>

Risk	Our response to the risk	Key observations communicated to the Audit Committee
<p>Fair value estimates – Level 2 and 3 investments (2020: US\$288.2, 2019: US\$266.3m)</p> <p><i>Refer to the Audit Committee Report (page 29); Accounting policies (page 62 and 67); and Notes 20 and 35 of the Financial Statements (pages 88, 100, 105 to 108).</i></p> <p>Valuation of the Level 2 and 3 investments requires significant judgements and estimates by management and external inputs. Any input inaccuracies or unreasonable basis used in determining these fair values could result in a misstatement of the income statement and balance sheet.</p> <p>We considered the risk to be elevated this year due to the significant adverse impact of COVID-19 on specific sectors that the group may be invested in.</p>	<ul style="list-style-type: none"> • We engaged tax specialists to assist with assessing the reasonableness of the Group's material tax litigations and claims including reading all correspondence with the relevant tax authorities and in determination of quantum; • We considered cases settled or litigation concluded in the year and also changes in assessments for ongoing cases year on year. We considered whether management's previous judgements and estimates were proven to be reasonable and materially correct or if there is evidenced of excessive optimism or management bias; and • We tested and reviewed the fairness, accuracy and completeness of disclosures in the financial statements in the required by IAS37. <hr/> <ul style="list-style-type: none"> • We walked through and understood the controls designed and implemented by the group over valuation of Level 2 and 3 investments. However, we did not test the operating effectiveness of the controls; • We read the accounting policy for investment valuation and assessed its compliance with accounting standards. We also performed testing on a sample basis to check that the investment valuations were consistent with the stated accounting policy and had been consistently applied; • We have tested the appropriateness of the valuation methodologies and techniques applied to all the unquoted Level 2 and 3 investments including comparing them with the International Private Equity and Venture Capital Valuation Guidelines (IPEV); • We obtained independent support to corroborate the stated values for all the unquoted Level 2 and 3. We also considered whether any changes had been made in valuation; • We have tested valuation inputs to supporting documentation and tested the arithmetical accuracy of the Group's valuation calculations for its unquoted investments; 	<p>Based on the results of our audit procedures, we consider that the judgements made and estimates prepared by the group in valuing Level 2 and Level 3 investments are acceptable.</p> <p>Management provided appropriate disclosures in the financial statements related to Level 2 and 3 investments.</p>

Independent Auditor's Report

to the Members of Ocean Wilsons Holdings Limited Only

Risk	Our response to the risk	Key observations communicated to the Audit Committee
	<ul style="list-style-type: none"> • We considered the date of valuations where these were not as of 31 December 2020. We performed procedures to ascertain if any significant changes in value might be expected where investments were valued at an interim date. We also considered valuations received after the year end until the date of our opinion for such investments; • We performed procedures to ascertain if valuations for investments in specific sectors significantly adversely impacted by COVID-19 were consistent with our expectations; • We tested the mathematical accuracy of any valuation models used and obtained direct confirmations from counterparties; and • We tested and reviewed the fairness, accuracy and completeness of disclosures in the financial statements required by IFRS7 and IFRS9. 	

In the prior year, our auditor's report included a key audit matter in relation to IFRS 16 adoption and disclosures. In the current year, our assessment does not indicate there is a higher risk of material misstatement in respect of the ongoing accounting and disclosures related to leased assets and related lease liabilities and we have therefore not considered this area a key audit matter this year.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group to be US\$3.7m (2019: US\$4.1m) which is 5% (2019: 5%) of Profit before tax. We believe that Profit before tax provides us with an appropriate reflection of the Group's activity and operational result.

During the course of our audit, we reassessed initial materiality and determined no change was required to be made to the materiality we initially determined.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 75% (2019: 75%) of our planning materiality, namely US\$2.8m (2019: US\$3.1m). We have set performance materiality at this percentage based on our understanding of the business, professional scepticism and prior year experience as we have reasonable assurance level of the low probability of material misstatement being present in the financial statements.

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of performance materiality allocated to components was US\$0.5m to US\$2.7m (2019: US\$0.5m to US\$3.1m).

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of US\$0.19m (2019: US\$0.20m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report set out on pages 1 to 42, including: Highlights, Chairman's statement, Financial Review, Wilson Sons Limited, Investment portfolio, Investment Manager's Report and Report of Directors, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Corporate Governance Statement

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group and company's compliance with the provisions of the UK Corporate Governance Statement specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 41;
- Directors' explanation as to their assessment of the company's prospects, the period this assessment covers and why the period is appropriate set out on pages 42 to 43;
- Directors' statement on fair, balanced and understandable set out on page 42;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 30;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 29 to 33; and
- The section describing the work of the Audit Committee set out on page 27 to 29.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 42, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant are:

- those that relate to the form and content of the financial statements, such as the Group's accounting policies, International Financial Reporting Standards (IFRS), Brazilian and Bermuda Company Law, the UK Listing Authority and the UK Corporate Governance Code 2018; and
- those that relate to the taxation, labour, civil and environmental matters in Brazil where the Group has the majority of its operations.

Independent Auditor's Report

to the Members of Ocean Wilsons Holdings Limited Only

We understood how Ocean Wilsons Holdings Limited is complying with those frameworks by reviewing the policies and procedures the Group has in place to manage compliance, making inquiries of management and those responsible for compliance. In addition, we enquired of the subsidiary internal audit function and reviewed their reporting. We also reviewed Board and sub-committee minutes and made inquiries of the members of the Audit Committee.

We assessed the susceptibility of the financial statements to material misstatement, including how fraud might occur by meeting with management from various parts of the Group to understand where they considered there was susceptibility to fraud and assessing whistleblowing incidences for those with a potential financial reporting impact. We also considered performance targets and their influence on efforts that may have been made by management to manage earnings or influence the perceptions of analysts. We assessed whether there is culture of honesty and ethical behaviour and whether a strong emphasis is placed on fraud prevention, which may reduce opportunities for fraud to take place, and fraud deterrence, which could persuade individuals not to commit fraud because of the likelihood of detection and punishment. We considered the programmes and controls that the Group has established to address risks identified, or that otherwise prevent, deter and detect fraud, and how senior management monitors those programs and controls.

Based on this understanding we designed our audit procedures to respond to the specific fraud risks and fraud risk factors we identified including those related to the key audit matters above, making changes to component scoping, increasing sampling, challenging areas of judgement and estimation, performing targeted journal entry testing and using data analysis techniques.

Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations identified above. Our procedures included testing journals and were designed to provide reasonable assurance that the financial statements were free of fraud or error. We inquired of management, including those responsible for tax compliance matters, in house legal counsel, and the Audit Committee members. We involved tax specialists in our audit procedures in Brazil who assisted with auditing material tax balances and in assessing uncertain tax positions and tax related litigation and claims. We evaluated the design effectiveness of controls put in place to address the risks we identified, or that otherwise prevent, deter and detect fraud. As noted above we challenged and assesses management judgements and estimates in those areas identified as key audit matters. These procedures were carried out at both group and component levels.

No instances of non-compliance or alleged non-compliance with laws were identified other than those disclosed in note 27 to the financial statements, in responding to those matters the details of our audit work are set out above under key audit matters.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Other matters we are required to address

Following the recommendation from the Audit Committee (formerly the Finance Committee at the time of our appointment), we were appointed by the company on 31 August 2017 to audit the financial statements for the year ending 31 December 2017 and subsequent financial periods.

The period of total uninterrupted engagement including previous renewals and reappointments is 4 years, covering the years ending 31 December 2017 to 31 December 2020.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group and we remain independent of the Group in conducting the audit.

The audit opinion is consistent with the additional report provided to the Audit Committee.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Section 90 and 98B of the Bermuda Companies Act 1981. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Steven Lunn (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
12 March 2021

Notes

1. The maintenance and integrity of the Ocean Wilsons Holding Limited website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
2. Legislation in Bermuda and the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2020

	Notes	Year ended 31 December 2020 US\$'000	Year ended 31 December 2019 US\$'000
Revenue	3	352,792	406,128
Raw materials and consumables used		(19,266)	(25,290)
Employee charges and benefits expense	6	(110,016)	(140,348)
Depreciation & amortisation expense (owned assets)	5	(50,617)	(53,733)
Amortisation of right-of-use assets	5, 15.3	(10,706)	(12,389)
Reversal/(impairment charge)	13	382	(13,025)
Other operating expenses		(87,796)	(92,624)
Gain/(loss) on disposal of property, plant and equipment		(317)	294
Foreign exchange losses on monetary items		(7,551)	(79)
Operating profit		66,905	68,934
Share of results of joint ventures	18	(4,142)	564
Returns on investment portfolio at fair value through profit or loss	7	33,383	34,716
Other investment income	3,8	1,644	6,052
Finance costs	9	(23,210)	(27,736)
Profit before tax	5	74,580	82,530
Income tax expense	10	(26,577)	(21,481)
Profit for the year	5	48,003	61,049
Other comprehensive income:			
Items that will never be reclassified subsequently to profit and loss			
Post-employment benefits		351	(1,168)
Items that are or may be reclassified subsequently to profit and loss			
Exchange differences arising on translation of foreign operations		(51,824)	(11,137)
Effective portion of changes in fair value of derivatives		(35)	689
Other comprehensive expense for the year		(51,508)	(11,616)
Total comprehensive income/(expense) for the year		(3,505)	49,433
Profit for the period attributable to:			
Equity holders of parent		38,712	46,852
Non-controlling interests		9,291	14,197
		48,003	61,049
Total comprehensive income/(expense) for the period attributable to:			
Equity holders of parent		9,064	40,030
Non-controlling interests		(12,569)	9,403
		(3,505)	49,433
Earnings per share			
Basic and diluted	12	109.5c	132.5c

Consolidated Balance Sheet

as at 31 December 2020

	Notes	As at 31 December 2020 US\$'000	As at 31 December 2019 US\$'000
Non-current assets			
Goodwill	13,14	13,429	14,090
Right-of-use assets	15	149,278	189,011
Other intangible assets	16	16,967	22,313
Property, plant and equipment	17	579,138	627,049
Deferred tax assets	25	29,716	31,820
Investment in joint ventures	19	26,185	30,334
Related party loans	34	30,460	30,132
Recoverable taxes	23	11,006	26,501
Other non-current assets	27	4,905	9,407
Other trade receivables	22	9	354
		861,093	981,011
Current assets			
Inventories	21	11,764	10,507
Financial assets at fair value through profit and loss	20	347,464	298,840
Trade and other receivables	22	47,807	56,743
Recoverable taxes	23	22,479	25,547
Cash and cash equivalents		63,255	68,979
		492,769	460,616
Total assets		1,353,862	1,441,627
Current liabilities			
Trade and other payables	26	(47,298)	(56,608)
Tax liabilities		(114)	(496)
Lease liabilities	15.2	(18,192)	(21,938)
Bank overdrafts and loans	24	(58,672)	(36,636)
		(124,276)	(115,678)
Net current assets		368,493	344,938
Non-current liabilities			
Bank loans	24	(283,989)	(298,342)
Post-employment benefits	36	(1,641)	(2,369)
Deferred tax liabilities	25	(50,987)	(52,525)
Provisions for tax, labour and civil cases	27	(9,560)	(14,643)
Lease liabilities	15	(139,702)	(172,210)
		(485,879)	(540,089)
Total liabilities		(610,155)	(655,767)
Net assets		743,707	785,860
Capital and reserves			
Share capital	28	11,390	11,390
Retained earnings		603,996	588,160
Capital reserves		31,991	31,991
Translation and hedging reserve		(91,595)	(61,748)
Equity attributable to equity holders of the parent		555,782	569,793
Non-controlling interests		187,925	216,067
Total equity		743,707	785,860

The accounts were approved by the Board 12 March 2021. The accompanying notes are part of this Consolidated Balance Sheet.

F. Beck
Director

K. W. Middleton
Director

Consolidated Statement of Changes in Equity

for the year ended 31 December 2020

	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
For the year ended 31 December 2019							
Balance at 1 January 2019	11,390	566,678	31,760	(55,603)	554,225	223,484	777,709
Currency translation adjustment	–	–	–	(6,546)	(6,546)	(4,591)	(11,137)
Post-employment benefits (note 36)	–	(677)	–	–	(677)	(491)	(1,168)
Effective portion of changes in fair value of derivatives	–	–	–	401	401	288	689
Profit for the year	–	46,852	–	–	46,852	14,197	61,049
Total comprehensive income/(expense) for the year	–	46,175	–	(6,145)	40,030	9,403	49,433
Dividends	–	(24,754)	–	–	(24,754)	(17,428)	(42,182)
Tax incentives	–	–	231	–	231	166	397
Share options exercised in subsidiary (note 28)	–	61	–	–	61	72	133
Share based payment expense (note 6)	–	–	–	–	–	370	370
Balance at 31 December 2019	11,390	588,160	31,991	(61,748)	569,753	216,067	785,860
For the year ended 31 December 2020							
Balance at 1 January 2020	11,390	588,160	31,991	(61,748)	569,753	216,067	785,860
Currency translation adjustment	–	–	–	(29,827)	(29,827)	(21,997)	(51,824)
Post-employment benefits (note 36)	–	199	–	–	199	152	351
Effective portion of changes in fair value of derivatives	–	–	–	(20)	(20)	(15)	(35)
Profit for the year	–	38,712	–	–	38,712	9,291	48,003
Total comprehensive income/(expense) for the year	–	38,911	–	(29,847)	9,064	(12,569)	(3,505)
Dividends	–	(24,754)	–	–	(24,754)	(17,455)	(42,209)
Tax incentives	–	–	–	–	–	19	19
Share options exercised in subsidiary (note 28)	–	1,679	–	–	1,679	1,657	3,336
Share based payment expense (note 6)	–	–	–	–	–	206	206
Balance at 31 December 2020	11,390	603,996	31,991	(91,595)	555,782	187,925	743,707

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 profit and loss reserve to capital reserves made in the Brazilian subsidiaries arising in the following circumstances:

- 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
- Wilson Sons 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 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 designated hedging relationships.

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 2020

	Notes	Year ended 31 December 2020 US\$'000	Year ended 31 December 2019 US\$'000
Net cash inflow from operating activities	29	105,700	106,309
Investing activities			
Interest received		1,749	3,379
Dividends received from trading investments	7	3,327	2,781
Proceeds on disposal of trading investments	20	45,154	55,882
Purchase of trading investments	20	(63,723)	(35,489)
Proceeds on disposal of property, plant and equipment		1,259	871
Purchase of property, plant and equipment		(58,360)	(85,686)
Purchase of intangible assets	16	(1,085)	(1,545)
Capital increase – Wilson, Sons Ultratug Participações S.A	17	(23)	(3,527)
Net cash used in investing activities		(71,702)	(63,334)
Financing activities			
Dividends paid	11	(24,754)	(24,754)
Dividends paid to non-controlling interests in subsidiary		(17,455)	(17,428)
Repayments of borrowings		(25,725)	(85,856)
Payments of lease liabilities		(6,345)	(6,424)
New bank loans drawn down		51,455	113,629
Derivative payments		–	(339)
Net cash inflow arising from issue of new shares in subsidiary under employee stock option scheme	29, 31	3,336	133
Net cash used in financing activities		(19,488)	(21,039)
Net increase in cash and cash equivalents		14,510	21,936
Cash and cash equivalents at beginning of year		68,979	43,801
Effect of foreign exchange rate changes		(20,234)	3,242
Cash and cash equivalents at end of year		63,255	68,979

Notes to the Accounts

for the year ended 31 December 2020

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 19. The nature of the Group's operations and its principal activities are set out in the operating and financial review on pages 5 to 8.

These financial statements are presented in US Dollars. This 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 International Financial Reporting Standards ("IFRSs") adopted for use by the International Accounting Standards Board ("IASB").

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

Going concern

The Group has considerable financial resources including US\$63.3 million in cash and cash equivalents and the Group's borrowings have a long maturity profile. The Group's business activities together with the factors likely to affect its future development and performance are set out in the Chairman's Statement, Financial Report and Investment Manager's Report. The financial position, cash flows and borrowings of the Group are set out in the Financial Review on pages 5 to 8. In addition, note 35 to the financial statements includes details of its financial instruments and hedging activities and its exposure to credit risk and liquidity risk. Details of the Group's borrowings are set out in note 24.

