Ocean Wilsons Holdings Limited

Interim Report 2010

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Chairman's Interim Statement

Overview

Ocean Wilsons Holdings Limited ("Ocean Wilsons or the Company") is a Bermuda based investment Company and through its subsidiary operates as a maritime services company in Brazil. The Company is listed on both the Bermuda Stock Exchange and the London Stock Exchange. It has two principal subsidiaries: Wilson Sons Limited and Ocean Wilsons Investments Limited.

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

Ocean Wilsons Investments Limited is a wholly owned Bermuda investment company. The Company holds a portfolio of international investments. Hanseatic Asset Management LBG, a Guernsey registered and regulated investment group acts as investment manager.

Results

I am pleased to report another strong performance in the first half of 2010. Revenue for the six months ended 30 June 2010 grew 20% to US$263.0 million (2009: US$219.0 million) with increases in all business areas. At Brasco which operates terminals to support the offshore oil and gas industry, revenue grew 84% from US$11.8 million to US$21.8 million benefiting from the robust demand in this sector.

Group operating profit for the period at US$41.2 million was US$4.5 million lower than the comparative period in 2009 (2009: US$45.6 million) due principally to the continued strength of the Real against our reporting currency, the US Dollar, increased personnel and depreciation costs and lower operating margins at our offshore business. The average US Dollar/Real exchange rate in the period was 17% lower than the comparative period in 2009, consequently our Real denominated costs are higher when converted into US Dollars. In addition to being adversely impacted by the higher average exchange rate, personnel costs were higher than the comparative period in 2009, mainly due to increased headcount to attend new business and a delay in the annual collective labour agreement in 2009. Depreciation at US$19.9 million (2009: US$14.8 million) reflects the significant capital investments made in our port operation, towage and offshore businesses last year. Offshore margins fell as platform supply vessels, "PSVs" that were operating on higher margin spot contracts migrated to long-term contracts with Petrobras in the period.

Gains of US$20.4 million were realised on formation of the offshore joint venture with Ultragas. US$10.0 million is included in profit on formation of joint venture and US$10.4 million in shipyard revenue.

Investment revenues decreased from US$16.7 million to US$5.8 million principally due to a decrease in exchange gains on cash and cash equivalents. In the first half of 2009 the Real appreciated 16% against the US Dollar generating significant exchange gains on Real denominated cash balances for the Group. The investment portfolio received dividends from equity investments in the period of US$1.8 million (2009: US$0.8 million).

Other losses of US$4.4 million (2009: US$16.7 million gain) arise from the Group's portfolio of trading investments and reflect a decrease in the fair value of trading investments held at period end, partially offset by net gains on the disposal of trading investments during the period.

Finance costs for the period increased US$2.0 million to US$5.7 million (2009: US$3.7 million). The increase in finance costs is attributable to higher borrowings used to fund capital expenditure.

Profit before tax decreased US$28.6 million to US$46.8 million (2009: US$75.4 million) due to the decrease in operating profit, lower investment revenues and the fall in the fair value of trading investments in the period.

The effective tax rate in the period is 36% compared with 22% in 2009. The lower effective tax rate in 2009 primarily reflects income from our investment portfolio arising in our Bermudian companies that is not subject to further income or capital gains tax and Brazilian deferred tax movements arising from the appreciation of the Real against the US Dollar.

Profit attributable to non-controlling interests was higher than profit attributable to equity holders of the parent as losses were incurred in a subsidiary company with no non-controlling interest.

Earnings per share based on ordinary activities after taxation and minority interests were 39.5 cents (2009: 109.3 cents).

Wilson Sons Limited

At the close of business on the 9 August 2010, the Wilson Sons share price was Real 23.20 resulting in a market value for the Ocean Wilsons holding of 41,444,000 shares (58.25% of Wilson Sons) of approximately US$549.4 million which is the equivalent to US$15.54 per Ocean Wilsons Holdings Limited share.

Chairman's Interim Statement

Joint Venture

In June 2010 we were pleased to announce the start of our offshore joint venture between Wilson Sons Limited, through two of its subsidiaries in Brazil, and Remolcadores Ultratug Ltda, a company owned by the Chilean maritime group, Ultratug.

The joint venture vehicle named Wilson, Sons Ultratug Participações S.A. ("Wilson Sons Ultratug") is a 50/50 company set up between the Wilson Sons and Ultratug groups that will own and operate offshore vessels to support oil and gas exploration and production activities in Brazil.

Both Wilson Sons and Ultratug transferred their existing Brazilian offshore businesses into the new joint venture. The principal objective of the joint venture is to take advantage of the growing opportunities in Brazil's oil and gas industry and expand both groups' operations in the offshore segment.

Brasco

In June 2010 we acquired the remaining 25% non-controlling interest in our onshore base manager and logistics business, Brasco Logistica Offshore Ltda for US$8.7 million.

Exchange rates

Because the Group has revenue, costs, assets and liabilities in both Brazilian Real and US Dollars, movements in the US Dollar/Real exchange rate can impact the Group both positively and negatively from period to period. In the six months to 30 June 2010, the Real depreciated 3% against the US Dollar from 1.74 at 1 January 2010 to 1.80 at the period end. The main impacts from the depreciation of the Real against the US Dollar in the period was a net exchange loss of US$0.7 million (US$11.4 million gain) on the Group's Real-denominated cash balances included in the income statement and a currency translation adjustment loss to net equity of US$1.4 million (2009: US$10.4 million gain). The average Real/US Dollar exchange rate in the period at 1.81 was 17% lower than the comparative period in 2009, 2.19. The lower average exchange rate has an adverse effect on our Real-denominated costs when converted into US Dollars.

Dividend

The Board has declared an interim dividend of 4.0 cents per share (2009: 4.0 cents per share) to be paid on 1 October 2010 to shareholders on the register at close of business on 3 September 2010.

Cash flow and debt

Net cash inflow from operating activities for the period was US$33.7 million compared with US$35.6 million in the same period last year.

The Group's cash and cash equivalents decreased US$30.9 million at period end to US$165.5 million (31 December 2009: US$196.4 million) driven principally by capital expenditure in the period of $68.3 million, dividends paid to shareholders and non-controlling interests of US$24.8 million and purchase of non-controlling interests US$8.6 million.

Group borrowings at 30 June 2010 of US$259.0 were US$3.6 million higher than year end.