The Group closely monitors and manages its liquidity risk and does so in a manner that reflects its structure, of two distinct businesses, being the parent company along with Ocean Wilsons (Investments) Limited, and Wilson Sons Limited. In performing its going concern assessment, the Board considered the 15 month period to 31 March 2022.

Ocean Wilsons Holdings Limited and Ocean Wilsons (Investments) Limited

The parent company and Ocean Wilsons (Investments) Limited have combined cash and cash equivalents of US\$4.6 million and further highly liquid investments in excess of US\$90.0 million as at 31 December 2020. They have no debts but have made commitments in respect of investment subscriptions amounting to US\$45.3 million, details are provided in note 32. The timing of the investment commitments may be accelerated or delayed in comparison with those indicated in note 32. However, the highly liquid investments held are significantly in excess of the commitments. Neither Ocean Wilsons, nor Ocean Wilsons (Investments) Limited have made any commitments or have obligations towards Wilsons Sons and its subsidiaries and their creditors or lenders. Therefore, in the unlikely circumstance that Wilsons Sons was to encounter financial difficulty, the parent company and its subsidiary have no obligations to provide support and have sufficient cash and other liquid resources to continue as a going concern on a standalone basis.

Wilson Sons Limited

Wilson Sons has cash and cash equivalents of US\$58.6 million and further highly liquid investments of US\$39.0 million. All of the debt, as set out in note 24, and all of the lease liabilities, as set out in note 15, relate to Wilson Sons, and have a long maturity profile. The debt held by Wilson Sons is subject to covenant compliance tests as summarised in note 24, which were in compliance with at 31 December 2020 and are forecast to be complied with throughout the forecast period.

The covenants are most sensitive to changes in EBITDA, debt service costs and asset values. The Board reviewed Wilson Sons' 15-month forecasts for the financial year 2021 and the first quarter of 2022 which included analysis of cash flows and loan covenant compliance for the forecasting period. Budgets are compared with prior period actual results and previous forecasts so as to identify variances and understand the drivers of the changes and their future impact so as to allow management to take action as appropriate. Additional market analysis is performed to corroborate other key assumptions underpinning the forecasts. In preparing the forecasts consideration has been given to the commitments Wilson Sons has to its joint ventures in respect of their loan agreements as set out in note 19 and possible cash outflows these may give rise to, should the joint ventures breach their loan covenants.

Cash flow and loan covenant compliance forecasts were then reverse stress tested to understand the headroom available before a covenant breach occurs or liquidity is exhausted. Consideration was then given as to whether the principal risks attributable to Wilsons Sons would give rise to severe downside scenarios that could cause loan covenant breaches or exhausting of liquidity, such as significant reductions in revenues. The possibility of these scenarios happening are considered remote when contemplating Wilson Sons' financial performance during Brazil's economic crisis in 2015 and 2016 and in the COVID-19 pandemic in 2020 and given the outlook for the global and Brazilian economies in 2021 and beyond. The potential impact of COVID-19 has been considered as part of the going concern assessment. Whilst the going concern assessment does not indicate it will be necessary, should it required, Wilson Sons has the ability to delay or cancel forecast capital expenditure in order to manage liquidity and or loan covenant compliance.

Notes to the Accounts

2 Significant accounting policies and critical accounting judgements (continued)

This assessment confirmed that Wilson Sons has adequate cash, other liquid resources and undrawn credit facilities to enable it to meet its obligations as they fall due in order to continue its operations during the going concern forecast period.

Based on the Board's review of Wilson Sons' going concern assessment and the liquidity and cash flow reviews of the Company and its subsidiary Ocean Wilsons Investments, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis in preparing the Annual report and accounts.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) up to 31 December each year (collectively the "Group"). The Group controls an 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 in 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 directly 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 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 for the year. Balance sheet items are translated into US Dollars at year end exchange rates. Exchange differences arising on consolidation of entities with functional currencies other than US Dollars are classified as equity and are recognised in the Group's translation reserve.

Investments in joint ventures

Interests in joint ventures

A joint venture is a contractual agreement where the Group has rights to the net assets of the contractual arrangement and is not entitled to specific assets and liabilities arising from the agreement. Investments in joint venture entities are accounted for using the equity method. After initial recognition, the financial statements include the Group's share in the profit or loss for the year and other comprehensive income of the joint venture until the date that significant influence or joint control ceases.

Interests in joint operations

A 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 operation's 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 19.

2 Significant accounting policies and critical accounting judgements (continued)

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.

Stock option plan

For equity settled share-based payment transactions, the Group measures the options granted, and the corresponding increase in equity, directly at the fair value of the option grant. Subsequent to initial recognition and measurement, the estimate of the number of equity instruments for which the service and non-market performance conditions are expected to be satisfied is revised during the vesting period. The cumulative amount recognised is based on the number of equity instruments for which the service and non-market related vesting conditions are expected to be satisfied. No adjustments are made in respect of market related vesting conditions.

Share-based payment transactions

The fair value of the amount payable to an employee regarding the rights on the valuation of the shares, which is settled in cash, is recognised as an expense with a corresponding increase in liabilities during the period that the employee is 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 the statement of comprehensive income as personnel expenses.

Defined health benefit plans

The Group's net obligation regarding defined health benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees receive in return for their service in the current period and prior periods. That health benefit is discounted to determine its present value.

The calculation of the liability of the defined health benefit plan is performed annually by a qualified actuary using the projected unit credit method. Remeasurements of the net defined health benefit obligation, which include actuarial gains and losses, are immediately recognised in other comprehensive income. The Group determines the net interest on the net amount of defined benefit liabilities for the period by multiplying them by the discount rate used to measure the defined health benefit obligation. Defined benefit liabilities for the period take into account the balance at the beginning of the period covered by the financial statements and any changes in the defined health benefit net liability during the period due to the payment of contributions and benefits. Net interest and other expenses related to defined health benefit plans are recognised in the statement of comprehensive income.

When the benefits of a plan are increased, the portion of the increased benefit relating to past services rendered by employees is recognised immediately in the statement of comprehensive income. The Group recognises gains and losses on the settlement of a defined health benefit plan when settlement occurs.

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. Any revision to the calculations is recognised in the statement of comprehensive income.

Benefits of termination of employment relationship

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

Notes to the Accounts

2 Significant accounting policies and critical accounting judgements (continued)

Taxation

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

The current tax is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because it excludes or includes 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 current tax expense is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is the tax expected to be payable or recoverable on temporary differences and tax losses (i.e., differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit). Deferred tax liabilities are generally recognised for all taxable temporary differences except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

The Company offsets current tax assets against current tax liabilities when these items are in the same entity and 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.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items charged or credited directly to equity, in which case the tax is also taken directly to equity. Current tax is based on assessable profit for the year.

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 freehold land or assets under construction over their estimated useful lives, using the straight-line method as follows:

Freehold Buildings:	25 to 60 years
Leasehold Improvements:	Lower of the rental period or useful life considering residual values
Floating Craft:	25 years
Vehicles:	5 years
Plant and Equipment:	5 to 30 years

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

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

2 Significant accounting policies and critical accounting judgements (continued)

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

Dry docking costs are capitalised and depreciated over the period in which the economic benefits are received which is the period of the next scheduled dry docking or the end of the vessel's useful life. Docking costs are included in the floating craft category.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset 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.

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group.

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 the profit or loss in the period in which they are incurred.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses.

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 profit, other comprehensive income and 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 as follows. 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.

Concession rights:	10 to 33 years
Computer software:	3 to 5 years

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 are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

Impairment

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 is tested annually for impairment. An impairment loss is recognised if the carrying amount of an asset or cash-generating unit (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 generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

Notes to the Accounts

2 Significant accounting policies and critical accounting judgements (continued)

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to reduce the carrying amounts of the other assets in the CGU 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 liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

a. Financial assets

Financial assets are classified at initial recognition as subsequently measured at amortised cost, fair value through profit or loss (FVTPL) and fair value through other comprehensive income (OCI). The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow and the Group's business model for managing them.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Financial assets at amortised cost

The following instruments have been classified and measured at amortised cost using the effective interest method, less any impairment loss:

- Cash and Cash Equivalents/Investments: Cash and cash equivalents comprise cash on hand and other short-term highly liquid cash equivalents with maturities of less than 90 days which are subject to an insignificant risk of changes in value and Investments comprise cash in hand and other investments with more than 90 days of maturity.
- Trade Insurance and Other Receivables: Trade receivables, insurance receivables and other receivables are stated at the present value of the amounts, reduced by any impairment loss.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss or financial assets mandatorily required to be measured at fair value. Financial assets at fair value through profit or loss are carried in the balance sheet at fair value with net changes in fair value recognised in the statement of profit or loss. Changes in fair value are recognised in the profit or loss under "financial income" or "financial expenses", depending on the results obtained.

2 Significant accounting policies and critical accounting judgements (continued)

Impairment of financial assets

Financial assets that are measured at amortised cost are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty;
- Default or delinquency in interest or principal payments;
- It becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- The disappearance of an active market for that financial asset due to financial difficulties.

For trade receivables, the Group applies a simplified approach in calculation an allowance for expected credit losses. Details are disclosed in Note 22.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, reflecting the impact of collateral and guarantees, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account.

When a trade receivable is considered uncollectible it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateral borrowing for the proceeds received.

b. Financial liabilities

Financial liabilities are classified as either "FVTPL" or "other financial liabilities". Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL. Other financial liabilities are initially measured at fair value, net of transaction costs and then subsequently measured at amortisation cost using the effective interest method with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

There are no financial liabilities classified at FVTPL.

Other financial liabilities

- Bank loans: Interest-bearing bank loans 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 the accruals basis to the income statement 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.
- Trade Payables: Trade payables and other amounts payable are measured at fair value, net of transaction costs.

Derecognition of financial liabilities

The Group derecognises financial liabilities only when the Group's obligations are discharged, cancelled or they expire.

Notes to the Accounts

2 Significant accounting policies and critical accounting judgements (continued)

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period taking into account the risks and uncertainties surrounding the obligation. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

Revenue

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

Shipyard revenue

Revenue related to services and construction contracts is recognised throughout the period of the project when the work in proportion to the stage of completion of the transaction contracted has been performed.

Port terminals revenue

Revenue from providing container movement and associated services is recognised on the date that the services have been performed.

Oil & Gas support base revenue

Revenue from providing vessel turnarounds is recognised on the date that the services have been performed.

Towage revenue

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

Ship agency and logistics revenues

Revenue from providing agency and logistics services is recognised when the agreed services have been performed.

Interest income

Interest income is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income

Dividend income from investments is recognised when the shareholders right to receive payment has been established.

Construction contracts

Construction contracts in progress represent the gross amount expected to be collected from customers for contract work performed to date. When 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. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably, has been agreed with the customer and consequently is considered probable.

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

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

Construction contracts in progress are presented as part of trade and other payables and 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.

2 Significant accounting policies and critical accounting judgements (continued)

Leased assets

The Group as a lessee

For any new contracts, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Group assesses whether the contract meets three key criteria:

- The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- The Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- The Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group measures the lease liability at the present value of the lease payments unpaid at that date using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate. Generally, the Group applies the incremental borrowing rate. For a portfolio of leases with similar characteristics, lease liabilities are discounted using single discount rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments, variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised. Variable lease payments not related to an index or rate are expensed as incurred.

In accessing certain commitments related to the rent of buildings, the Group cannot readily determine the lease term as these can be terminated with no penalty every year. For these cases, the Group defines a standard lease term of 5 years. For machinery which the Group cannot readily determine the lease term, the Group defines the lease term as the useful life of the machinery.

Subsequent to the initial measurement, the carrying amount of the liability is reduced to reflect the lease payments made and increased to reflect the interest payable. If there is a change in the expected cash flows arising from an index or rate, the lease liability is recalculated. If the modification is related to a change in the amounts to be paid, the discount rate is not revised. Otherwise, if a modification is made to a lease the Group revises the discount rate as if a new lease arrangement had been made.

When the lease liability is revised, the corresponding adjustment is reflected in the right-of-use asset. When the right-of-use asset is reduced to zero, the amount is recognised in the statement of comprehensive income.

The Group amortises the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients method. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in the statement of comprehensive income on a straight-line basis over the lease term.

Notes to the Accounts

2 Significant accounting policies and critical accounting judgements (continued)

Finance income and finance costs

Finance income comprises interest income on funds invested, fair value gains on financial assets recognised through profit or loss and gains on hedging instruments that are recognised in profit or loss. Interest income is recognised as it accrues in the profit or loss using the effective interest method.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and deferred consideration, fair value losses on financial assets at fair value through profit or loss and contingent consideration losses on hedging instruments that are recognised in profit or loss.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

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 as mentioned below.

a. Provisions for tax, labour and civil risks – Judgement

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 managements' 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.

The amount of provisions for tax, labour and civil risks at the end of the reporting period was US\$9.6 million (2019: US\$14.6 million). Details are disclosed in Note 27.

b. Impairment loss on non-financial assets – Judgement and estimation

Impairment losses occur when book value of an asset or cash generating unit exceeds its recoverable value, which is the highest of fair value less selling costs and value in use. Calculation of fair value less selling costs is based on information available on similar assets' selling transactions or market prices less additional costs to dispose of the asset. The value-in-use calculation is based on the discounted cash flow model. The recoverable value of the cash-generating unit is defined as the higher of the fair value less sales costs and value in use.

The main non-financial assets for which this assessment was made are goodwill and the tangible assets of offshore support bases.

Goodwill

Goodwill is associated with two cash-generating units "CGU" (Tecon Salvador and Tecon Rio Grande) in Wilson Sons.

The carrying amount of goodwill at the end of the reporting period was US\$13.4 million (2019: US\$14.1 million). In the prior year, an impairment was identified on the Brasco CGU and a charge of \$12.7 million was recognized, reducing the goodwill of the Brasco CGU to zero. There was no impairment to the carrying value of goodwill in 2020. After completing annual impairment tests, the level of headroom for Tecon Grand Rio Grande and Tecon Salvadoris was significant. There is no plausible change in forecast assumptions to give rise to any impairment. Details are disclosed in Note 13.

Tangible assets

Due to the impairment loss recognised in 2019 attributed to offshore support bases and the level of headroom for the Brasco CGU, the Company expanded the impairment procedures for the tangible assets of this CGU. Details are disclosed in Note 13.

2 Significant accounting policies and critical accounting judgements (continued)

c. Valuation of unquoted investments – Judgement and estimation

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. The Group 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.

Through the Investment Manager, the Directors have considered the valuation of investments in particular Level 2 and 3 assets and they consider that the position taken represents the best estimate at the balance sheet date.

The amount of Level 3 assets at the end of the reporting period was US\$99.1 million (2019: US\$101.3 million). The amount of Level 2 assets at the end of the reporting period was US\$189.1 million (2019: US\$165.0 million). Details are disclosed in note 35.

Changes in accounting policies and disclosures

Several amendments and interpretations apply for the first time in 2020, but do not have an impact on the consolidated financial statements of the Group. The Group adopted the following amendment early for the current year.

Amendments to IFRS 16 COVID-19 Related Rent Concessions

On 28 May 2020, the IASB issued COVID-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted and the Group adopted the amendment in 2020. This amendment impacted US\$0.02 million in discounts obtained and US\$0.2 million in payment deferrals from 2020 to 2021.

Other amendments

The following new or amended standards did not have a significant impact on the Group's consolidated financial statements:

Amendments to IFRS 3

The amendments to IFRS 3 clarify that, to be considered a business, an integrated set of activities and assets must include, at least, an inflow of funds and a substantive process that together contribute significantly to the capacity to generate the outflow of funds. Moreover, it clarified that a business can exist without including all the inflows of funds and processes necessary to create outflows of funds. These amendments had no impact on the Company's individual and consolidated financial statements but may impact future periods if the Group enters into any business combination.

Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the consolidated financial statements of the Group as it does not have any interest rate hedge relationships.

Amendments to IAS 1 and IAS 8 Definition of Material

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to the Group.

Conceptual Framework for Financial Reporting issued on 29 March 2018.

The revised standard outlines some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These changes did not affect the financial statements of the Company.

Notes to the Accounts

2 Significant accounting policies and critical accounting judgements (continued)

Standards issued but not yet effective

The Group has listed all new standards and interpretations issued, but not yet effective. The Group will not early adopt any new or amended standards but will adopt when required to do so. The Group is assessing the impact that these new standards and interpretations may have at this time.

- Insurance Contracts (IFRS 17), effective for periods beginning on or after 1 January 2023;
- Reference to Conceptual Framework - Amendments to IFRS 3, effective for periods beginning on or after 1 January 2022;
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current, effective for periods beginning on or after 1 January 2023;
- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16, effective for periods beginning on or after 1 January 2022;
- Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37, effective for periods beginning on or after 1 January 2022;
- IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter, effective for periods beginning on or after 1 January 2022;
- IFRS 9 Financial Instruments – Fees in the '10 percent' test for derecognition of financial liabilities, effective for periods beginning on or after 1 January 2022; and
- IAS 41 Agriculture – Taxation in fair value measurements, effective for periods beginning on or after 1 January 2022.

3 Revenue

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

	Year ended 31 December 2020 US\$'000	Year ended 31 December 2019 US\$'000
Sales of services	352,792	406,128
Revenue from construction contracts	–	–
	352,792	406,128
Income from underlying investment vehicles (note 7)	3,327	2,781
Other investment income (note 8)	1,644	6,039
	357,763	414,948

3 Revenue (continued)

The following is an analysis of the Group's revenue from continuing operations for the period:

3.1 Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contracts with customers.

	Year ended 31 December 2020 US\$'000	Year ended 31 December 2019 US\$'000
Towage and ship agency services		
Harbour manoeuvres	159,134	148,330
Special operations	14,462	11,194
Ship agency	8,122	9,241
Total	181,718	168,765
Port terminals		
Container handling	71,401	92,341
Warehousing	28,727	33,545
Ancillary services	18,534	21,607
Oil & Gas support bases	8,045	19,357
Other services	13,514	20,317
Total	140,221	187,167
Logistics		
Logistics	28,616	45,691
Total	28,616	45,691
Shipyard		
Shipyard construction contracts		–
Repairs/dry-docking	2,237	4,505
Total	2,237	4,505
Other services		
Other services		–
Total	352,792	406,128
Timing of revenue recognition		
At a point of time	350,555	401,623
Over time	2,237	4,505
	352,792	406,128

Notes to the Accounts

3 Revenue (continued)

3.2 Contract balance

Trade receivables are generally received within 30 days. The carrying amount of operational trade receivables at the end of the reporting period was US\$40.6 million (2019: US\$47.2 million). These amounts include US\$10.4 million (2019: US\$12.4 million) of contract assets (unbilled accounts receivables).

There were no contract liabilities as at 31 December 2020.

3.3 Performance obligations

Information about the Group's performance obligations are summarised below:

Performance obligation	When performance obligation is typically satisfied
Towage and agency services	
Harbour Manoeuvres	At a point in time
Special Operations	At a point in time
Ship Agency	At a point in time
Port Terminals	
Container handling	At a point in time
Warehousing	At a point in time
Ancillary services	At a point in time
Oil & Gas support bases	At a point in time
Other services	At a point in time
Logistics	
Logistics	At a point in time
Shipyard	
Ship construction contracts	Over time
Technical assistance/dry-docking	Over time

The majority of the Group's performance obligations are satisfied at a point in time, upon delivery of the service and payment is generally due within 30 days from completion of the service.

The performance obligation of ship construction contracts, technical assistance and drydocking is satisfied over time and the revenue related to these contracts is recognised when the work in proportion to the stage of completion of the transaction contracted has been performed. On 31 December 2020, there were no warranties or refund obligations associated with ship construction contracts.

There are no significant judgements in the determination of when performance obligations are typically satisfied.

All revenue is derived from continuing operations.

4 Business and geographical segments

Business segments

Ocean Wilsons has two reportable segments: maritime services and investments. These segments report their financial and operational data separately to the Board. The Board considers these segments separately when making business and investment decisions. The maritime services segment provides towage and ship agency, port terminals, 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.

	Maritime Services Year ended 31 December 2020 US\$'000	Investment Year ended 31 December 2020 US\$'000	Unallocated Year ended 31 December 2020 US\$'000	Consolidated Year ended 31 December 2020 US\$'000
For the year ended 31 December 2020				
Revenue	352,792	–	–	352,792
Result				
Segment result	80,279	(3,315)	(2,508)	74,456
Share of results of joint ventures	(4,142)	–	–	(4,142)
Return on investment portfolio at fair value through P&L	–	33,383	–	33,383
Other investment income	1,644	–	–	1,644
Finance costs	(23,210)	–	–	(23,210)
Foreign exchange (losses)/profit on monetary items	(7,444)	(12)	(95)	(7,551)
Profit/(loss) before tax	47,127	30,056	(2,603)	74,580
Tax	(26,577)	–	–	(26,577)
Profit/(loss) after tax	20,550	30,056	(2,603)	48,003
Other information				
Total current assets	178,281	–	–	178,281
Capital additions	62,486	–	–	62,486
Right-of-use asset additions	5,200	–	–	–
Depreciation, amortisation and impairment	(50,617)	–	–	(50,617)
Amortisation of right-of-use assets	(10,706)	–	–	(10,706)
Total comprehensive income (loss)	(30,956)	–	–	(30,956)
Balance Sheet				
Segment assets	1,039,374	310,882	3,606	1,353,862
Segment liabilities	(609,104)	(621)	(430)	(610,155)

Notes to the Accounts

4 Business and geographical segments (continued)

	Maritime Services Year ended 31 December 2019 US\$'000	Investment Year ended 31 December 2019 US\$'000	Unallocated Year ended 31 December 2019 US\$'000	Consolidated Year ended 31 December 2019 US\$'000
For the year ended 31 December 2019				
Revenue	406,128	–	–	406,128
Result				
Segment result	75,200	(3,648)	(2,539)	69,013
Share of results of joint ventures	564	–	–	564
Return on investment portfolio at fair value through P&L	–	34,716	–	34,716
Other investment income	6,045	7	–	6,052
Finance costs	(27,736)	–	–	(27,736)
Foreign exchange (losses)/profit on monetary items	(634)	(14)	569	(79)
Profit/(loss) before tax	53,439	31,061	(1,970)	82,530
Tax	(21,481)	–	–	(21,481)
Profit/(loss) after tax	31,958	31,061	(1,970)	61,049
Other information				
Total current assets	170,009	–	–	170,009
Capital additions	89,482	–	–	89,482
Right-of-use asset additions	14,434	–	–	14,434
Depreciation, amortisation and impairment	(66,758)	–	–	(66,758)
Amortisation of right-of-use assets	(12,389)	–	–	(12,389)
Total comprehensive income (loss)	20,294	–	–	20,294
Balance Sheet				
Segment assets	1,151,527	286,009	4,091	1,441,627
Segment liabilities	(654,018)	(923)	(826)	(655,767)

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. The Group, through its participation in an offshore vessel joint venture in Panama, earns income in that country and in Uruguay. All 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 2020 US\$'000	31 December 2019 US\$'000	Year ended 31 December 2020 US\$'000	Year ended 31 December 2019 US\$'000
Brazil	994,826	1,109,485	67,686	104,416
Bermuda	359,036	332,142	–	–
	1,353,862	1,441,627	67,686	104,416

5 Profit for the year

Profit for the year has been arrived at after charging:

	Year ended 31 December 2020 US\$'000	Year ended 31 December 2019 US\$'000
Depreciation of property, plant and equipment	47,793	50,353
Impairment charge	–	13,025
Amortisation of intangible assets	2,824	3,380
Amortisation of right-of-use assets	10,706	12,389
Auditor's remuneration (see below)	672	795
Non-executive directors' emoluments	898	521

A more detailed analysis of auditor's remuneration is provided below:

Auditor's remuneration for audit services	672	732
Other services	–	63
	672	795

6 Employee charges and benefits expense

	Year ended 31 December 2020 US\$'000	Year ended 31 December 2019 US\$'000
Aggregate remuneration comprised:		
Wages, salaries and benefits	87,852	111,066
Share based payments	206	370
Social security costs	21,271	28,157
Other pension costs	687	755
	110,016	140,348

7 Returns on investment portfolio at fair value through profit or loss

	Year ended 31 December 2020 US\$'000	Year ended 31 December 2019 US\$'000
Unrealised gains on financial assets at fair value through profit or loss	29,055	24,438
Income from underlying investment vehicles	3,327	2,781
Profit on disposal of financial assets at fair value through profit or loss	1,001	7,497
	33,383	34,716

8 Other investment income

	Year ended 31 December 2020 US\$'000	Year ended 31 December 2019 US\$'000
Interest on bank deposits	1,078	1,740
Other interest	566	4,312
	1,644	6,052

Notes to the Accounts

9 Finance costs

	Year ended 31 December 2020 US\$'000	Year ended 31 December 2019 US\$'000
Interest on lease liabilities	12,836	15,912
Interest on bank overdrafts and loans	10,262	10,823
Exchange loss on foreign currency borrowings	–	778
Other interest	112	223
	23,210	27,736

Borrowing costs incurred on qualifying assets of US\$3.0 million (2019: US\$2.3 million) were capitalised in the year at an average interest rate of 2.76% (2019: 2.85%).

10 Taxation

	Year ended 31 December 2020 US\$'000	Year ended 31 December 2019 US\$'000
Current		
Brazilian taxation		
Corporation tax	20,912	16,202
Social contribution	8,276	6,155
Total current tax	29,188	22,357
Deferred tax – origination and reversal of timing differences		
(Credit)/Charge for the year in respect of deferred tax liabilities	17,601	(5)
Credit for the year in respect of deferred tax assets	(20,212)	(871)
Total deferred tax	(2,611)	(876)
Total taxation charge	26,577	21,481

Brazilian corporation tax is calculated at 25% (2019: 25%) of the assessable profit for the year. Brazilian social contribution tax is calculated at 9% (2019: 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 Taxation (continued)

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

	Year ended 31 December 2020 US\$'000	Year ended 31 December 2019 US\$'000
Profit before tax	74,580	82,530
Tax at the aggregate Brazilian tax rate of **% (2019: 34%)	25,357	28,060
Utilisation of net operating losses	–	(506)
Net operating losses in the period	2,869	1,712
Exchange variance on loans	(14,631)	(804)
Tax effect of share of results of joint ventures	1,408	(192)
Tax effect of foreign exchange gains or losses on monetary items	4,248	494
Retranslation of non-current assets	13,972	(592)
Share option scheme	43	126
Non-deductible expenses	2,018	1,701
Leasing	(108)	(133)
Resolution of tax litigation	(209)	(126)
Impairment charge	–	(1,438)
Other	519	–
Effect of different tax rates of subsidiaries operating in other jurisdictions	(8,909)	(6,821)
Tax expense for the year	26,577	21,481
Effective rate for the year	36%	26%

The Group earns its profits primarily in Brazil. Therefore, the tax rate used for tax on profit on ordinary activities is the standard rate in Brazil of 34% (2019: 34%), consisting of corporation tax (25%) and social contribution (9%).

11 Dividends

	Year ended 31 December 2020 US\$'000	Year ended 31 December 2019 US\$'000
Amounts recognised as distributions to equity holders in the period:		
Dividends paid for the year ended 31 December 2019 of 70c (2018: 70c) per share	24,754	24,754
Proposed final dividend for the year ended 31 December 2020 of 70c (2019: 70c) per share	24,754	24,754

12 Earnings per share

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

	Year ended 31 December 2020 US\$'000	Year ended 31 December 2019 US\$'000
Earnings:		
Earnings for the purposes of basic earnings per share being net profit attributable to equity holders of the parent	38,712	46,852
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

Notes to the Accounts

13. Impairment Test of Cash Generating Units (CGUs)

13.1 Tecon Rio Grande and Tecon Salvador

The cash flows of these CGUs are derived from operating budgets, historical and prospective data, and include the following forecast assumptions: (i) revenue; (ii) costs and expenses; (iii) investments; (iv) discount rate.

The key assumptions used in determining value in use relate to growth rate, discount rate and inflation rate. Further assumptions include sales and operating margins which are based on past experience taking into account the effect of known, or likely, changes in market or operating conditions. Projected volumes for Tecon Rio Grande and Tecon Salvador were based on the expected performance of the Brazilian economy until reaching operating capacity for each.

The discount rate was based on weighted average cost of capital ("WACC"), whereas the growth rate for projection, is based on the inflation rate only after reaching operating capacity.

The estimated average growth rate used does not exceed the historical average for Tecon Rio Grande and Tecon Salvador and the discount rate used in 2020 was 8.4% (9.3% on 31 December 2019).

Review tests were performed on these CGUs and concluded that there are not factors that indicate impairment, since the recoverable amount significantly exceeded the book value.

13.2 Offshore support bases

In 2019 the Company recognised an impairment loss of US\$13.3 million (R\$ 53.5 million), of which US\$12.8 million (R\$ 51.6 million) related to Goodwill and the remaining against other intangible assets. Goodwill for this CGU was then fully written-off.

Due to the impairment loss recognised in 2019 attributed to offshore support bases, the Company expanded the impairment procedures for the tangible assets of this CGU.

The Company determines its cash flow bases on the budgets and historical and prospective data, including the following main assumptions: (i) revenue; (ii) costs and expenses; (iii) investments; (iv) projection period; and (v) discount rates based on weighted average cost of capital ("WACC").

(i) Revenue

Occupancy rate

The projected quantity of vessel turnarounds considers the estimated pace of growth in oil & gas offshore exploration and production, based on data from Brazilian Petroleum National Agency (ANP), Energy Research Agency (EPE, subordinated to Ministry of Energy), Oil Companies' releases and specialised industry reports. In the market reports reviewed there is a consensus that in the next 10 years there will be significant increases in oil exploration and production activities in Brazil.

Based on the specialised industry reports, management estimates that the oil companies will undertake an estimated 6,729 berthing operations per year until 2024 for the exploration blocks and oil fields located in the Company's area of influence (southern region of Campos Basin and Santos Basin), thus representing an increase of 1,840 annual berths compared to 2019 (4,888 berths/year).

The Company predicts it will successfully capture part of the above mentioned increase in demand for berthing space considering the competitive landscape in the service Guanabara Bay area and expects to reach from 2026 onwards operating levels attained prior to the economic and oil and gas market crises. In forecasting expected growth over the period to 2024, the Company has taken account of current tender activity and expected tender activity to come, and has identified those projects it expects to secure based on an assessment of competitive advantage. The average growth rate is 23% each year until 2024.

Longer term growth rates after 2024 are aligned with the expected growth in the Brazilian oil and gas sector, and the region in which the Company operates which gives rise to an average growth rate after 2024 of 15% per annum.

Due to the impact of the COVID-19 pandemic and the resultant oil price shock during 2020 a number of Oil Companies have sought postponement of their start date for exploration and development of oil fields in Brazil and the ANP has granted concessions in this regard. The Company has made adjustments to their previous forecasts to take account of new information available, principally by amending the cashflow by delaying them by one year to take account of the impacts of the economic crises and the above mentioned postponements.

Sales prices

In the short term (2021-2023), the Company's financial projections do not consider an increase with regard to the pricing currently in place. For the long term (2024-2030), the projections consider the unit price of 2023 adjusted for inflation over time.

13. Impairment Test of Cash Generating Units (CGUs) (continued)

Stress testing

The Company prepared a stress testing considering the following scenarios taking account of the different growth rates forecast to 2024 and longer term:

- Revenue aggregate: the revenue would have to decrease by 5.3% each year (not compounded) in the model to achieve break even.
- Revenue short term (2021-2023): the revenue would have to decrease 12.0% (not compounded) from 2021 to 2023 in the model to achieve break even.