Balance sheet

At the 30 June 2010 net equity (equity attributable to ordinary shareholders of the Company) amounted to US$490.0 million (31 December 2009: US$493.0 million). Comprehensive income for the period attributable to equity holders of US$14.0 million was offset by dividends paid in the period of US$13.5 million and the purchase of minority interests of US$2.8 million. Net equity of US$490.0 million is the equivalent of US$13.86 per share excluding non-controlling interests (31 December 2009: US$13.94).

Investment Portfolio

The investment portfolio including cash under management amounted to US$236.2 million a fall of US$9.0 million since year end. The fall in value during the period is due to US$5.0 million paid in dividends from the investment portfolio to the parent company Ocean Wilsons Holdings Limited and a US$5 million decrease in the fair value of trading investments held at period end. The US$236.2 million is the equivalent of US$6.68 per share.

Company stockbroker

Ocean Wilsons is pleased to announce that it has today appointed Seymour Pierce Limited as its corporate stockbroker and sponsor for the purposes of the listing rules.

Board of Directors

It was with deep regret that we announced the death of our fellow director and colleague Mr Francisco Gros in May 2010. Mr Gros served as a Director of Ocean Wilsons Holdings Limited since 2004 and was the Chairman of Wilson Sons Limited. On behalf of your Board I would like to acknowledge and express our gratitude for his valued contribution to the Group.

Wilson Sons Limited operating review

We have summarised the following highlights from the Wilson Sons 2nd quarter 2009 earnings results released on 13 August 2010. The full report is available on the Wilson Sons Limited website: www.wilsonsons.com:

- Revenues up 22.7% compared to 2Q09 (Year-to-date up 20.1%), with underlying revenue growth across all major businesses;
- Port Terminals' quarterly revenues up 28.8% (Year-to-date up 28.5%), with growth in both Container Terminals and Brasco;
- Towage revenues for the quarter up 4.5% (Year-to-date up 8.4%), with strong demand in special operations;
- EBITDA of US$42.1 million for the quarter (Year-to-date at US$65.9 million), or 29.7% of revenues;
- Net income of US$31.0 million for the quarter (Year-to-date US$37.3 million).

Cezar Baião,
CEO of Operations in Brazil

"Wilson Sons has seen continued top line growth reflecting strong demand for our integrated business platform of port, maritime, and inland logistics services, mainly servicing international trade and the oil and gas industry.

Brazil's cabotage trade and increase in imports have underpinned solid demand for our Port Terminals and Towage for the first half of the year.

The Brazilian oil and gas industry continues to flourish, driving exceptional results for Brasco and creating a compelling outlook for our Offshore business."

Financial Highlights
Net revenues of US$141.5 million, up 22.7% compared to 2Q09 (Year-to-date up 20.1%), with volumes increasing in Offshore, Logistics and Shipping Agency.

Impressive revenue growth at Brasco, 112.3% up compared to 2Q09 (Year-to-date up 84.4%), largely as a result of new contracts and an increase in auxiliary services.

EBITDA margin was affected by a reduction in high-margin deep-sea volumes and warehousing, cost inflation and Q209 fiscal credits of US$1.5 million (1H09 US$2.2 million).

Capital expenditures of US$25.5 million, principally a result of the Company's fleet expansion in both Offshore and Towage.

Within the quarter, Wilson Sons also acquired the remaining 25% Brasco minority for US$8.6 million.

Net Revenues
Port Terminals 28.8% up despite a slight quarter-on-quarter decrease in volumes, with the constraint of a strong Real and a comparison against the rebound of 2Q09. (Year-to-date revenues up 28.5%).

Port Terminals revenues increased as a result of higher cabotage and transhipment volumes in both Rio Grande and Salvador container terminals and increased activity at Brasco.

Revenue growth of 4.5% in Towage for the quarter due to demand from grain exports and special operations (up year-to-date 8.4%).

Revenue in Offshore down -15.2%, as a result of the formation of Wilson, Sons Ultratug joint venture within the quarter.

Costs and Expenses
Costs and Expenses increased 25.2% for 2Q10 compared to 2Q09 (Year-to-date up 29.9%), generally suffering from the continued strength in Real relative to the USD reporting currency.

Raw Material Costs were only marginally up (5.6% in 2Q10).

Personnel Expenses were negatively impacted by US$5.3 million in 2Q10 and US$13.5 million year-to-date compared to 2009 due to exchange rate movements: the average BRL/USD exchange rate was 2.07 in 2Q09, 1.79 in 2Q10, 2.19 in 1H09 and 1.80 in 1H10.

2009 collective labour agreements effectively increased personnel expenses starting at the beginning of 3Q09 going forward (an increase of US$2.0 million for 2Q10 compared to 2Q09).

Also impacting Personnel Expenses was the average headcount increase from 4,184 in Q209 to 4,569 in Q210 (increasing expenses by US$3.1 million for the quarter), mainly due to the increase in the number of Logistics operations, Offshore fleet and Shipyard activities.

Other Operating Expenses were also impacted by a stronger Real in 2Q10 and higher rental costs (an increase of US$5.7 million and US$1.5 million respectively, relative to 2Q09).

EBITDA
Port Terminals EBITDA is up 36.3% for 2Q10, helped by growth in cabotage volumes in both Tecon Salvador and Rio Grande, and increased activity in our oil and gas terminals Brasco.

Chairman's Interim Statement

The average Real/USD exchange rate in 2Q10 was 1.79, while in 2Q09 was 2.07, reducing overall EBITDA by US$1.5 million for 2Q10 and US$2.8 million for 1H10 compared to respective 2009 periods.

Towage EBITDA was negatively affected by a strong Real because the majority of costs are in Real and revenues in USD.

An increasing percentage of Offshore vessels in long-term contracts and the exclusion of costs related to leased vessels Petrel and Skua with the Joint Venture formation have contributed to movement in margins.

The Shipyard's Revenues, Operating Profit and EBITDA all include a one-off entry of US$10.4 million, related to the formation of the Wilson Sons Ultratug joint venture. In the past, profits related to the construction of our own PSV vessels for our Offshore segment were considered intercompany profits and, therefore, did not show on the Shipyard results. Following IFRS consolidation rules, when Wilson Sons transferred its assets (offshore PSV vessels) to the newly-created JV entity, the Company had to recognize 50% of those profits that were excluded as intercompany profits in the past.

Excluding the one-time entry discussed above, EBITDA for 2Q10 would have been US$31.7 million. (1H10 would have been US$55.5 million).