The short term revenue is a sensitive assumption to be extremely dependent from the results of tenders submitted and tenders expected to be submitted that the Company expects to have a high change of securing. Revenue growth rates below those outlined in the above sensitivity would lead to impairment.

(ii) Costs and expenses

For all years forecast, variable costs are forecast to increase in line with forecast increases in activity. For the period to 2023, the Company's forecasts its fixed costs will not increase above current levels. For the long term (2024-2030), the projections are adjusted for inflation over time.

(iii) Investments

As per IAS 36, the company is required to include in the estimated cash outflows only the investment required to maintain the level of economic rewards expected from the assets in their current conditions. The Company did not include any expansion investment in the model.

(iv) Projection period

The Company has prepared the cash flow projection considering a period over a 10 year period plus a perpetuity. The oil and gas industry life cycle is at least 10 years, due to the life cycle of investment in an oil field from exploration to sustainable production. The company assumes a growth in the perpetuity calculation limited to inflation which is predicted to be 4% per annum.

(v) Discount rates

The discount rate represents the current market assessment of the risks specific to the CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the CGU and its operating segments and is a weighted average cost of capital (WACC). The WACC takes into account both cost of debt and equity. The cost of equity is derived from the expected return on investment by potential investors. The cost of debt is based on an assessment of the interest-bearing borrowings the CGU is able to borrow in the market. Segment-specific risk is incorporated by applying beta factors. The beta factors are evaluated annually based on publicly available market data.

The Company has determined the discount rate using reputable sources to capture macroeconomic assumptions and information from comparator companies in the oilfield and maritime services sector, in which Brasco operates. The discount rate used was 11.3% (14.5% as at 31 December 2019). The reduction in discount rate from 2019 to 2020 was principally driven by a reduction of cost of equity, due to the macroeconomic assumptions update over the last twelve months (i.e. decrease in risk free rate, unleveraged beta, Country Risk Premium, reduction in Equity Risk Premium and amendments to the debt/equity ratio). For 2019, the Company included a risk premium in the WACC recognising the risks inherent in the forecast cashflows. The company has not done so this year, as it considers its forecast cashflows are not as inherently risky compared to the prior years forecasts.

Stress testing

The discount rate would have to increase by 0.9% (i.e. to 12.2%) for the impairment model to achieve break even.

The Company, having carried out the impairment tests above, concluded that no impairment needed to be recorded, since the recoverable amount exceeded the book value. The carrying value of Brasco's assets of US\$46.3 million (R\$240.0 million) was lower than the value in use of US\$57.2 million (R\$296.8 million).

In addition, the Company reversed the impairment of US\$0.4 million (R\$2.0 million) related to intangible assets other than goodwill recognised in 2019.

However, according to the stress testing scenarios above, the Company would need to record an impairment losses if at least one of this following scenarios was to occur in isolation:

- Revenue aggregate would have to decrease by more than 5.3% each year;
- Revenue short term (2021 – 2023) would have to decrease by more than 12.0% each year; or
- Discount rate would have to increase by more than 0.9%.

Notes to the Accounts

14 Goodwill

	Tecon Rio Grande US\$'000	Tecon Salvador US\$'000	Brasco US\$'000	Total US\$'000
Carrying Value:				
At 1 January 2019	11,728	2,480	13,307	27,515
Impairment	–	–	(12,536)	(12,536)
Exchange differences	(118)	–	(770)	(889)
At 1 January 2020	11,610	2,480	–	14,090
Impairment	–	–	–	–
Exchange differences	(661)	–	–	(661)
At 31 December 2020	10,949	2,480	–	13,429
Carrying amount				
31 December 2020	10,949	2,480	–	13,429
31 December 2019	11,609	2,480	–	14,090

The goodwill associated with each cash-generating unit "CGU" (Tecon Salvador and Tecon Rio Grande) is attributed to the Port Terminals segment. The movement in goodwill balances in the year is due to the depreciation of the Brazilian Real against the US Dollar.

Each CGU is assessed for impairment annually and whenever there is an indication of impairment. The carrying value of goodwill has been assessed with reference to its value in use reflecting the projected discounted cash flows of each CGU to which goodwill has been allocated.

In 2019, as a result of impairment test it was concluded that carrying value of Brasco's assets of US\$83.6 million (R\$337.2 million) exceeded the value in use of US\$70.4 million (R\$283.7 million). As a result of this analysis, an impairment charge of US\$13.3 million (R\$53.5 million) was recognised in 2019, of which US\$12.5 million (R\$51.6 million) against goodwill and the remaining against other intangible assets.

Details of the impairment test are disclosed in note 13.

15 Lease arrangements

15.1 Right-of-use assets

	Operational facilities US\$'000	Floating craft US\$'000	Buildings US\$'000	Vehicles, plant and equipment US\$'000	Total US\$'000
Cost or valuation					
At 1 January 2020	186,026	4,481	6,449	12,703	209,659
Transfers from property, plant and equipment	–	–	–	495	495
Contractual amendments	9,376	52	201	83	9,712
Additions	1,553	3,504	19	124	5,200
Exchange differences	(42,245)	(759)	(772)	(1,745)	(45,521)
Terminated contracts	–	–	(200)	(1,911)	(2,111)
At 31 December 2020	154,710	7,278	5,697	9,749	177,434
Accumulated amortisation					
At 1 January 2020	8,269	2,276	1,469	8,634	20,648
Transfers from property, plant and equipment	–	–	–	471	471
Charge for the year	7,280	2,995	1,099	1,062	12,436
Exchange differences	(1,810)	(521)	(77)	(1,060)	(3,468)
Terminated contracts	–	–	(70)	(1,861)	(1,931)
At 31 December 2020	13,739	4,750	2,421	7,246	28,156
Carrying Amount					
At 31 December 2020	140,971	2,528	3,276	2,503	149,278

15 Lease arrangements (continued)**15.1 Right-of-use assets (continued)**

	Operational facilities US\$'000	Floating craft US\$'000	Buildings US\$'000	Vehicles, plant and equipment US\$'000	Total US\$'000
Cost or valuation					
At 1 January 2019	178,841	4,525	6,714	4,053	194,133
Transfers from property, plant and equipment	–	–	–	9,798	9,798
Contractual amendments	14,748	173	(218)	(269)	14,434
Additions	–	–	65	161	226
Exchange differences	(7,563)	(217)	(112)	(578)	(8,470)
Terminated contracts	–	–	–	(462)	(462)
At 31 December 2019	186,026	4,481	6,449	12,703	209,659
Accumulated amortisation					
At 1 January 2019					
Transfers from property, plant and equipment	–	–	–	7,969	7,969
Charge for the year	8,422	2,321	1,473	1,326	13,542
Exchange differences	(153)	(45)	(4)	(330)	(532)
Terminated contracts	–	–	–	(331)	(331)
At 31 December 2019	8,269	2,276	1,469	8,634	20,648
Carrying Amount					
At 31 December 2019	177,757	2,205	4,980	4,069	189,011

Operational facilities

The main lease commitments included as operational facilities are described below:

Tecon Rio Grande

The Tecon Rio Grande lease was signed on 3 February 1997 for a period of 25 years renewable for a further 25 years. Tecon Rio Grande was granted the right to renew the lease as set out in the contract amendment signed on 7 March 2006 due to compliance with the contractual requirements to make additional investments in expanding the terminal by constructing a third berth and achieving the minimum annual container volume handled.

Among the commitments set forth in the lease agreement and its addendum are the following:

- A monthly payment for facilities and leased areas;
- A contractual payment per container moved based on minimum forecast volumes. If container volumes moved through the terminal exceed forecast volumes in any given year, additional payments are required;
- A payment per tonne in respect of general cargo handling and unloading.

Tecon Salvador

Tecon Salvador S.A. has the right to lease and operate the container terminal and heavy cargo terminal in the Port of Salvador for 25 years renewed in 2016 for a further 25 years. The total lease term of 50 years, until March 2050, is provided in the second addendum to the rental agreement. This addendum requires the Group to make a minimum specified investment in expanding the leased terminal area.

Notes to the Accounts

15 Lease arrangements (continued)

15.1 Right-of-use assets (continued)

Among the commitments set forth in the lease agreement and its addendum are the following:

- A monthly payment for facilities and leased areas;
- Lease payments for the existing area and the additional area added under the terms of the second contractual addendum;
- A contractual payment per container moved based on minimum forecast volumes and a fee per ton of non-containerised cargo moved based on minimum forecast volumes.

Wilson Sons shipyard

Lease commitments mainly refer to a 60-year right to lease from June 2008 and operate an area located adjacent to our shipyard in Guarujá, São Paulo state. The initial lease of 30 years is renewable for a further period of 30 years at the option of the Group. The area has been used to expand and develop the Wilson Sons shipyard. Management's intention is to exercise the renewal option.

Brasco

The Brasco lease commitments mainly refers to a 30-year lease expiring in 2043 to operate a port area in Caju, Rio de Janeiro, Brazil with convenient access to service the Campos and Santos oil producing basins.

Logistics

Lease commitments mainly refer to the bonded terminals and distribution centres located in Santo André, São Paulo state and Suape, Pernambuco state with terms ranging between 18 and 24 years.

Floating craft

Variable chartering of vessels for maritime transport between port terminals. Payments made relating to the number of vessel trips were not included in the measurement of lease liabilities because they relate to variable payments.

Buildings

The Group has lease commitments for its Brazilian business headquarters, branches and commercial offices in several Brazilian cities.

Vehicles, plant and equipment

Rental contracts mainly for forklifts, vehicles for operational, commercial and administrative activities and other operating equipment.

15 Lease arrangements (continued)

15.2 Lease liabilities

	Discount rate	31 December 2020 US\$'000	31 December 2019 US\$'000
Lease liabilities by class of asset			
Operational facilities	8.75%	150,513	183,895
Buildings	8.75%	2,932	5,072
Vehicles, plant and equipment	8.88% – 12.90%	1,690	2,887
Floating craft	9.25%	2,759	2,294
Total		157,894	194,148
<hr/>			
Total current		18,192	21,938
<hr/>			
Total non-current		139,702	172,210

	31 December 2020 US\$'000	31 December 2019 US\$'000
Maturity analysis – contractual undiscounted cash flows		
Within one year	19,153	22,918
In the second year	17,365	20,456
In the third to fifth years inclusive	49,353	60,954
After five years	292,766	371,236
Total cash flows	378,637	475,564
Adjustment to present value	(220,743)	(281,416)
Total lease liabilities	157,894	194,148

Inflation adjustment of the lease liabilities

The table below presents the lease liabilities balance considering the projected future inflation rate in the discounted payment flows. For the purposes of this calculation, all other assumptions were maintained.

	31 December 2020 US\$'000	31 December 2019 US\$'000
Actual flow	378,637	475,564
Lease liabilities	(220,743)	(281,416)
Embedded interest	157,894	194,148

15.3 Amounts recognised in profit and loss

	31 December 2020 US\$'000	31 December 2019 US\$'000
Amortisation of right-of-use assets	(12,436)	(13,542)
Amortisation of PIS and COFINS	1,730	1,153
Net Amortisation of right-of-use assets	(10,706)	(12,389)
Interest on lease liabilities	(14,096)	(16,799)
Interest of PIS and COFINS	1,260	887
Variable lease payments not included in the measurement of lease liabilities ^{1,2}	(2,037)	(2,222)
Expenses relating to short-term leases	(23,392)	(15,852)
Expenses relating to low-value assets	(1,093)	(908)

1. The amounts refer to payments which exceeded the minimum forecast volumes of Tecon Rio Grande and Tecon Salvador.

2. The payments related to the number of vessel trips which were not included in the measurement of lease liabilities.

The Group is unable to estimate the future cash outflows relating to variable lease payments due to operational, economic and foreign exchange uncertainties.

Notes to the Accounts

15 Lease arrangements (continued)

15.4 Amounts recognised in the cash flow statement

	31 December 2020 US\$'000	31 December 2019 US\$'000
Payment of lease liability	(6,345)	(6,424)
Interest paid – lease liability	(14,111)	(16,806)
Short-term leases paid	(23,392)	(15,852)
Variable lease payments	(2,037)	(2,727)
Low-value leases paid	(1,093)	(908)
Total	(46,978)	(42,717)

16 Other intangible fixed assets

	Computer Software US\$'000	Concession-rights US\$'000	Other US\$'000	Total US\$'000
Cost				
At 1 January 2019	42,349	21,724	64	64,137
Additions	1,473	–	–	1,473
Disposals	(927)	(422)	(1)	(1,350)
Exchange differences	(475)	(841)	(2)	(1,318)
At 1 January 2020	42,420	20,461	61	62,942
Additions	1,085	–	–	1,085
Transfers to property, plant and equipment	99	–	–	99
Disposals	(43)	–	–	(43)
Exchange differences	(2,454)	(4,448)	(14)	(6,916)
At 31 December 2020	41,107	16,013	47	57,167
Amortisation				
At 1 January 2019	31,708	6,961	–	38,669
Charge for the year	2,822	558	–	3,380
Impairment Charge	–	488	–	488
Disposals	(926)	(422)	–	(1,348)
Exchange differences	(278)	(281)	–	(559)
At 1 January 2020	33,326	7,304	–	40,630
Charge for the year	2,394	430	–	2,824
Reversal of Impairment	–	(382)	–	(382)
Disposals	(42)	–	–	(42)
Exchange differences	(1,330)	(1,500)	–	(2,830)
At 31 December 2020	34,348	5,852	–	40,200
Carrying amount				
31 December 2020	6,759	10,161	47	16,967
31 December 2019	9,094	13,158	61	22,313

17 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 2019	282,506	488,722	230,564	10,133	1,011,925
Transfers to right-of-use-assets	–	–	(9,798)	–	(9,798)
Additions	40,320	14,450	27,235	5,842	87,937
Transfers	212	15,712	(241)	(15,683)	–
Transfers from intangible assets	(11)	(22)	105	–	72
Exchange differences	(9,301)	–	(7,662)	–	(16,963)
Disposals	(294)	(2,501)	(9,067)	–	(11,862)
At 1 January 2020	313,432	516,361	231,226	292	1,061,311
Transfers to right-of-use assets	–	–	(495)	–	(495)
Additions	25,901	10,216	25,284	–	61,401
Transfers	148	(124)	(24)	–	–
Transfers from intangible assets	–	–	(99)	–	(99)
Exchange differences	(56,443)	–	(42,819)	–	(99,262)
Disposals	(3,725)	(969)	(4,039)	–	(8,733)
At 31 December 2020	279,313	525,484	209,034	292	1,014,123
Accumulated depreciation and impairment					
At 1 January 2019	87,135	192,820	129,519	–	409,474
Charge for the year	8,018	26,741	15,594	–	50,353
Transfers to right-of-use assets	–	–	(7,969)	–	(7,969)
Elimination on construction contracts	–	128	–	–	128
Exchange differences	(2,974)	–	(4,001)	–	(6,975)
Disposals	(234)	(2,320)	(8,195)	–	(10,749)
At 1 January 2020	91,945	217,369	124,948	–	434,262
Transfers to right-of-use assets	–	–	(471)	–	(471)
Charge for the year	6,774	29,030	11,989	–	47,793
Elimination on construction contracts	–	13	–	–	13
Exchange differences	(16,691)	–	(22,764)	–	(39,455)
Disposals	(2,400)	(829)	(3,928)	–	(7,157)
At 31 December 2020	79,628	245,583	109,774	–	434,985
Carrying Amount					
At 31 December 2020	199,685	279,901	99,260	292	579,138
At 31 December 2019	221,487	298,992	106,278	292	627,049

Land and buildings with a net book value of US\$0.2 million (2019: US\$0.2 million) and plant and machinery with a net book value of US\$0.1 million (2019: US\$0.2 million) have been given in guarantee of various legal processes.

The Group has pledged assets having a carrying amount of US\$253.6 million (2019: US\$269.3 million) to secure loans granted to the Group.

The amount of borrowing costs capitalised in 2020 is US\$3.0 million (2019: US\$2.3 million) at an average interest rate of 2.76%.