Net Income
Net income for the quarter declined 6.2% to US$31.0 million as a result of a decrease in financial revenues and an increase in financial expenses.

The impact on Net Income of the Shipyard's one-time entry, discussed above, is US$6.9 million.

In addition to the Shipyard's impact this quarter, there is also a one-time profit of approximately US$10.0 million generated by the formation of the Joint Venture with Magallanes. This profit was the result of the difference between the value of the contribution of Magallanes participation to the Joint Venture versus Wilson Sons' participation in the new entity.

Excluding both one-time effects discussed above, Net Income for 2Q10 would have been US$14.1 million.

Financial Revenues were below 2Q09 largely as a result of a stable Real in 2Q10 contrasted with a strengthening Real throughout 2Q09 and the subsequent effects on the valuation of monetary items denominated in Real (mainly cash).

Financial expenses of US$2.9 million are a direct result of larger total debt.

Income tax 88.0% up due to a deferred income tax liability of US$7.0 million this quarter and a deferred income tax asset of US$6.9 million for 2Q09.

Business Highlights
Port Terminals – Container Terminals
Container terminal volumes were 1.5% lower for the quarter, as 2Q09 included a rebound effect after the global financial crisis. Year-to-date TEU volumes are up 6.2% despite a continued strong Real subduing exports.

Full-Empty container mix improved with full containers up 15.4% for the quarter and up 17.8% year-to-date against the corresponding period of 2009. The change in the mix shows a return to a more regular distribution following the exceptional empty volumes of 2009 during the financial crisis.

A strong Real for 2Q10 incentivized imports in lieu of exports. Cabotage transportation is benefiting from this trend as import movements are usually concentrated in main ports and then distributed to other ports by cabotage vessels. Cabotage volumes are up 14.3% quarter-on-quarter and 13.9% year-to-date against the respective periods of 2009.

Tecon Rio Grande deep-sea cargo benefited from improvements in import of parts and machinery, chemicals and plastics, although this was insufficient to outweigh reduced export volumes. Cabotage volume highlights were in chemical resins, aluminium and machine parts.

Tecon Salvador saw great improvement in its cabotage volumes, up 18.9% quarter-on-quarter and up 16.5% year-to-date. Cabotage volumes of chemicals, ores, grains, pulps and rubber were particularly strong.

Port Terminals – Brasco
Brasco, our Oil & Gas Terminals, continued growth following strong demand from oil companies through our Rio de Janeiro, Niterói, Vitória, and São Luis facilities.

Revenue at Brasco grew 112.3% in the quarter over 2009 (Year-to-date up 84.4%), with EBITDA participation of 22.4% (Year-to-date 19.4%) of total Port Terminals' EBITDA for the quarter.

Spot turnarounds tripled to 18 in the quarter from 6 in 2Q09, and went from 12 in 1H09 to 45 for 1H10.

In addition to the increase in turnarounds, the growth in revenues and EBITDA reflects the higher demand both from spot and fixed customers for auxiliary services, such as warehousing, transportation, waste management and containers rental. The terminals also saw an increase in utilisation of manpower and equipment.

Towage

Towage revenues increased by 4.5% quarter-on-quarter (8.4% year-to-date) compared to 2009, due to high demand for special operations. Overall volumes for harbour manoeuvres in line with 2Q09, slightly up by 0.4% (0.4% year-to-date).

The Company continues to grow its participation in special operations, which increased to 13.4% of net revenues in 2Q10 (14.1% year-to-date) helped by salvage operations and support to LNG terminals. Special operations EBITDA participation in Total Towage EBITDA is now at 25.8%.

Price agreements with shipowners for 2010 are still suffering increased competition and weakness in 2009 global demand.

Towage EBITDA margin was also negatively affected by the Real strength because the majority of costs are denominated in Real and revenues in USD (negative impact of US$1.1 million in 2Q10 and US$2.9 million year-to-date compared to respective 2009 periods).

Tax credits in the quarter were US$1.6 million lower than 2009 (Year-to-date US$3.1 million lower) which along with factors outlined above continue to weigh on towage EBITDA margins, at 31.9% for the quarter and 33.0% year-to-date.

The continued investment in renovation and expansion of the tugboat fleet saw the addition of tugboat Lyra during the quarter. Following the quarter-end, tugboat Regulus entered operation strengthening the service offering for special operations with specifications designed for support to oil and gas and ocean towage. A further 3 tugboats, at different construction phases, are currently being built at the Company's Guarujá shipyard.

Offshore

The results for 2Q10 include the effects of the formation of the Wilson Sons Ultratug joint venture. After the start of the joint venture, the Offshore business reports proportionally, with a 50% participation in the new entity.

The Offshore business experienced a decrease of -15.2% in revenues compared to 2Q09 as a result of the aforementioned joint venture effect. But year-to-date revenues are up 5.9% as a result of a larger fleet. The joint venture was created to maximize long-term fleet expansion opportunities for offshore vessels supporting oil & gas exploration and production activities.

PSV Fulmar was added to our fleet in June and assigned to an 8-year long-term contract with Petrobras. Also during the quarter, PSV vessels Pelicano, Atobá, Petrel and Skua left the spot market and were assigned to 8-year long-term contracts with Petrobras.

2Q10 EBITDA margin included the following effects: After the joint venture was formalised, WS Offshore no longer pays charter costs to Magallanes for PSVs Petrel & Skua; however the vessels that entered contracts with Petrobras receive lower daily rates than those in the spot market.

Two PSVs, in different stages of construction, are currently being built at Wilson Sons Shipyards.

Shipyards

The Shipyard's Revenues, Operating Profit and EBITDA all include a one-off entry of US$10.4 million, related to the formation of the Wilson Sons Ultratug joint venture. In the past, profits related to the construction of our own PSV vessels for our Offshore segment were considered intercompany profits and, therefore, did not show on the Shipyard results. Following IFRS consolidation rules, when Wilson Sons transferred its assets (offshore PSV vessels) to the newly-created JV entity, the Company had to recognize those profits that were excluded as intercompany profits in the past.

2Q10 Shipyard revenues were up 179.1% (Year-to-date up 65.4%), and quarterly EBITDA increased 323.4% against Q209 (Year-to-date up 65.7%).

Excluding the one-time entry discussed above, Net Revenues, Operating Profit and Net Income for 2Q10 would have been US$2.8 million, US$0.1 million and US$0.1 million respectively.