Notes to the Accounts

18 Principal subsidiaries

	Place of incorporation and operation	Effective interest*	Method used to account for investment
OCEAN WILSONS (INVESTMENTS) LIMITED Investment holding and dealing company	Bermuda	100%**	Consolidation
WILSON SONS LIMITED Holding company	Bermuda	57.77%**	Consolidation
WS PARTICIPACIONES S.A. Holding company	Uruguay	57.77%	Consolidation
WILSON, SONS ADMINISTRAÇÃO DE BENS LTDA Holding company	Brazil	57.77%	Consolidation
SAVEIROS CAMUYRANO SERVIÇOS MARÍTIMOS LTDA Tug operators	Brazil	57.77%	Consolidation
WILSON, SONS S.A., COMÉRCIO, INDÚSTRIA, E AGÊNCIA DENAVEGAÇÃO LTDA Shipbuilders	Brazil	57.77%	Consolidation
WILSON, SONS ESTALEIRO LTDA Shipbuilders	Brazil	57.77%	Consolidation
WILSON SONS AGENCIA MARÍTIMA LTDA Ship Agency	Brazil	57.77%	Consolidation
DOCK MARKET SOLUCOES LTEDA Shipping Agency	Brazil	57.77%	Consolidation
WILSON, SONS LOGÍSTICA LTDA Logistics	Brazil	57.77%	Consolidation
WILPORT OPERADORES PORTUÁRIOS LTDA Port operator	Brazil	57.77%	Consolidation
EADI SANTO ANDRÉ TERMINAL DE CARGA LTDA Bonded warehousing	Brazil	57.77%	Consolidation
TECON RIO GRANDE S.A. Port operator	Brazil	57.77%	Consolidation
BRASCO LOGÍSTICA OFFSHORE LTDA Port operator	Brazil	57.77%	Consolidation
TECON SALVADOR S.A. Port operator	Brazil	57.77%	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.

All of the above entities with material non-controlling interest are included in the maritime services segment in note 4 where summarised financial information is included in the aggregate.

19 Joint ventures

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

	Place of incorporation and operation	Proportion of ownership	
		31 December 2020	31 December 2019
Towage			
Consórcio de Rebocadores Barra de Coqueiros ¹	Brazil	–	50%
Consórcio de Rebocadores Baía de São Marcos ²	Brazil	50%	50%
Logistics			
Porto Campinas, Logística e Intermodal Ltda	Brazil	50%	50%
Offshore			
Wilson, Sons Ultratug Participações S.A. ³	Brazil	50%	50%
Atlantic Offshore S.A. ⁴	Panamá	50%	50%

1 In November 2020 the joint operation was dissolved.

2 Joint Operation.

3 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.

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

Joint operations-continuing activities

The following amounts are included in the Group's financial information as a result of proportional consolidation of joint operations listed above:

	Year ended 31 December 2020 US\$'000	Year ended 31 December 2019 US\$'000
Income	4,067	13,310
Expenses	(2,449)	(7,397)
Profit for the year	1,618	5,913
	31 December 2020 US\$'000	31 December 2019 US\$'000
Property, plant and equipment	1,842	2,619
Right-of-use assets	–	3
Intangible assets	2	13
Inventories	186	482
Trade and other receivables	990	2,365
Cash and cash equivalents	1,408	874
Total assets	4,428	6,356
Trade and other payables	(4,237)	(6,235)
Deferred tax liabilities	(191)	(118)
Lease liabilities	–	(3)
Total liabilities	(4,428)	(6,356)

Notes to the Accounts

19 Joint ventures (continued)

Joint ventures-continuing activities

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

	Year ended 31 December 2020 US\$'000	Year ended 31 December 2019 US\$'000
Revenue	121,616	130,911
Raw materials and consumables used	(7,080)	(7,590)
Employee benefits expense	(36,031)	(40,594)
Amortisation of right-of-use assets	(10,446)	(10,205)
Depreciation and amortisation expenses	(40,753)	(39,636)
Other operating expenses	(16,233)	(15,037)
Loss on disposals of property, plant and equipment	-	(2)
Results from operating activities	11,073	17,847
Finance income	65	747
Finance costs	(17,415)	(18,236)
Foreign exchange losses on monetary items	(16,998)	(2,073)
Loss before tax	(23,275)	(1,715)
Income tax credit	14,991	2,843
Profit/(loss) for the year	(8,284)	1,128
Participation	50%	50%
Equity result	(4,142)	564

	31 December 2020 US\$'000	31 December 2019* US\$'000
Right-of-use assets	9,784	20,280
Property, plant and equipment	568,444	596,213
Long-term investment	2,133	2,185
Other assets	10,373	11,753
Trade and other receivables	37,942	35,182
Derivatives	-	3
Cash and cash equivalents	15,219	21,183
Total assets	643,895	686,799
Bank overdrafts and loans	423,762	440,561
Lease liabilities	10,081	20,685
Other non-current liabilities	31,646	39,884
Trade and other payables	98,145	93,305
Equity	80,261	92,364
Total liabilities and equity	643,895	686,799

* The prior year numbers have been restated. Right of use assets was amended by US\$19.1m to US\$20.3m. Trade and other receivables was amended by US\$0.7m to US\$35.2m. Lease liabilities was amended by US\$20.3m to US\$20.7m. Trade and other payables was amended by US\$0.7m to US\$93.3m. Equity was amended by US\$1.2m to US\$92.7m.

The movement in Equity shown above is not reflective of the share of loss of the joint ventures, as in determining the share of the (loss)/profit for the year, the result is impacted by the elimination of profit margin on construction/dry-docking contracts amounting to US\$3.7 million (2019: US\$3.7 million). Without this impact, the joint venture result of the period would have been a loss of US\$12.0 million (2019: US\$2.6 million profit).

The Group has not given separate disclosure of each of our material joint ventures because they belong to the same economic group. Wilson Sons holds a non-controlling interest in Wilson Sons Ultratug Participações S.A. and Atlantic Offshore S.A.

Wilson, Sons Ultratug Participações S.A. is a controlling shareholder of Wilson Sons Offshore S.A. and Magallanes Navegação Brasileira S.A., while Atlantic Offshore S.A. is a controlling shareholder of South Patagonia S.A.

19 Joint ventures (continued)

Guarantees

Wilson Sons Ultratug Participações S.A. loans with the BNDES are guaranteed by a lien on the financed supply vessel and in the majority of the contracts a corporate guarantee from both Wilson Sons de Administração e Comércio Ltda and Remolcadores Ultratug Ltda, each guaranteeing 50% of its subsidiary's debt balance with BNDES. A 50% share of the loan agreements amount to US\$170.7 million (2019: US\$176.5 million).

Wilson Sons Ultratug Participações S.A. subsidiary's loan with Banco do Brasil is guaranteed by a pledge over 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 and funded with US\$2.1 million, is to be maintained until full repayment of the loan agreement. A 50% share of the loan agreements amount to US\$25.7 million (2019: US\$28.2 million).

The loan that Atlantic Offshore S.A. has with Deutsche Verkehrs-Bank and Norddeutsche Landesbank Girozentrale Trade for the financing of the offshore support vessel "Pardela" is guaranteed by a pledge over the vessel, the shares of Atlantic Offshore S.A. and a corporate guarantee for half of the credit from Wilson Sons de Administração e Comércio Ltda. Remolcadores Ultratug Ltda, the 50% partner in the business, guarantees the other half of the loan. A 50% share of the loan agreements amount to US\$10.7 million (2019: US\$11.7 million).

Covenants

On 31 December 2020, Wilson, Sons Ultratug Participações S.A.'s subsidiary was not in compliance with one of the covenants ratios. On the assumption of a non-attainment, the joint venture's subsidiary has to increase its capital, within a year, to reach US\$5.8 million. As the capital will be increased, management's understanding is that there is no breach of a clause or event that prompts negotiation or a waiver letter from Banco do Brasil.

Atlantic Offshore S.A. has to comply with specific financial covenants on its two loan agreements with Deutsche Verkehrs-Bank and Norddeutsche Landesbank Girozentrale Trade. At 31 December 2020 the subsidiary was in compliance with all loan agreement clauses.

There are no other capital commitments for any of the joint ventures or joint operations.

Provisions for tax, labour and civil risks

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

Wilson, Sons Ultratug Participações S.A. booked provisions related to labour claims amounting to US\$0.1 million, whose probability of loss was estimated as probable.

In addition to the cases for which the joint ventures have made a provision, there are other tax, civil and labour disputes amounting to US\$6.1 million (2019: US\$15.5 million) whose probability of loss was estimated by legal counsel as possible.

The breakdown of aggregated possible losses is as follows:

	31 December 2020 US\$'000	31 December 2019 US\$'000
Tax cases	5,611	8,304
Labour claims	505	7,192
Civil cases	4	6
Total	6,120	15,502

Notes to the Accounts

19 Joint ventures (continued)

Guarantees (continued)

Below is the reconciliation of the investment in joint ventures recognised in the balance sheet including the impact of profit recognised by joint ventures:

	US\$'000
At 1 January 2019	26,528
Share of result of joint ventures	564
Capital increase	3,527
Elimination on construction contracts	156
Post-employment benefits	(51)
Derivatives	(380)
Exchange movements	(10)
At 1 January 2020	30,334
Share of result of joint ventures	(4,142)
Capital increase	23
Elimination on construction contracts	45
Post-employment benefits	24
Derivatives	(36)
Exchange movements	(63)
At 31 December 2020	26,185

20 Financial assets at fair value through profit or loss

	2020 US\$'000	2019 US\$'000
Financial assets at fair value through profit or loss		
At 1 January	298,839	287,298
Additions, at cost	63,723	35,489
Disposals, at market value	(45,154)	(55,882)
Increase in fair value of financial assets at fair value through profit or loss	29,055	24,438
Profit on disposal of financial assets at fair value through profit or loss	1,001	7,497
At 31 December	347,464	298,840
Ocean Wilsons (Investment) Limited Portfolio	307,874	284,763
Wilson Sons Limited	39,590	14,077
Financial assets at fair value through profit or loss held at 31 December	347,464	298,840

Wilson Sons Limited

The Wilson Sons 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.

Financial assets at fair value through profit or loss 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 financial assets at fair value through profit or loss 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 Group. They have no fixed maturity or coupon rate. The fair values of these securities are based on quoted market prices where available. Where quoted market prices are not available, fair values are determined by third parties using various valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

21 Inventories

	31 December 2020 US\$'000	31 December 2019 US\$'000
Operating materials	9,404	9,228
Raw materials for third party vessel construction	2,360	1,279
Total	11,764	10,507

Inventories are expected to be recovered in less than one year and there were no obsolete items (2019: none).

22 Trade and other receivables

	31 December 2020 US\$'000	31 December 2019 US\$'000
Trade and other receivables		
Other trade receivables	9	354
Total other non-current trade receivables	9	354
Amount receivable for the sale of services	41,152	47,991
Allowance for bad debts	(554)	(837)
Total current trade receivables	40,598	47,154
Prepayments	4,252	6,452
Insurance claim receivable	995	1,972
Other receivables	1,953	1,165
Total other current trade receivables	7,200	9,589
Total current trade and other receivables	47,807	56,743

	31 December 2020 US\$'000	31 December 2019 US\$'000
Ageing of trade receivables		
Current	34,561	37,146
From 0 – 30 days	4,800	7,641
From 31 – 90 days	852	1,434
From 91 – 180 days	197	694
More than 180 days	742	1,076
Total	41,152	47,991

Generally, interest of 1% per month plus a 2% penalty is charged on overdue balances. Allowances for bad debts are recognised as a reduction of receivables and are recognised whenever a loss is identified. The Group recognizes an allowance for bad debts taking into account an expected credit loss model that involves historical evaluation of effective losses over billing cycles. The period of review is 3.5 years, reassessed every 180 days. The measurement of the default rate considers the recoverability of receivables and will apply according to the payment profile of debtors. Debts are written off when a customer has gone into liquidation or there is an adjustment in a receivable balance as a result of a judicial proceeding. The Group will calibrate, when appropriate, the matrix to adjust the historical credit loss experience with forward-looking information. The provision matrix is disclosed in note 35. Due to the COVID-19 pandemic, the Company has reviewed the variables that make up the methodology of measurement of estimated losses. There has been no increase in customer default rate due to the outbreak. Additionally, the Company created a credit committee to monitor and, if necessary, propose payment terms to those customers with credit risk.

	2020 US\$'000	2019 US\$'000
Movement in the allowance for bad debts		
Balance at 1 January 2020	837	1,490
Amounts written off as uncollectable	–	(28)
Decrease in allowance recognised in profit or loss	(99)	(534)
Exchange differences	(184)	(91)
Balance at 31 December 2020	554	837

The Directors consider that the carrying amount of trade and other receivables approximates their fair value and that no additional provision is required in the allowance for bad debts.

Notes to the Accounts

23 Recoverable taxes

	2020 US\$'000	2019 US\$'000
PIS and COFINS recoverable ¹	8,226	18,467
FUNDAF recoverable ²	–	4,578
Judicial bond recoverable	2,192	2,698
Other recoverable taxes	588	758
Total recoverable taxes non-current	11,006	26,501
PIS and COFINS recoverable ¹	12,700	11,764
Income tax and social contribution recoverable	6,987	8,377
FUNDAF recoverable ²	237	1,954
Judicial bond recoverable	1,333	1,911
ISS recoverable ³	934	1,264
INSS recoverable ⁴	203	238
Other recoverable taxes	85	39
Total recoverable taxes current	22,479	25,547
Total	33,485	52,048

- 1 The PIS (Program of Social Integration) and COFINS (Contribution for the Financing of Social Security) are Brazilian federal taxes based on the turnover of companies.
- 2 FUNDAF (Fundo Especial de Desenvolvimento e Aperfeiçoamento das Atividades de Fiscalização) is a Brazilian sales tax charged on the gross sales revenue in ports and bonded airports.
- 3 The Brazilian Municipal Service Tax, ISS (Imposto Sobre Serviços) is a tax levied on the provision of services.
- 4 INSS (Instituto Nacional do Seguro Social) is a Brazilian payroll tax.

The Group reviews taxes and levies impacting its business to ensure that payments are accurately made. In the event that tax credits arise, the Group intends to use them in future years within their legal term. If the Group does not utilise the tax credit within their legal term, a reimbursement of such amounts will be requested from the Brazilian Internal Revenue Service ("Receita Federal do Brasil").

24 Bank loans and overdrafts

	Annual interest rate %	31 December 2020 US\$'000	31 December 2019 US\$'000
<i>Secured borrowings</i>			
BNDES – FMM linked to US Dollar ¹	2.07% to 5%	146,446	148,564
BNDES – Real	5.95% to 8.54%	55,177	39,807
BNDES – FMM Real ¹	9.28%	805	1,064
BNDES – Finame Real ²	4.50% to 5.50%	–	35
Total BNDES		202,428	189,470
Banco do Brasil – FMM linked to US Dollar ¹	2.00% – 4.00%	75,795	79,535
Bradesco – NCE – Real ³	2.83% – 3.20%	38,660	50,043
Itaú – NCE – Real ³	3.38%	4,056	15,930
Santander – Real	6.44%	8,056	–
China Construction Bank – Real	5.65%	13,666	–
Total others		140,233	145,508
Total		342,661	334,978

- 1 As an agent of Fundo da Marinha Mercante's ("FMM"), Banco Nacional de Desenvolvimento Econômico e Social ("BNDES") and Banco do Brasil ("BB") finances the construction of tugboats and shipyard facilities.
- 2 Finame is the financing for the acquisition of machinery and equipment.
- 3 NCE is an export credit note.