Following the formal close of the joint venture, 50% of shipyard construction for the joint venture is now considered third-party revenues with the remaining 50% construction cost considered intercompany and therefore reflected directly as asset investments of Wilson Sons.

Intercompany shipyard activities for the Wilson, Sons' fleet of wholly-owned tugboats are also not reflected in these consolidated financial numbers but appear as assets excluding the shipyard margin in the balance sheet of the company.

Shipping Agency

Shipping Agency revenues increased by 14.3% compared to 2Q09 (Year-to-date increase of 20.9%) due to the increase in the number of vessel call ups 6.4% (Year-to-date up 11.1%) and bills of lading (BLs) issued (up 10.3% in the quarter, year-to-date up 10.0%) generally benefiting from both higher domestic and international shipping demand.

The volume of containers controlled increased 11.4% in comparison with same quarter last year (Year-to-date up 7.6%).

Chairman's Interim Statement

Logistics
The number of operations increased with robust domestic demand combined with favourable contract renewals and additions since the comparative period. Logistics' EBITDA is up 50.2% compared to the corresponding quarter of 2009 (Year-to-date up 7.5%) with mineral, pharmaceutical, petrochemical, steel and transport operations all posting improved performances.

New in-house contracts in the steel and mining industries will begin in Q3 2010 and continue to foster Wilson Sons' growth strategy for the logistics business.

Capex
Towage and Offshore capital expenditures continue as a result of fleet expansion at the Company's Guarujá shipyard. PSV Talha-Mar is the substantial ongoing PSV construction with works on PSV Torda increasing. Tugboat Lyra was completed in the quarter with special-operations-equipped Regulus completing shortly after the quarter-end, continuing the increase in the fleet's towage potential.

Port Terminals capital expenditure includes civil works for Tecon Rio Grande together with purchase of other equipment across the business.

Logistics investments in the quarter are principally equipment for new client in-house logistics operations.

Corporate expenditures include license purchase of ERP system.

Debt and Cash Profiles and Cash Position
Debt Schedule: 91.9% of total debt is long-term, 90.0% of total debt is US Dollar-denominated, while 81.5% of total debt is provided by the FMM through BNDES and Banco do Brasil as agents.

Net Debt: The relatively deleveraged net debt position reached US$122.4 million, as a result of continued capital expenditures and the drawdown of debt in respect of loan financing facilities.

Cash and cash equivalents finished the quarter at US$148.1 million, principally due to the payment of the annual dividend of US$22.6 million, the acquisition of the 25% minority interest in Brasco (US$8.7 million) and ongoing capital investments.

Corporate Costs
The Company's Corporate activities include head office and group support functions together with any business costs not associated with the six key business areas.

Corporate expenses increased US$2.1 million for 2Q10 (Year-to-date up US$5.2 million) compared to the same periods of 2009, generally suffering from the strength in Brazilian Real relative to the reporting currency of USD (increase of US$1.1 million for 2Q10 and US$1.5 million for 1H10).

Personnel expenses increased slightly, by US$0.2 million.

Other Operating Expenses increased by US$1.8 million for 2Q10 and US$2.6 million for 1H10 compared to the same periods of 2009, impacted by a payout for settlement of legal proceedings.

Investment Portfolio
Hanseatic Asset Management LBG that manages the Groups investment portfolio reports at the period end as follows:

Market Background
The rally in risk assets came to a halt during the first half of 2010 after a 13 month period of strong gains. Equities in Developed and Emerging Markets pulled back sharply, together with the energy and industrial commodity markets, as the first steps were taken towards removing the extraordinary stimulus policies. The MSCI World Index of Developed Markets fell by -9.8% over the period and the MSCI Emerging Markets Index declined by -6.2%.

In the first quarter, markets shrugged off concerns over Greek sovereign risk and news that China was taking steps to rein in liquidity through tightening bank lending standards, with many equity markets ending the quarter at post crisis highs. In April, US markets reached their highest levels since the Lehman Brothers bankruptcy filing in September 2008. The trend reversed sharply in May and the flight from risk was exacerbated by the "flash crash" on 6 May when the Dow Jones Index plunged 700 points in eight minutes following a system failure. Around the same time investors learnt of BP's oil spill in the Gulf of Mexico, which wiped off almost £60 billion from the company's market capitalisation over the second quarter.

Intensified concerns over the solvency of Greece spread to Southern Europe with government bond yields in the "PIGS" (Portugal, Italy, Greece and Spain) nations rising sharply. Eurozone members agreed upon a significant Greek rescue package, a €750 billion bailout facility to counter future attacks on other Euro bloc members and the introduction of a bond purchase programme by the European Central Bank. Following the expiry of the housing tax credit benefit in April, concerns regarding the potential for a "double dip" recession were re-fuelled as weaker than expected US housing data reported that new home sales in May fell by a record amount.

In Developed Markets, Europe saw the largest declines with the CAC Index in France down -23.0%, the DAX Index in Germany down -14.5% and the FTSE 100 Index in the UK down -14.2%. Elsewhere in Developed Markets, the S&P 500 Index in the US fell -6.7% and the Topix Index in Japan fell -1.5%.

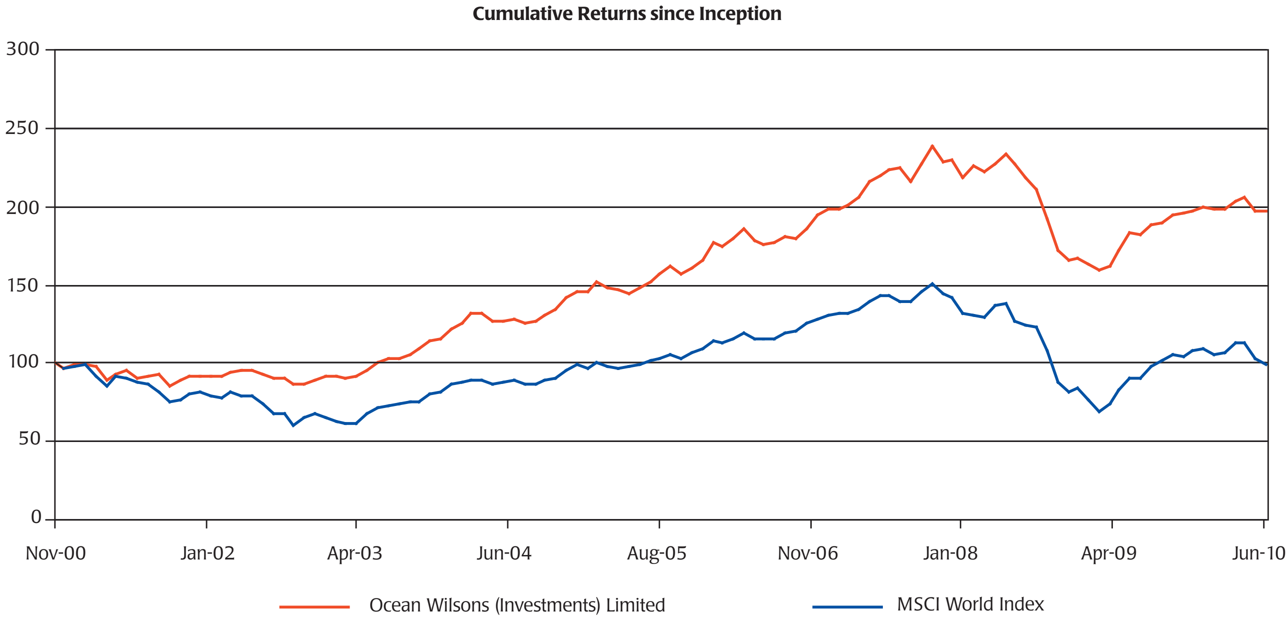
Amongst Emerging Markets, China was a notable laggard in Asia, as the A-share CSI 300 Index declined by -27.4% versus the MSCI Asia Pacific ex-Japan Index down -7.0%. The Bovespa Index of Brazil fell by -14.1% and the RTS Index of Russia declined by -7.3%, whilst the Bombay Sensex Index of India managed to post a gain of +1.6%.

In commodity markets, strong gains were posted in the precious metals sector on the back of the rising gold price, whilst energy and industrial metals posted declines on global growth concerns. Gold ended the period up +13.3%, just short of its June 2010 all time high of $1,256 per ounce. The price of a barrel of West Texas Intermediate oil declined by -4.8%, ending the period at $76, whilst copper prices fell by -11.7%. Agricultural commodities largely fell over the period due to expectations of oversupply in the grain markets with corn prices falling by -12.5% and wheat prices by -11.3%.

In currency markets, the US Dollar appreciated +3.45% against the Brazilian Real, +7.9% against Sterling and +16.9% against the Euro, the latter of which sold off sharply amidst sovereign risk concerns and established a series of multi year lows in May and continuing to weaken into June, establishing a low at $1.20 per Euro. The Yen appreciated by +5.1% over the period. In late June, the Chinese government made a long anticipated announcement to “enhance exchange rate flexibility”, which likely signals a return to the crawling peg against the US Dollar in the intermediate future.

In fixed income markets, High Yield bonds held onto first quarter gains with the Barclays Capital Global High Yield Index rising +3.0% over the period, whilst US and UK sovereign debt were notable beneficiaries of the flight from risk in the second quarter. The yield on US ten year treasuries compressed from 3.8% to 2.9% (under 3% for the first time in over one year), the UK ten year yield compressed from 4.0% to 3.4% and the European Central Bank ten year yield compressed to 2.6% from 3.4% as the regional debt was considered a safe haven compared to that of individual member countries.

Performance



Annual and Cumulative Returns – inception on 1 November 2000

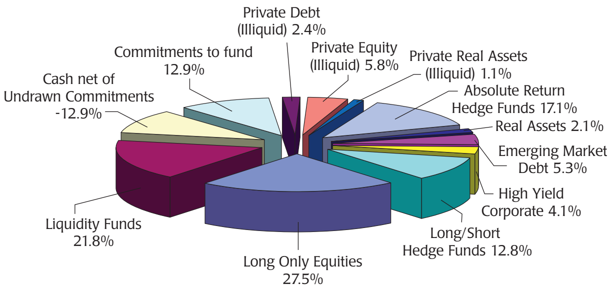
	Since inception	Year to date	2009	2008	2007	2006
Fund Performance	96.5%	(1.3%)	19.0%	(27.1%)	16.0%	19.5%
MSCI World Fee	(3.8%)	(9.8%)	30.0%	(40.7%)	9.0%	20.1%
Performance Benchmark	51.1%	1.5%	4.0%	6.2%	7.3%	6.8%

Chairman's Interim Statement

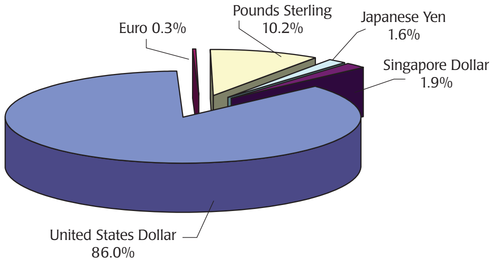
Investment Portfolio at 30 June 2010

	Market Value $000	% of NAV
BlueCrest All Blue Leveraged Feeder Fund	11,165	4.7
GLG Emerging Currency and Fixed Income Fund	10,826	4.6
Capital International Emerging Markets Debt Fund	10,312	4.4
Lansdowne UK Equity Fund Ltd	10,142	4.3
Findlay Park American Smaller Companies Fund	9,275	3.9
BlackRock World Mining Trust Plc	7,575	3.2
Oaktree CM Value Opportunities (Cayman) Fund Ltd	6,804	2.9
Investec GSF Enhanced Global Energy Fund	6,148	2.6
BlackRock UK Emerging Companies Hedge Fund	5,625	2.4
QFR Victoria Fund Ltd	5,311	2.2
Top 10 Investments	83,183	35.2
Aberdeen Global – Asia Pacific Fund	5,101	2.2
Winton Futures Fund	5,095	2.2
Schroder ISF Emerging Markets Debt Absolute Return	5,000	2.1
SR Global Fund – Emerging Markets	4,806	2.0
Jupiter European Opportunities Trust Plc	4,592	1.9
Prusik Asia Fund Plc	4,415	1.9
ARC Capital Holdings Ltd	3,965	1.7
Ashmore Global Special Situations Fund IV, LP	3,801	1.6
JO Hambro Japan Fund	3,754	1.6
Neptune Russia & Greater Russia Fund	3,592	1.5
Top 20 Investments	127,304	53.9
Capital International Private Equity Fund V, LP	3,582	1.5
RWC Biltmore Inc	3,054	1.3
Jabcap Global Balanced Fund	2,988	1.3
SR Global Fund – Asia	2,872	1.2
Hupomone Capital Fund, LP	2,863	1.2
Harbinger Capital Partners Special Situations Fund	2,801	1.2
BlueBay High Income Loan Fund	2,753	1.2
Neptune Japan Opportunities Fund	2,728	1.1
Phaunos Timber Fund Ltd	2,573	1.1
Pacific Alliance China Land Ltd	2,494	1.0
Top 30 Investments	156,012	66.0
Other Investments (31)	28,548	12.1
Net Current Assets – including cash and liquidity funds	51,655	21.9
Total	**236,215**	**100.0**