24 Bank loans and overdrafts (continued)

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

	31 December 2020 US\$'000	31 December 2019 US\$'000
Within one year	58,672	36,636
In the second year	44,707	41,492
In the third to fifth years (inclusive)	96,250	106,523
After five years	143,032	150,327
Total	342,661	334,978
Amounts due for settlement within 12 months	58,672	36,636
Amounts due for settlement after 12 months	283,989	298,342

The analysis of borrowings by currency is as follows:

	BRL US\$'000	BRL linked to US Dollars US\$'000	US Dollars US\$'000	Total US\$'000
31 December 2020				
Bank loans	120,420	222,241	–	342,661
Total	120,420	222,241	–	342,661
31 December 2019				
Bank loans	106,879	228,099	–	334,978
Total	106,879	228,099	–	334,978

Loan agreement for civil works

In December 2018, the subsidiary Tecon Salvador S.A. signed a US\$67.9 million financing agreement with the BNDES, to be used for civil works during the terminal's expansion. The civil works for this expansion were completed in October 2020.

Guarantees

Loans with the BNDES and Banco do Brasil rely on corporate guarantees from Wilson Sons de Administração e Comércio Ltda. For some contracts, the corporate guarantee is in addition to a pledge of the respective financed tugboat or a lien over the logistics and port operations equipment financed.

The loan agreement for Tecon Rio Grande from Banco Santander for the purchase of equipment relies on a corporate guarantee from Wilson, Sons de Administração e Comércio Ltda.

The loan agreement for Tecon Rio Grande from Banco Itaú for the purchase of equipment relies on a corporate guarantee from Wilport Operadores Portuários Ltda.

The loan agreement for Tecon Salvador from Banco Bradesco for purchase of equipment relies on a corporate guarantee from Wilport Operadores Portuários Ltda.

Undrawn credit facilities

At 31 December 2020, the Group had available US\$19.1 million (R\$99.3 million) (2019: US\$104.3 million (R\$420.6 million)) of undrawn borrowing facilities available in relation to (i) the Salvador Terminal expansion and (ii) the dry-docking, maintenance and repair of tugs. Additionally, the Group has US\$9.4 million (R\$48.8 million) in contracted financing for the future construction of tugboats which is pending amendment to the contract related to vessel specification changes.

Notes to the Accounts

24 Bank loans and overdrafts (continued)

Covenants

Wilson, Sons de Administração e Comércio Ltda. as corporate guarantor must comply with annual loan covenants for both Wilson Sons Estaleiros, Brasco Logística Offshore and Saveiros Camuryano Serviços Marítimos S.A. in respect of loan agreements signed with BNDES.

Wilport Operadores Portuários Ltda as corporate guarantor for loan agreements signed between BNDES and Tecon Salvador S.A. must comply with annual loan covenants including ratios of debt service coverage, net debt ratio over EBITDA and equity over total assets. For the BNDES agreements Tecon Salvador has to comply with a debt service coverage ratio covenant. The ratios are calculated excluding the impact of IFRS16.

Tecon Rio Grande S.A. must comply with loan covenants from Santander including a minimum liquidity ratio and capital structure.

At 31 December 2020, the Group was in compliance with all covenants in the above mentioned loan contracts.

Fair value

The Directors estimate the fair value of the Group's borrowings as follows:

	31 December 2020 US\$'000	31 December 2019 US\$'000
Bank loans		
BNDES	202,428	189,470
Banco do Brasil	75,795	79,535
Bradesco – NCE – Real	40,577	50,043
Itaú	4,060	15,930
Santander	8,045	–
China Construction Bank	13,657	–
Total	344,562	334,978

25 Deferred tax

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

	Accelerated tax depreciation US\$'000	Unrealised foreign exchange variance on loans US\$'000	Other differences US\$'000	Retranslation of non-current asset valuation US\$'000	Total US\$'000
At 1 January 2019	(38,328)	32,174	36,386	(52,032)	(21,800)
(Charge)/credit to income	(587)	(1,978)	3,381	592	876
Exchange differences	1,641	(817)	(720)	126	219
At 1 January 2020	(37,274)	29,379	39,047	(51,314)	(20,162)
(Charge)/credit to income	(638)	15,135	2,086	(13,972)	2,611
Exchange differences	8,429	(8,057)	(4,721)	629	(3,720)
At 31 December 2020	(29,483)	36,457	36,412	(64,657)	(21,271)

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

25 Deferred tax (continued)

	31 December 2020 US\$'000	31 December 2019 US\$'000
Deferred tax liabilities	(50,987)	(52,036)
Deferred tax assets	29,716	31,874
	(21,271)	(20,162)

At the balance sheet date, the Group had unused tax losses of US\$64.4 million (2019: US\$64.1 million) available for offset against future profits in the company in which they arose. No deferred tax asset has been recognised in respect of US\$6.9 million (2019: US\$6.3 million) due to the unpredictability of future profit streams. In Brazil, a tax asset of one entity in a group cannot be offset against a tax liability of another entity in the group as there is no legally enforceable right to offset tax assets and liabilities between group companies.

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

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

26 Trade and other payables

	31 December 2020 US\$'000	31 December 2019 US\$'000
Trade creditors	17,451	20,400
Other taxes	6,232	9,848
Salaries, provisions and social contribution	16,516	18,544
Accruals and deferred income	6,913	7,630
Share based payment liability	186	186
Total	47,298	56,608

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

The average credit period for trade purchases is 29 days (2019: 29 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 agreed with each vendor.

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

26.1 Taxes Payable

	2020 US\$'000	2019 US\$'000
INSS payable	1,885	4,041
PIS and COFINS payable	541	1,853
ISS payable	1,676	1,686
Income tax payable	1,121	1,365
FGTS ¹ payable	483	668
Other payable taxes	526	235
Total current taxes payable	6,232	9,848

1. FGTS is Fundo de Garantia do Tempo de Serviço and is a fund for dismissed employees.

Notes to the Accounts

27 Provisions for tax, labour and civil cases

	Labour claims US\$'000	Tax cases US\$'000	Civil cases US\$'000	Total US\$'000
Cost				
At 1 January 2019	13,813	2,838	684	17,335
Increase in provision in the year	1,326	399	1,455	3,180
Unused amounts reversed	(2,957)	(61)	(307)	(3,325)
Utilisation of provisions	(921)	(993)	(11)	(1,925)
Exchange difference	(557)	(731)	8	(622)
At 1 January 2020	10,704	2,110	1,829	14,643
Increase in provisions in the year	904	82	11	997
Unused amounts reversed	(663)	(488)	(1,012)	(2,163)
Utilisation of provisions	(572)	(21)	(51)	(644)
Exchange difference	(2,388)	(481)	(404)	(3,273)
At 31 December 2020	7,985	1,202	373	9,560

In the normal course of business in Brazil, the Group is 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 or merit, and to manage such claims through its legal counsel. Both provisions and contingent liabilities can take a significant amount of time to resolve.

Other non-current assets of US\$4.9 million (2019: US\$9.4 million) represent legal deposits required by the Brazilian legal authorities as security to contest legal actions.

In addition to the cases where the Group has recorded a provision, there are other tax, civil and labour disputes amounting to US\$77.4 million (2019: US\$103.6 million) where the probability of loss was estimated by the legal counsels as possible.

The analysis of possible claims by type is as follows:

	31 December 2020 US\$'000	31 December 2019 US\$'000
Tax cases	58,809	78,258
Labour claims	13,318	14,223
Civil and environmental cases	5,264	11,108
Total	77,391	103,589

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

Tax cases – The Group defends against government tax assessments when the Group considers it has a chance of successfully defending its position.

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

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

The procedure for classification of legal liabilities identifies claims as probable, possible or remote, as assessed by external lawyers is:

- upon receipt of notices of new lawsuits, external lawyers generally classify the claim as possible recorded at the total amount at risk. The Group uses the estimated value at risk and not the total claim value involved in each process;
- if there is sufficient knowledge from the beginning that there is a very high or very low risk of loss, the lawyer may classify the claim as a probable loss or remote loss;
- during the course of the lawsuit the lawyer may re-classify the claim as a probable loss or remote loss based on information available including judicial decisions, legal precedents, claimant arguments, applicable laws, defence documentation and other variables; and
- when classifying the claim as a probable or possible loss, the lawyer estimates the amount at risk for the claim.

Management is not able to give an indication of when the provisions are likely to be utilised as the majority of the litigation involves a high degree of uncertainty as to when the cases will be resolved and can take many years to come to a conclusion.

28 Share capital

	2020 US\$'000	2019 US\$'000
Authorised		
50,060,000 ordinary shares of 20p each	16,119	16,119
Issued and fully paid		
35,363,040 ordinary shares of 20p each	11,390	11,390

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

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

29 Exercise of stock options in subsidiary

During 2020 participants of the Wilson Sons stock option scheme exercised 475,050 options. As a result, the non-controlling interest in Wilson Sons increased from 41.84% at 31 December 2019 to 42.23% at 31 December 2020. The Group received US\$3,336,000 (2019: US\$133,000) from the exercise of stock options in the period.

	2020 US\$'000	2019 US\$'000
The following amounts have been recognised in the consolidated statement of comprehensive income		
Movement attributable to equity holders of parent	1,679	61
Movement attributable to non-controlling interest	1,657	72

30 Notes to the cash flow statement

	Year ended 31 December 2020 US\$'000	Year ended 31 December 2019 US\$'000
Reconciliation from profit before tax to net cash from operating activities		
Profit before tax	74,580	82,530
Share of results of joint venture	4,142	(564)
Returns on investment portfolio at FVTPL	(33,383)	(34,716)
Other investment income	(1,644)	(6,052)
Finance costs	23,210	27,736
Operating profit	66,905	68,934
Adjustments for:		
Amortisation of right-of-use assets	10,706	12,389
Depreciation of property, plant and equipment	47,793	50,353
Impairment charge	(382)	13,025
Amortisation of intangible assets	2,824	3,380
Share based payment credit	127	370
Loss on disposal of property, plant and equipment	317	(294)
Post-employment benefits	134	–
Decrease in provisions	1,030	421
Operating cash flows before movements in working capital	129,454	148,578
(Increase)/decrease in inventories	(1,257)	368
Decrease in receivables	8,141	16,213
Decrease in payables	(8,914)	(1,525)
(Increase)/decrease in other non-current assets	22,565	(5,123)
Foreign exchange losses on monetary items	7,551	79
Cash generated by operations	157,540	158,590
Income taxes paid	(29,137)	(23,324)
Interest paid	(22,703)	(28,957)
Net cash from operating activities	105,700	106,309

Notes to the Accounts

30 Notes to the cash flow statement (continued)

Non-cash movements in financing

In addition to the cash flow movements in financing arrangements the group was subject to the following cash and non-cash movements:

	Loans and Borrowings US\$'000	Lease Liabilities US\$'000	Total Liabilities from financing activities US\$'000
At 1 January 2019	307,306	194,133	501,439
Cash flows	(85,856)	(6,424)	(92,820)
Foreign exchange gains/(losses)	(1,947)	(8,470)	(10,417)
New loans/leases	113,629	226	113,855
Contractual amendments	–	14,434	14,434
Interest paid	(11,840)	(16,806)	(28,646)
Interest accrued	13,062	16,799	29,861
Other	624	256	880
At 1 January 2020	334,978	194,198	529,126
Cash flows	(25,725)	(6,345)	(32,070)
Foreign exchange gains/(losses)	(23,818)	(45,521)	(68,839)
New loans/leases	51,455	5,695	57,150
Contractual amendments	–	9,712	9,712
Interest paid	(8,569)	(14,111)	(22,680)
Interest accrued	13,840	14,096	27,936
Other	–	220	220
At 31 December 2020	342,661	157,894	500,555

The Group classifies interest paid as cash flows from operating activities.

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.

Exclusive investment fund

The Group has investments in an exclusive investment fund managed by Itaú BBA S.A. that is consolidated in these financial statements. The fund portfolio is marked to fair value on a daily basis. This fund's financial obligations are limited to service fees to the asset management company employed to execute investment transactions, audit fees and other similar expenses. The fund's investments are highly liquid, readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

Additionally, the Group has investments in an exchange fund managed by Itaú Cambial FICFI to reduce the currency volatility of US Dollar linked commitments.

Cash and cash equivalents held in Brazil amount to US\$53.8 million (2019: US\$35.7 million).

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

31 Share options

Stock option scheme

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

Options series	Grant date	Original vesting date	Expiry date	Exercise price (R\$)	Number	Expired	Exercised	Vested	Outstanding not Vested	Total Subsisting
07 ESO – 3 Year	10/01/2014	10/01/2017	10/10/2024	31.23	961,653	(178,695)	(192,505)	590,453	–	590,453
07 ESO – 4 Year	10/01/2014	10/01/2018	10/01/2024	31.23	961,653	(178,695)	(192,506)	590,452	–	590,452
07 ESO – 5 Year	10/01/2014	10/01/2019	10/01/2024	31.23	990,794	(184,110)	(186,099)	620,585	–	620,585
07 ESO – 3 Year	13/11/2014	13/11/2017	13/11/2024	33.98	45,870	(17,490)	(3,630)	24,750	–	24,750
07 ESO – 4 Year	13/11/2014	13/11/2018	13/11/2024	33.98	45,870	(17,490)	(3,630)	24,750	–	24,750
07 ESO – 5 Year	13/11/2014	13/11/2019	13/11/2024	33.98	47,260	(18,020)	(3,740)	25,500	–	25,500
07 ESO – 3 Year	11/08/2016	11/08/2019	11/08/2026	34.03	82,500	–	(5,000)	77,500	–	77,500
07 ESO – 4 Year	11/08/2016	11/08/2020	11/08/2026	34.03	82,500	–	(5,000)	77,500	–	77,500
07 ESO – 5 Year	11/08/2016	11/08/2021	11/08/2026	34.03	85,000	–	–	–	85,000	85,000
07 ESO – 3 Year	16/05/2017	16/05/2020	15/05/2027	38.00	20,130	–	–	20,130	–	20,130
07 ESO – 4 Year	16/05/2017	16/05/2021	15/05/2027	38.00	20,130	–	–	–	20,130	20,130
07 ESO – 5 Year	16/05/2017	16/05/2022	15/05/2027	38.00	20,740	–	–	–	20,740	20,740
07 ESO – 3 Year	09/11/2017	09/11/2020	09/11/2027	40.33	23,760	(11,880)	–	11,880	–	11,880
07 ESO – 4 Year	09/11/2017	09/11/2021	09/11/2027	40.33	23,760	(11,880)	–	–	11,880	11,880
07 ESO – 5 Year	09/11/2017	09/11/2022	09/11/2027	40.33	24,480	(12,240)	–	–	12,240	12,240
Total					3,436,100	(630,500)	(592,110)	2,063,500	149,990	2,213,490

The following table illustrates the number and weighted average exercise prices (WAEP) of and movements in share options over the last two years.

	Number	WAEP (R\$)
Subsisting at 1 January 2019	2,755,940	31.96
Exercised during the year ¹	(17,400)	31.23
Expired during the year	(36,000)	40.33
Subsisting at 31 December 2019	2,702,540	31.85
Exercised during the year ²	(475,050)	31.23
Expired during the year	(14,000)	33.98
Subsisting at 31 December 2020	2,213,490	31.96

1. The weighted average share price at the date of exercise of these options was R\$40.87.

2. The weighted average share price at the date of exercise of these options was R\$45.76.

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

Notes to the Accounts

31 Share options (continued)

Stock option scheme (continued)

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

Period	Projected IFRS2 Fair Value expense US\$'000
10 January 2014	2,826
10 January 2015	3,296
10 January 2016	3,409
10 January 2017	2,331
10 January 2018	1,303
10 January 2019	370
10 January 2020	206
10 January 2021	99
10 January 2022	27
Total	13,867

	10 January 2014	13 November 2014	11 August 2016	16 May 2017	9 November 2017
Closing share price (in Real)	R\$30.05	R\$33.50	R\$32.15	R\$38.00	R\$38.01
Expected volatility	28.00%	29.75%	31.56%	31.82%	31.82%
Expected life	10 years	10 years	10 years	10 years	10 years
Risk free rate	10.8%	12.74%	12.03%	10.17%	10.17%
Expected dividend yield	1.7%	4.8%	4.8%	4.8%	4.8%

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

32 Commitments

At 31 December 2020 the Group had entered into commitment agreements with respect to the investment portfolio. These commitments relate to capital subscription agreements entered into by Ocean Wilsons (Investments) Limited. The expiry dates of the outstanding commitments in question may be analysed as follows:

	2020 US\$'000	2019 US\$'000
Within one year	4,670	2,978
In the second to fifth year inclusive	5,153	4,453
After five years	35,495	32,222
	45,318	39,653

The expiry date is not indicative of when commitment calls may be made and could be accelerated. 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.