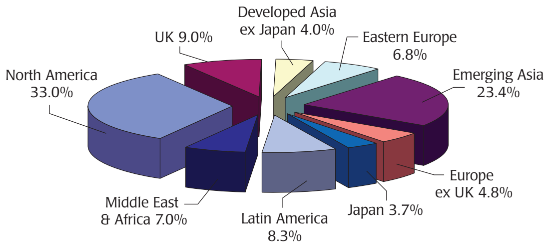
Asset Class Allocation at 30 June 2010



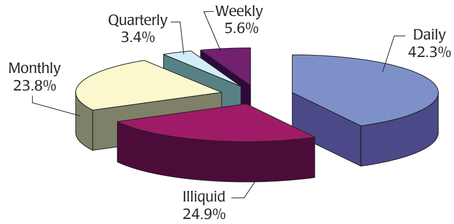
Currency Exposure (by denomination) at 30 June 2010



Geographical Distribution at 30 June 2010



Underlying Liquidity at 30 June 2010



Market Outlook

Since the credit crisis took hold, the MSCI (Developed) World Index is 34.2% below its October 2007 high, having retraced 56.0% from its March 2009 low and the MSCI Emerging Markets Index is 27.1% below its November 2007 high, having retraced 109.7% from its October 2008 low.

In Developed Markets, deflationary pressures are dominating the short-term outlook, as deleveraging across banks, households and governments continues to provide a powerful medium-term headwind for growth. High unemployment, together with inadequate private sector savings, continues to weigh on consumer spending. Consequently the indebted Western consumer will be hard pressed to lead the recovery as they have historically been able to. Government and Central Bank interventions, which prevented an Armageddon scenario, must now be paid for by higher taxation. Structurally lower growth will persist over the medium-term.

Money supply in the Developed World is declining despite the extraordinary 'quantitative easing' programmes, evidenced by the lack of a multiplier effect as banks hoard Central Bank generated liquidity. Even before the withdrawal of stimulus measures, M2 (broad money supply) had been decelerating sharply since mid-2009 due to the chronic "monetary constipation" in the Western banking system. In this context, talk of a resumption of inflationary conditions appears premature and it looks likely that Central Banks will resort to further unconventional monetary measures to counteract the ongoing balance sheet contractions. Future doses of "quantitative easing" may gain more traction than previously when the savings rate rose from 3.5% to 10% and it is hoped that corporates may resume capex spending in the knowledge that support is being provided to avoid a "double dip" recession.

The current crisis in the Eurozone has exposed the fundamental weaknesses of currency union without political and fiscal union. Looking ahead, the breakup of the single currency is an unlikely but not impossible prospect.

Chairman's Interim Statement

However, eventual fiscal union is looking increasingly likely. The Greek bailout and accompanying downgrade of the country's sovereign bonds to junk status may just be "the canary in the coalmine" with the weaker economies far from entering a convincing recovery phase. Some countries, such as Ireland and Latvia, are facing up to their excesses and taking the required remedial action. However, other economies such as those of the "PIGS" nations (Portugal, Italy, Greece and Spain) are showing resistance to the required but painful readjustments in the form of far-reaching spending cuts.

Elsewhere in Developed Markets, the US is seeing a moderating pace in economic data as inventory re-stocking has concluded and the stabilisation of the housing market looks uncertain as supports such as taxation benefits have now been removed. US policy makers appear committed to avoiding a deflationary debt spiral, as the Federal Reserve has continued to voice its willingness to step in with further "quantitative easing" if there is evidence of a slowdown gaining momentum, and fiscal policy remains expansionary in marked contrast to Europe. Japan is also seeing strong earnings momentum and valuations remain cheap in an historic context though the country continues to suffer from long-term structural problems relating to negative demographics and the largest government debt in the Developed World.

One of the most enduring legacies of this crisis is the shifting of the balance of growth from West to East, as well as the establishment of a new financial order led by Emerging Markets (and other fiscally strong economies backed by natural resource wealth such as Canada and Australia), which are accumulating wealth at the expense of US, Continental Europe, UK and Japan. Following its own crisis a decade ago, Asia, in particular, now possesses robust balance sheets across the household, corporate, government and banking sectors. In addition, Emerging Markets are seeing upgrades to their credit ratings in stark contrast to Developed Markets and have the capacity for a future credit cycle. This financial strength, together with an expanding domestic economy and superior demographics, provides a resilient barrier to offset slowing exports. In short, the decoupling of Emerging Markets from the fates of their Developed Market counterparts is undoubtedly gaining traction.

In the medium-term, the age of austerity in Developed Markets is likely to be matched by an age of consumerism in the Emerging World. Trade between Emerging Markets is increasing and it is noteworthy that China consumes a greater share of exports from fellow Emerging Markets than the US and has also recently overtaken Germany as the world's leading exporting nation. Furthermore, investments in Asia are supported by significantly undervalued currencies, many of which are pegged to the US Dollar.

Currently, fixed asset investment into Emerging Markets is slowing and the commodity outlook, the fate of which is largely tied to that of Emerging Markets, has lost some of its froth. Inflation is starting to rear its head in several Emerging Markets, where recessions were generally extremely short and strong growth has resumed. Cyclical tightening is well underway in many countries. China has been the leader in this regard with targeted measures against the real estate market.

Record government bond issuance since the crisis unfolded may have brought the multi-year bull market for government bonds to an end. At the current juncture, global equity markets are no longer materially undervalued though forward looking metrics are at unchallenging levels should earnings rebound as anticipated. In the short-term, the Federal Reserve appears committed to accommodative monetary policy "for a sustained period" and with this support in place, there is a strong argument that equities' path of least resistance is upwards. It will be interesting to see where the surplus liquidity from "quantitative easing" programmes ends up and given the divergence in the fundamental outlooks for the Developed and Emerging World, it may well find itself in Asian assets, causing both their assets and currencies to appreciate.

The overall outlook is opaque and forecasting will remain hazardous for some time. In light of this, the Investment Manager believes that increasing exposure to a small number of highly selective "all weather" hedged vehicles is a prudent strategy. In summary, the recovery is fragile with considerable headwinds, especially in the Developed Markets, as stimulus measures are removed. In the Emerging Markets, the Investment Manager remains confident that these economies will be the engines of global growth for many years to come.

Investment Portfolio Performance

During a period of increasing volatility and negative performance across risk assets in the first half of 2010, the portfolio recorded a time weighted return of -1.3% in US Dollar terms and the invested portfolio (ex-cash and liquidity funds) returned -1.6%. This compares to declines of -9.8% in the MSCI (Developed) World Index and -6.2% in the MSCI Emerging Markets Index. Of the reported -1.3% decline, -0.8% was attributable to currency movements, due to a 10% weighting in Sterling which depreciated -7.3% against the US Dollar in the period. The portfolio's exposure to the Euro was de minimis at 0.3% of NAV.

On an asset allocation level versus the MSCI (Developed) World Index, the portfolio benefited from its considerably underweight exposure to Continental Europe of 3.4% versus 19.6% for the MSCI World Index. Furthermore, performance was assisted by manager selection in most regions, most notably in the Far East and other Emerging Markets where in both cases performance was significantly ahead of the respective MSCI benchmarks.

The strongest contributions to performance came from the market neutral portion of the portfolio including absolute return funds such as **BlueCrest All Blue Leveraged Feede**r (+7.0%), **GLG Emerging Currency & Fixed Income**

(+6.9%), **QFR Victoria Fund Ltd** (+6.2%) and **Jabcap Global Balanced Fund** (+5.9%). The Investment Manager significantly increased the portfolio's exposure to market neutral absolute return funds in the fourth quarter of 2009 and into the first half of 2010. In the current environment of low interest rates and to avoid excessive "cash drag", these "all-weather" vehicles are capable of generating positive absolute returns regardless of the prevailing market environment. Absolute return funds accounted for 17.1% of the portfolio's NAV as at 30 June 2010. Other solid performances came from the long/short directional hedge fund, **BlackRock UK Emerging Companies Hedge Fund** (+5.6%), and **Capital International Emerging Debt Fund** (+2.6%), one of the portfolio's larger holdings.

Detractors from performance in the period included **ETFS Natural Gas** (-25.6%) and **Gazprom ADR** (-25.2%), as natural gas prices declined in the first half of 2010. Elsewhere, **Prusik Asia Fund** (-12.6%) continued its underperformance from 2009 amongst its peers and the strong Yen was a significant headwind during the period for the **Neptune Japan Opportunities Fund** (-14.5%).

Sector Weighting and Performance

Sector	Portfolio Weighting %	Time Weighted Return %	MSCI Return %
United States (includes liquidity funds)	29.4	(1.1)	(6.9)
Emerging Markets	24.7	2.2	(6.2)
Global ("Thematic" – including commodity funds)	21.4	(2.2)	(9.8)
Far East (excluding India)	12.0	(4.6)	(12.4)
United Kingdom	6.7	(4.4)	(15.6)
Japan	3.0	(6.5)	(2.2)
Continental Europe ex-UK	2.7	0.9	(17.1)

Performance Attribution

Positive Contributors (in USD)	Contribution %	Performance %	Gain $m
BlueCrest All Blue Leveraged Feeder	0.3	7.0	0.7
GLG Emerging Currency & Fixed Income	0.3	6.9	0.7
QFR Victoria Fund Ltd	0.1	6.2	0.3
Capital International Emerging Markets Debt	0.1	2.6	0.3
BlackRock UK Emerging Companies Hedge Fund	0.1	5.6	0.3
Phaunos Timber Fund Ltd	0.1	9.7	0.2
Jabcap Global Balanced Fund	0.1	5.9	0.2
ACP Capital Ltd	0.1	31.0	0.1
BlueBay High Income Loan Fund	0.1	5.0	0.1
Ashmore Global Opportunities Ltd	0.1	5.7	0.1
			3.0

Negative Contributors (in USD)	Contribution %	Performance %	Gain $m
ETFS Natural Gas #	(0.3)	(25.6)	(0.8)
Prusik Asia Fund Plc	(0.3)	(12.6)	(0.8)
Lansdowne UK Equity Fund Ltd	(0.3)	(6.3)	(0.7)
Findlay Park American Smaller Companies Fund	(0.2)	(2.1)	(0.5)
BlackRock World Mining Trust Plc	(0.2)	(6.6)	(0.5)
SR Global Emerging Markets Fund	(0.2)	(9.0)	(0.5)
Neptune Japan Opportunities Fund	(0.2)	(14.5)	(0.5)
Gazprom ADR	(0.2)	(25.2)	(0.4)
Jupiter Financial Opportunities Fund	(0.1)	(14.2)	(0.3)
Neptune Russia & Greater Russia Fund	(0.1)	(7.4)	(0.3)
			(5.3)

Note: # sold during 2010.

Chairman's Interim Statement

Three new investments (excluding liquidity fund movements) and two follow-on investments totalling US$22.7 million were made over the period, as detailed below:

- **QFR Victoria Fund** is a global macro absolute return hedge fund, investing in fixed income, currencies and credit securities in Emerging Markets.
- **Schroders Emerging Markets Debt Absolute Return Fund** is a long-only absolute return fund investing in Emerging Markets debt through local and external (USD) cash bonds, with significant thought given to currency positioning as a meaningful contributor to performance.
- **Winton Futures Fund** is an absolute return "trend following" hedge fund, trading in futures, options and forwards on approximately 100 global equity, currency, bond commodity and short-term interest rate markets.
- In addition, two follow-on investments, totalling US$7.7 million, were made into **Findlay Park American Smaller Companies Fund** and **ARC Capital Holdings Ltd**.

Five sales (excluding liquidity fund movements), totalling US$14.4 million, were made over the period, as detailed below:

- **RWC Global Convertibles Fund** – change of manager and no longer major dislocation in asset class.
- **ETFS Natural Gas** – underlying commodity remains in contango, providing a significant headwind for positive returns.
- **BlackRock Hedge Selector – UK Emerging Companies** – reduction of UK holdings.
- **BlackRock Middle East & North Africa Opportunities Fund** – underperformance versus other absolute return fund holdings.
- **Melchior Japan Investment Trust Plc** – poor performance.