At 31 December 2020, the Group had entered into contractual commitments for the acquisition of property, plant and equipment amounting to US\$1.6 million (2019: US\$3.0 million). The amount mainly relates to capital expenditure for the Salvador container terminal.

33 Retirement benefit schemes

Defined contribution schemes

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

The total cost charged to the income statement of US\$0.6 million (2019: US\$0.7 million) represents contributions payable to the scheme by the Group at rates specified in the rules of the plan.

34 Related party transactions

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

Transactions between the Group and its associates, joint ventures and other investments are disclosed below:

	Revenue from services		Amounts paid/ Cost of services	
	31 December	31 December	31 December	31 December
	2020	2019	2020	2019
	US\$'000	US\$'000	US\$'000	US\$'000
Joint ventures				
1. Allink Transportes Internacionais Limitada ¹	–	–	(223)	(339)
2. Consórcio de Rebocadores Barra de Coqueiros	–	–	–	–
3. Consórcio de Rebocadores Baía de São Marcos	150	470	(154)	–
4. Wilson Sons Ultratug Participações S.A. and subsidiaries ⁷	506	584	–	–
5. Atlantic offshore S.A. ⁸	–	–	–	–
Others				
6. Hanseatic Asset Management LBG ²	–	–	(3,130)	(3,417)
7. Gouvêa Vieira Advogados ³	–	–	(51)	(66)
8. CMMR Intermediação Comercial Limitada ⁴	–	–	(6)	(81)
9. Jofran Services ⁵	–	–	(156)	(178)
10. Hansa Capital GMBH ⁶	–	–	(93)	(98)

	Amounts owed by related parties		Amounts owed to related parties	
	31 December	31 December	31 December	31 December
	2020	2019	2020	2019
	US\$'000	US\$'000	US\$'000	US\$'000
Joint ventures				
1. Allink Transportes Internacionais Limitada ¹	–	–	–	(28)
2. Consórcio de Rebocadores Barra de Coqueiros	–	62	–	–
3. Consórcio de Rebocadores Baía de São Marcos	1,535	2,383	–	–
4. Wilson Sons Ultratug and subsidiaries ⁷	10,346	10,088	–	–
5. Atlantic offshore S.A. ⁸	20,617	20,167	–	–
Others				
6. Hanseatic Asset Management LBG ²	–	–	(599)	(902)
7. Gouvêa Vieira Advogados ³	–	–	–	–
8. CMMR Intermediação Comercial Limitada ⁴	–	–	–	–
9. Jofran Services ⁵	–	–	–	–
10. Hansa Capital GMBH ⁶	–	–	–	–

- Mr. A C Baião, a director of Wilson Sons Limited is a shareholder and Director of Allink Transportes Internacionais Limitada. Allink Transportes Internacionais Limitada is 50% owned by the Group.
- Mr. W H Salomon is chairman of Hanseatic Asset Management LBG. Fees were paid to Hanseatic Asset Management LBG for acting as Investment Manager of the Group's investment portfolio.
- 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.
- Mr. C M Marote, a Director of Wilson Sons Limited is a shareholder and Director of CMMR. Intermediação Comercial Limitada. Fees were paid to CMMR. Intermediação Comercial Limitada for consultancy services.
- Mr. J F Gouvêa Vieira is a Director of Jofran Services. Directors' fees were paid to Jofran Services.
- Mr. C Townsend is a Director of Hansa Capital GmbH. Directors' fees were paid to Hansa Capital GmbH.
- Related party loans with Wilson, Sons Ultratug Participações S.A. (interest – 0.3% per month with no maturity date) and other trade payables and receivables from Wilson, Sons Offshore S.A. and Magallanes Navegação Brasileira S.A.
- Related party loans with Atlantic Offshore S.A. (with no interest and with no maturity date).

Notes to the Accounts

34 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 2020 US\$'000	Year ended 2019 US\$'000
Short-term employee benefits	9,297	7,958
Other long-term employee benefits	468	344
Defined contribution pension payments	647	725
Share based payment expense	206	370
	10,618	9,397

35 Financial instruments

Capital risk management

The Group manages its capital to ensure that entities in the Group are viable and will be able to continue as a going concern. The capital structure of the Group consists of debt, which is long term in nature, which includes the borrowings disclosed in note 24 and also the lease liabilities included in note 15, cash and cash equivalents, investments, and equity attributable to equity holders of the parent comprising issued capital, reserves and retained earnings disclosed in the consolidated statement of changes in equity.

The Group borrows to fund capital projects and looks to cash flow from these projects to meet repayments. Working capital is funded through cash generated by operating revenues. There were no significant changes in capital during the year relative to the Group policy.

Externally imposed capital requirement

The Group is not subject to any 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

	31 December 2020 US\$'000	31 December 2019 US\$'000
Financial assets		
Designated as fair value through profit or loss	307,874	284,763
Receivables (including cash and cash equivalents)	186,017	141,943
Financial liabilities		
Financial instruments classified as amortised cost	(500,555)	(575,866)
Financial instruments classified as cash flow hedge (Derivatives)	-	-

Financial risk management objectives

The Wilson Sons 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 company. A financial risk committee meets regularly to assess financial risks and decide mitigation based on guidelines stated in the Wilson Sons financial risk policy. The primary objective is to minimise exposure to those risks by assessing and controlling the credit and liquidity risks. These risks include market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

Ocean Wilsons (Investments) Limited does not have a policy of borrowing to invest and so is not exposed to interest rate risk directly. The fund has significant liquid assets, the Company is therefore not exposed to liquidity risks. The principal risk faced by the fund is market price risk.

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

35 Financial instruments (continued)

Credit risk

The Group's principal financial assets are cash, trade and other receivables, related party loans and financial assets designated as fair value through profit or loss. The Group's credit risk is primarily attributable to its bank balances, trade receivables, related party loans and investments. The amounts presented as receivables in the balance sheet are shown net of allowances for bad debts.

The Wilson Sons group invests temporary cash surpluses in government and private bonds, according to regulations approved by management, which follow the Wilson Sons group policy on credit risk concentration. Credit risk on investments in non-government backed bonds is mitigated by investing only in assets issued by leading financial institutions. The Group stipulates a cash allocation limit per bank, in addition to investment rules according to rating classification. The Company invests in banks with rating classification BBB (limited to a maximum of 15%), from A to AA (limited to a maximum of 40%) or AAA (limited to a minimum of 40% and maximum of 100%).

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

Operational trade receivables

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision matrix is initially based on the Group's historical observed default rates. The Group evaluates the concentration of risk with respect to trade receivables and contract assets as low, as historically trade receivables are generally received in 30 days.

	Current	1-30	31-90	91-180	More than	Total
	US\$'000	days	days	days	180 days	US\$'000
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
31 December 2020						
Expected credit loss rate	0.09%	0.09%	3.30%	12.77%	62.48%	
Receivables for services	34,561	4,800	852	197	742	41,152
Accumulated credit loss	(35)	(4)	(28)	(25)	(462)	(554)
	Current	1-30	31-90	91-180	More than	Total
	US\$'000	days	days	days	180 days	US\$'000
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
31 December 2019						
Expected credit loss rate	0.19%	0.19%	1.78%	12.11%	60.38%	
Receivables for services	37,146	7,641	1,434	694	1,076	47,991
Accumulated credit loss	(63)	(15)	(26)	(84)	(649)	(837)

Market risk

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

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 high cost of hedging the Real, the Group does not normally hedge its net exposure to the Real, as the Board does not consider it economically viable.

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

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

Notes to the Accounts

35 Financial instruments (continued)

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

	Liabilities		Assets	
	2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000
Real	354,244	381,839	156,099	173,593
Sterling	22	21	11,492	11,094
Euro	–	–	31,147	27,033
Yen	–	–	5,125	4,022
	354,266	382,306	203,863	217,049

Foreign currency sensitivity analysis

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

The sensitivity analysis below refers to the position at 31 December 2020 and estimates the impacts of a Real devaluation against the US Dollar. Three exchange rate scenarios are shown: a likely scenario (probable) and two possible scenarios of a 25% devaluation (possible) and a 50% devaluation (remote) in the exchange rate. The Group uses the Brazilian Central Bank's "Focus" report to determine the probable scenario.

Operation	Risk	Amount US Dollars	Result	31 December 2020 Exchange rates		
				Probable scenario	Possible scenario (25%)	Remote scenario (50%)
Exchange rate				5.20	6.50	7.80
				US\$'000	US\$'000	US\$'000
Total assets	BRL	156,099	Exchange effects	(99)	(31,299)	(52,099)
Total liabilities	BRL	354,244	Exchange effects	225	71,029	118,231
			Net effect	126	39,730	66,132

Operation	Risk	Amount US Dollars	Result	31 December 2019 Exchange rates		
				Probable scenario	Possible scenario (25%)	Remote scenario (50%)
Exchange rate				4.05	5.06	6.08
				US\$'000	US\$'000	US\$'000
Total assets	BRL	174,900	Exchange effects	(815)	(34,844)	(57,530)
Total liabilities	BRL	382,285	Exchange effects	1,822	77,914	128,643
			Net effect	1,007	43,070	71,113

The Real foreign currency impact is mainly attributable to the exposure of outstanding Real receivables and payables of the Group at the year end. In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

35 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 rate 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 a FINAME credit line for port and logistics operations;
- DI (Brazilian Interbank Interest Rate) for Brazilian Real denominated funding in logistics operations; and
- IPCA (Brazilian National Consumer Prices) for Brazilian Real denominated funding in port operations and offshore support bases.

The Group's 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 partly in time deposits, with short-term maturities.

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

Interest rate sensitivity analysis

The following analysis concerns a possible fluctuation of income 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.

Transaction	Risk	Amount US Dollars	Result	31 December 2020		
				Probable scenario	Possible scenario (25%)	Remote scenario (50%)
				US\$ '000	US\$ '000	US\$ '000
Loans – CDI ¹			Interest	2.95%	3.69%	4.43%
Loans – TJLP ²			Interest	4.39%	5.49%	6.59%
Loans – IPCA ³			Interest	4.31%	5.39%	6.47%
Investments – LIBOR ⁴			Income	1.36%	1.44%	1.53%
Investments – CDI			Income	2.95%	3.69%	4.43%
Total loans		342,661		(440)	(1,167)	(1,887)
Investments – LIBOR	LIBOR	39,997	Income	–	15	31
Investments – CDI	CDI	52,995	Income	218	619	1,020
Total investments		92,922		218	634	1,051
			Net Income	(222)	(533)	(836)

1. CDI – Information source: B3 (Brasil Bolsa Balcão), report dated 8 January 2021.
2. TJLP – Information source: BNDES (Banco Nacional de Desenvolvimento Econômico e Social), report dated 8 January 2021.
3. IPCA – Information source: Bloomberg, report dated 8 January 2021.
4. LIBOR – Information source: BM&F (Bolsa de Mercadorias e Futuros), report dated 6 January 2021.

The net effect was obtained by assuming a 12-month period starting at 31 December 2020 in which interest rates vary and all other variables are held constant. The scenarios represent the difference between the weighted scenario rate and actual rate.

Notes to the Accounts

35 Financial instruments (continued)

Transaction	31 December 2019		
	Probable scenario	Possible scenario (25%)	Remote scenario (50%)
Loans – CDI ²	4.50%	5.63%	6.75%
Loans – TJLP ³	5.09%	6.36%	7.64%
Loans – IPCA	4.31%	5.39%	6.47%
Investments – LIBOR ¹	3.17%	3.67%	4.16%
Investments – CDI	4.50%	5.63%	6.75%

Transaction	Risk	Amount US Dollars	Result	31 December 2019		
				Probable scenario US\$'000	Possible scenario (25%) US\$'000	Remote scenario (50%) US\$'000
Loans – CDI	CDI	65,974	Interest	(47)	(574)	(1,095)
Loans – TJLP	TJLP	1,190	Interest	–	(10)	(20)
Loans – IPCA	IPCA	39,680	Interest	–	(317)	(632)
Loans – Fixed	N/A	228,134	None	–	–	–
Total loans				(47)	(901)	(1,747)
Investments – LIBOR	LIBOR	24,153	Income	–	56	111
Investments – CDI	CDI	34,739	Income	85	1,105	2,125
Total investments		58,892		85	1,161	2,236
			Net Income	38	260	489

1. LIBOR – Information source: Bloomberg, report dated 14 January 2020.

2. CDI – Information source: BM&F (Bolsa de Mercadorias e Futuros), report dated 17 January 2020.

3. TJLP – Information source: BNDES (Banco Nacional de Desenvolvimento Economico e Social), report 14 January 2020.

The net effect was obtained by assuming a 12-month period starting 31 December 2019 in which interest rates vary and all other variables are held constant. The scenarios represent the difference between the weighted scenario rate and actual rate.

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 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 risk management committee. Generally, the Group seeks to apply hedge accounting in order to manage volatility.

35 Financial instruments (continued)

Market price sensitivity

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

The sensitivity analysis below has been determined based on the exposure to market price risks at the year end and shows what the impact would be if market prices had been 5, 10 or 20 percent 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 5, 10 or 20 percent, assuming all other variables are kept constant. A fall in market prices of 5, 10 or 20 percent would give rise to an equal fall in profit or loss and total equity.

	31 December 2020		
	5% scenario	10% scenario	20% scenario
	US\$'000	US\$'000	US\$'000
Profit or loss	15,394	30,787	61,574
Total equity	15,394	30,787	61,574

	31 December 2019		
	5% scenario	10% scenario	20% scenario
	US\$'000	US\$'000	US\$'000
Profit or loss	14,238	28,476	56,953
Total equity	14,238	28,476	56,953

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 Wilson Sons management which seek to mitigate any loss from customers' delinquency.

Trade receivables consist of a large number of customers. Regular credit evaluation is performed on the financial condition of accounts receivable. Trade and other receivables disclosed in the balance sheet are shown net of the allowance for bad debts. The allowance is booked whenever a loss is identified based on past experience or there is an indication of impaired cash flows.

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

Based on historical experience, the Company considers a financial asset in default when contractual payments are 180 days past due. So that, it is possible to consider that a default rate should be the average of the default after 180 days, net of the recoverability percentage of these receivables.

In addition, Ocean Wilsons (Investments) Limited invests in limited partnerships and other similar investment vehicles. The level of credit risk associated with such investments is dependent upon the terms and conditions and the management of the investment vehicles. The Board reviews all investments at its regular meetings from reports prepared by the Company's Investment Manager.

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 assets. The Group's approach in managing liquidity is to ensure that the Group always has sufficient liquidity to fulfil its obligations that expire, under normal and stressed conditions, to avoid damage to the reputation of the Group. 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 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 except for those taken this year in response to COVID-19 liquidity management.

Notes to the Accounts

35 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 2020					
Non-interest bearing	–	–	–	–	–
Variable interest rate instruments	2.78%	35,923	61,088	49,272	139,983
Fixed interest rate instruments	2.75%	31,136	100,087	131,858	263,081
Lease liability	8.77%	19,153	66,718	292,766	378,637
		86,212	227,893	467,596	781,701
31 December 2019					
Non-interest bearing	–	57,104	–	–	57,104
Variable interest rate instruments	3.07%	12,654	67,648	26,542	106,844
Fixed interest rate instruments	2.75%	30,869	101,423	138,093	270,385
Lease liability (under IAS 17)	3.17%	49	11	–	60
Lease liability	8.80%	22,918	81,410	371,236	475,564
		123,594	250,492	535,871	909,957

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 financial assets and liabilities traded in active markets are based on quoted market prices at the close of trading on 31 December 2020. The quoted market price used for financial assets held by the Company utilise the last traded market prices.

Fair value measurements recognised in the statement of financial position

IFRS 13 requires the disclosure of fair value measurements by level of the following fair value measurement hierarchy:

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

Level 2 Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3 Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Assessing the significance of a particular input requires judgement, considering factors specific to the asset or liability.

The following table provides an analysis of financial instruments recognised in the statement of financial position by the level of hierarchy:

	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000
31 December 2020				
Financial assets at FVTPL				
Non-derivative financial assets for trading	19,634	189,103	99,137	307,874
Short-term investments	39,590	–	–	39,590
31 December 2019				
Financial assets at FVTPL				
Non-derivative financial assets for trading	18,490	165,010	101,263	284,763
Short-term investments	14,077	–	–	14,077

35 Financial instruments (continued)

Valuation Process

Investments whose values are based on quoted market prices in active markets and are classified within Level 1 include active listed equities. The Group does not adjust the quoted price for these investments.

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.

Investments classified within Level 3 have significant unobservable inputs as they trade infrequently and are not quoted in an active market. The Group investments include holdings in limited partnerships and other private equity funds which may be subject to restrictions on redemptions such as lock up periods, redemption gates and side pockets.

Valuations are the responsibility of the Board of Directors of the Company. The Group's Investment Manager considers the valuation techniques and inputs used in valuing these funds as part of its due diligence prior to investing to ensure they are reasonable and appropriate. Therefore, the net asset value ("NAV") of these funds may be used as an input into measuring their fair value. In measuring this fair value, the NAV of the funds is adjusted, if necessary, for other relevant factors known of the fund. No such adjustments were identified in the year. In measuring fair value, consideration is also paid to any clearly identifiable transactions in the shares of the fund.

Depending on the nature and level of adjustments needed to the NAV and the level of trading in the fund, the Group classifies these funds as either Level 2 or Level 3. 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. The Group obtains the fair value of their holdings from valuation statements provided by the managers of the invested funds. Where the valuation statement is not stated as at the reporting date, the Group adjusts the most recently available valuation for any capital transactions made up to the reporting date. When considering whether the NAV of the underlying managed funds represent fair value, the Investment Manager considers the valuation techniques and inputs used by the managed funds in determining their NAV.

The underlying funds use a blend of methods to determine the value of their own NAV by valuing underlying investments using methodology consistent with the International Private Equity and Venture Capital Valuation Guidelines ('IPEV'). IPEV guidelines generally provides five ways to determine the fair market value of an investment:

- (i) binding offer on the company
- (ii) transaction multiples
- (iii) market multiples
- (iv) net assets
- (v) discounted cash flows.

Such valuations are necessarily dependent upon the reasonableness of the valuations by the fund managers of the underlying investments. In the absence of contrary information, these values are relied upon.

Periodically the Investment Manager considers historical alignment to actual market transactions for a sample of realised investments.

Investment in private equity funds require a long-term commitment with no certainty of return and the Group's intention is to hold Level 3 investments to maturity. In the unlikely event that the Group is required to liquidate these investments then the proceeds received may be less than the carrying value due to their illiquid nature. The following table summarises the sensitivity of the Company's Level 3 investments to changes in fair value due to illiquidity at 31 December 2020. The analysis is based on the assumptions that the proceeds realised will be decreased by 5%, 10% or 20%, with all other variables held constant. This represents the Directors' best estimate of a reasonable possible impact that could arise from a disposal due to illiquidity.

Notes to the Accounts

35 Financial instruments (continued)

	31 December 2020		
	5% scenario	10% scenario	20% scenario
	US\$'000	US\$'000	US\$'000
Profit or loss	4,957	9,914	19,827
Total equity	4,957	9,914	19,827

	31 December 2019		
	5% scenario	10% scenario	20% scenario
	US\$'000	US\$'000	US\$'000
Profit or loss	5,063	10,126	20,253
Total equity	5,063	10,126	20,253

Sensitivity analysis in relation to Level 3 investments has been included in the market price risk management analysis where the Group has shown impacts to the value of investments if market prices had been 5%, 10% or 20% higher or lower at the end of the financial year.

	2020	2019
	US\$'000	US\$'000
Reconciliation of Level 3 fair value measurements of financial assets:		
Balance at 1 January	101,263	111,309
Transfers out of Level 3 to Level 2	–	(10,732)
Total losses in the Statement of Comprehensive Income	(1,952)	(1,546)
Purchases and drawdowns of financial commitments	9,486	10,462
Repayments of capital	(9,660)	(8,230)
Balance at 31 December	99,137	101,263

During 2020, none of the investments moved between classification levels.

36 Post-employment benefits

The Group operates a private medical insurance scheme for its employees which requires the eligible employees to pay fixed monthly contributions. In accordance with Brazilian law, eligible employees with greater than ten years' service acquire the right to remain in the plan following retirement or termination of employment, generating a post-employment commitment for the Group. Ex-employees remaining in the plan will be liable for paying the full cost of their continued scheme membership. The present value of actuarial liabilities at 31 December 2020 is approximately US\$1.6 million (2019: US\$2.4 million). The future actuarial liability for the Group relates to the potential increase in plan costs resulting from additional claims as a result of the expanded membership of the scheme.

	31 December	31 December
	2020	2019
	US\$'000	US\$'000
Present value of actuarial liabilities	1,641	2,369

Actuarial assumptions

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

Economic and Financial Assumptions

	31 December	31 December
	2020	2019
Annual interest rate	7.90%	6.76%
Estimated inflation rate in the long-term	3.50%	3.50%
Ageing Factor	Based on the experience of Wilson Sons ¹	
Medical cost trend rate	6.09% p.a.	6.09% p.a.

1. The amount of current contributions of retirees and medical costs used in the actuarial valuation, both in monthly amounts per health care provider, may vary between R\$117.06 and R\$12,036.51 (absolute value).

36 Post-employment benefits (continued)

Biometric and Demographic Assumptions

	31 December 2020	31 December 2019
Employee turnover	21.27%	21.27%
Mortality table	AT-2000	AT-2000
Disability table	Álvaro Vindas	Álvaro Vindas
Retirement Age	100% at 62	100% at 62
Employees who opt to keep the health plan after retirement and termination	23%	23%
Probability of marriage	80% of the participants	80% of the participants
Age difference for active participants	Men 3 years older than the woman	Men 3 years older than the woman
Family composition after retirement	Composition of the family group	Composition of the family group

37. Coronavirus ("COVID-19")

37.1 General Context

Liquidity

At 31 December 2020 the Group's cash, cash equivalents and short-term investments amounted to US\$63.3 million. In the first quarter of 2020 the Company signed financing agreements totalling US\$24.6 million denominated in Brazilian Real to reinforce short-term liquidity given the volatility caused by the COVID-19 crisis on global markets.

In the second quarter of 2020 the Brazilian National Economic and Social Development Bank (BNDES) granted Wilson Sons eligibility for the COVID-19 "Standstill Agreement". This allows for the postponement of principal and interest payments that occurred between May and October 2020, a payment deferment of approximately US\$10.3 million for the Company's consolidated companies and US\$9.9 million regarding the Company's 50% share in the offshore support vessel joint venture. Loan repayments are to be made according to the remaining terms of the contracts included in the scheme. In the first quarter of 2021 the Company has signed for a second five-month standstill to defer approximately US\$7.5 million for the Company's consolidated entities and US\$8.9 million regarding the Company's 50% share in the offshore support vessel joint venture between January 2021 and May 2021.

Additionally, in the last quarter of 2020, the Company signed a COVID-19 related "Standstill Agreement" with the Banco do Brazil delaying repayment of approximately US\$3.7 million for the Company's consolidated companies and US\$1.9 million regarding the Company's 50% share in the offshore support vessel joint venture.

As both BNDES and Banco do Brazil as state controlled entities the deferrals and standstill agreements noted above are government assistance that has been received in the year.

The Company has also implemented other austerity measures such as a temporary dividend reduction which was later reinstated and paid during the year and has also taken advantage of tax payment deferrals in line with government incentives, which therefore represent government assistance received during the year.

Covenants

On 31 December 2020 the Group was in compliance with all loan covenants.

Estimated Credit Losses

In view of the current scenario of economic uncertainties caused by the COVID-19 pandemic, the Group has reviewed the assumptions that make up the methodology to measure expected credit losses and has not observed an increase in customer default due to the outbreak. It is worth mentioning that Management of Wilson Sons continues to monitor collections and assess potential impacts that could affect the Company's performance and consequently, the measurement of expected credit losses.

Impairment

At the time of writing, COVID-19 impacts have not caused any changes in the circumstances that could require an impairment charge to be made against the Group's assets.

Management will continue to review key assumptions used in determining value and carefully monitor short-term fluctuations and macroeconomic assumptions related to the impact of COVID-19.

Notes to the Accounts

37. Coronavirus ("COVID-19") (continued)

37.1 General Context (continued)

Lease Arrangements

At this time, there have been no long-term changes in the scope of the Company's leases and right-of-use assets, including adding or terminating the right to use one or more underlying assets, or extending or reducing the term of the contractual leases. The Company has obtained some short-term reductions and postponements of lease payments, which according to the amendment to IFRS 16 that the company adopted during the year were not considered modifications to existing leases.

Investment Portfolio and Liquidity

In the Investment Manager Report, the Investment Manager, details the impact of market volatility and market rebound during the year after the initial market decline in March 2020 as it related to the COVID-19 pandemic.

Cash requirements for the portfolio are closely monitored. If sufficient resources are not available to meet short-term cash flow requirements, the Investment Manager could meet that requirement through a combination of a sale of liquid assets or the use of a loan facility that if drawn is secured against the investment portfolio. A significant percentage of the portfolio has daily or weekly liquidity. The loan facility was used during the period to manage short term cash flow requirements. There was no outstanding balance for this facility at 31 December 2020.

Statistical Statement (Unaudited)

2016 – 2020 (in US\$'000)

	Year to 31 December 2020 US\$'000	Year to 31 December 2019 US\$'000	Year to 31 December 2018 US\$'000	Year to 31 December 2017* US\$'000	Year to 31 December 2016* US\$'000
Closing rates of exchange – R\$ to US\$	5.20	4.03	3.86	3.31	3.26
Income Statement					
Group revenue	352,792	406,128	460,194	496,340	457,161
Raw materials and consumables used	(19,266)	(25,290)	(38,128)	(37,679)	(37,741)
Employee charges and benefits expense	(110,016)	(140,348)	(146,327)	(166,395)	(144,274)
Depreciation & amortisation expense	(50,617)	(53,733)	(56,178)	(57,481)	(52,585)
Amortisation of right-of-use assets	(10,706)	(12,389)	–	–	–
Impairment charge	–	(13,025)	–	–	–
Other operating expenses	(87,796)	(92,624)	(119,767)	(122,310)	(126,470)
Reversal/Impairment Charge	382	(13,025)	–	–	–
Foreign exchange (losses)/gains on monetary items**	(7,551)	(79)	(8,456)	2,750	2,286
Gain/(loss) on disposal of property, plant and equipment	–	294	(296)	(2,930)	745
Group operating profit**	66,905	68,934	91,044	112,295	99,122
Share of results of joint ventures	(4,142)	564	(4,062)	3,366	8,073
Returns on investment portfolio at fair value through profit or loss	33,383	34,716	(7,942)	42,064	677
Other investment income	1,644	6,052	4,152	9,715	10,254
Finance costs	(23,210)	(27,736)	(22,951)	(21,976)	(599)
Profit before tax	74,580	82,530	60,238	145,464	117,527
Income tax expense	(26,577)	(21,481)	(26,433)	(36,056)	(36,836)
Profit for the year	48,003	61,049	33,805	109,408	80,691
Profit for the period attributable to:					
Equity holders of parent	38,712	46,852	13,308	78,315	45,060
Non-controlling interests	9,291	14,197	20,497	31,093	35,631
	48,003	61,049	33,805	109,408	80,691
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance Sheet					
Net assets					
Brazilian interests	385,392	444,599	463,211	494,745	464,988
Investments held for trading	307,874	284,763	258,188	273,434	238,781
Other net assets	50,441	56,498	56,310	55,881	53,223
	743,707	785,860	777,709	824,060	756,992
Attributable net assets – per share (US\$)					
Brazilian interests – book amount	10.90	12.57	13.10	13.99	13.15
Other assets – book and market amount	10.13	9.65	8.89	9.31	8.26
		22.22	21.99	23.30	21.41
Key Statistics					
Earnings per share (US)	109.5c	132.5c	37.6c	221.5c	127.4c
Cash dividends per share paid (US)	70.0c	70c	70c	63c	63c
Mid-market quotation at end of period	£8.45	£9.90	£11.70	£10.95	£10.22
Mid-market quotation at end of period in US Dollars	\$11.55	\$13.13	\$14.92	\$14.79	\$12.50

* The 2016 to 2017 comparative for "Income from underlying investment vehicles" and "Other gains and losses" have been shown under "Returns on investments held at fair value through profit and loss". The change was made in order to improve presentation of items of similar nature.

** Foreign exchange differences on monetary items, were previously presented below operating profit. The presentation has been amended in the current year to include these items above operating profit. The prior years presented above have been amended with consistent presentation.

Notice of Annual General Meeting

Notice is hereby given that the 28th 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 27 May 2021 at 8:30am (Bermuda time) for the following purposes.

- 1 To appoint a chairperson of the meeting.
- 2 To confirm notice.
- 3 To receive and, if approved, adopt the Directors' Report and Accounts for the year ended 31 December 2020.
- 4 To declare a dividend of 70 cents per share.
- 5 To determine the maximum number of Directors for the ensuing year as nine and to authorise the Board of Directors to fill any vacancy in their number left unfilled for any reason to serve until the conclusion of the next Annual General Meeting.
- 6 To re-elect Mr. Jose Francisco Gouvêa Vieira as a Director until the next Annual General Meeting.
- 7 To re-elect Mr. William Salomon as a Director until the next Annual General Meeting.
- 8 To re-elect Mr. Andrey Berzins as a Director until the next Annual General Meeting.
- 9 To re-elect Mr. Christopher Townsend as a Director until the next Annual General Meeting.
- 10 To re-elect Ms. Fiona Beck as a Director until the next Annual General Meeting.
- 11 To elect Ms. Caroline Foulger as a Director until the next Annual General Meeting.
- 12 To re-appoint Ernst & Young LLP as the Auditor and to authorise the Directors to determine the remuneration of the Auditor.
- 13 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 2020.

By Order of the Board

Malcolm Mitchell
Company Secretary
Clarendon House, Church Street, Hamilton HM 11, Bermuda
12 March 2021

Any member of the Company entitled to attend and vote at the meeting may appoint one or more proxies to attend and vote instead of him. A proxy need not be a member of the Company.

Form of Proxy

*I/We _____

*of _____

being a Member of Ocean Wilsons Holdings Limited, hereby appoint Mr. J. F. Gouvêa Vieira, or failing him any Director of the Company 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 27 May 2021 at 8:30am (Bermuda time) and at any adjournment thereof. The proxy will vote on the Resolutions as indicated opposite.

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 27 May 2021 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 2020.			
2 To declare a dividend of 70 cents per share.			
3 To determine the maximum number of Directors for the ensuing year as nine and authorise the Board of Directors to elect or appoint on the Members' behalf a person or persons to act as additional Directors up to such maximum number to serve until the conclusion of the next Annual General Meeting.			
4 To re-elect Mr. J. F. Gouvêa Vieira as a Director until the next Annual General Meeting.			
5 To re-elect Mr. W. Salomon as a Director until the next Annual General Meeting.			
6 To re-elect Mr. A. Berzins as a Director until the next Annual General Meeting.			
7 To re-elect Mr. C. Townsend as a Director until the next Annual General Meeting.			
8 To re-elect Ms. F. Beck as a Director until the next Annual General Meeting.			
9 To elect Ms. C. Foulger as a Director until the next Annual General Meeting.			
10 To re-appoint Ernst & Young LLP as the Auditor and authorise the Directors to fix the remuneration of the Auditor.			
11 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 2020.			

Signature _____

Dated _____

2021

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, Link Group, PXS 1, Central Square, 29 Wellington Street, LEEDS, LS1 4DL, 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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