New Commitments	$
Avigo SME Fund III, LLC	5,000,000
Capital International Private Equity Fund V, LP	5,000,000
China Harvest Fund II, LP	5,000,000
Greenspring Global Partners IV, LP	5,000,000
L Capital Asia Private Investors Offshore, LP	5,000,000
	25,000,000

- **Avigo SME Fund III, LLC** invests in Indian Small and Medium Enterprises with a focus on the industrial sector.
- **Capital International Private Equity Fund V, LP** makes private equity and equity-related investments in market-leading local companies and well-positioned exporters across the global emerging markets. This was a secondary transaction where a US$5 million commitment was taken on from an existing Limited Partner. The price paid was a 12.5% discount to the drawn portfolio's valuation.
- **China Harvest Fund II, LP** provides growth capital to leading mid-market companies (typically with top five market positions) in mainland China, Hong Kong, Macau and Taiwan.
- **Greenspring Global Partners IV, LP** is a venture capital fund of funds, aiming to provide access to top-tier funds, principally in the United States, access to which may be difficult to new investors either because the funds are limited in size or closed to new investors. In addition, approximately 25% of commitments will be used to make direct investments in private companies.
- **L Capital Asia Private Investors Offshore, LP** is a private equity fund sponsored by French luxury conglomerate, the LVMH Group, to provide growth capital through minority stake investments to Asian "aspirational" brands (affordable alternatives to luxury brands), directed at the growing middle class and discretionary consumption.

Going concern

The Group closely monitors and manages its liquidity risk. The Group has considerable financial resources including US$165.5 million in cash and cash equivalents and the Group's borrowings have a long maturity profile. The Group's business activities together with the factors likely to affect its future development and performance are set out in the Chairman's statement, operating review and investment managers report. The financial position, cash flows and borrowings of the Group are also set out in the Chairman's statement. Details of the Group's borrowings are set out in note 15. Based on the Group's cash forecasts and sensitivities run, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operation for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

Responsibility statement

The Directors confirm that to the best of our knowledge:

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

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

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

By order of the Board

Jose Francisco Gouvêa Vieira
13 August 2010

Condensed Consolidated Statement of Comprehensive Income

for the six months ended 30 June 2010

	Notes	**Unaudited six months to 30 June 2010 US$'000**	Unaudited six months to 30 June 2009 US$'000	Audited year to 31 December 2009 US$'000
Revenue	3	**262,972**	218,982	477,888
Raw materials and consumables used		**(22,957)**	(22,295)	(49,570)
Employee benefits expense	5	**(87,469)**	(66,478)	(162,367)
Depreciation & amortisation expense		**(19,860)**	(14,816)	(32,066)
Other operating expenses		**(91,540)**	(69,855)	(155,042)
Profit on disposal of property, plant and equipment		**33**	109	470
Operating profit		**41,179**	45,647	79,313
Profit realised on formation of joint venture	16	**9,958**	–	–
Investment revenue	3, 6	**5,806**	16,707	35,613
Other gains and losses	7	**(4,407)**	16,695	34,305
Finance costs	8	**(5,715)**	(3,675)	(9,411)
Profit before tax		**46,821**	75,374	139,820
Income tax expense	9	**(17,020)**	(15,639)	(31,228)
Profit for the period		**29,801**	59,735	108,592
Other comprehensive income				
Exchange differences arising on translation of foreign operations		**(1,388)**	10,382	16,072
Other comprehensive (loss)/income for the period		**(1,388)**	10,382	16,072
Total comprehensive income for the period		**28,413**	70,117	124,664
Profit for the period attributable to:				
Equity holders of parent		**13,958**	38,637	70,200
Non-controlling interests		**15,843**	21,098	38,392
		29,801	59,735	108,592
Total comprehensive income for the period attributable to:				
Equity holders of parent		**13,230**	44,702	79,059
Non-controlling interests		**15,183**	25,415	45,605
		28,413	70,117	124,664
Earnings per share				
Basic and diluted	11	**39.5c**	109.3c	198.5c

Condensed Consolidated Balance Sheet

as at 30 June 2010

	Notes	**Unaudited as at 30 June 2010 US$'000**	Unaudited as at 30 June 2009 US$'000	Audited as at 31 December 2009 US$'000
Non-current assets				
Goodwill		**15,612**	15,612	15,612
Other intangible assets		**2,084**	2,073	2,239
Property, plant and equipment	12	**470,096**	377,285	438,892
Deferred tax assets		**22,986**	18,525	25,499
Other non-current assets		**7,007**	9,569	10,521
		517,785	423,064	492,763
Current assets				
Inventories		**21,786**	16,816	20,687
Trading investments	13	**236,264**	226,808	249,778
Trade and other receivables	14	**137,819**	104,406	107,075
Cash and cash equivalents		**165,510**	172,214	196,428
		561,379	520,244	573,968
Total assets		**1,079,164**	943,308	1,066,731
Current liabilities				
Trade and other payables		**(114,591)**	(95,056)	(98,690)
Current tax liabilities		**(1,518)**	(4,530)	(853)
Obligations under finance leases		**(4,182)**	(2,974)	(3,902)
Bank overdrafts and loans	15	**(17,779)**	(17,161)	(18,146)
		(138,070)	(119,721)	(121,591)
Net current assets		**423,309**	400,523	452,377
Non-current liabilities				
Bank loans	15	**(241,250)**	(170,823)	(237,271)
Deferred tax liabilities		**(13,645)**	(14,475)	(16,140)
Provisions		**(11,173)**	(11,273)	(9,831)
Obligations under finance leases		**(7,219)**	(6,903)	(8,653)
		(273,287)	(203,474)	(271,895)
Total liabilities		**(411,357)**	(323,195)	(393,486)
Net assets		**667,807**	620,113	673,245
Capital and reserves				
Share capital		**11,390**	11,390	11,390
Retained earnings		**433,536**	405,696	435,844
Capital reserves		**31,760**	31,760	31,760
Translation reserve		**13,302**	11,236	14,030
Equity attributable to equity holders of the parent		**489,988**	460,082	493,024
Non-controlling interests		**177,819**	160,031	180,221
Total equity		**667,807**	620,113	673,245

Condensed Consolidated Statement of Changes in Equity
as at 30 June 2010

For the six months ended 30 June 2009 (unaudited)	Share capital US$'000	Retained earnings US$'000	Capital reserves US$'000	Translation reserve US$'000	Attributable to equity holders of the parent US$'000	Non controlling interests US$'000	Total equity US$'000
Balance at 1 January 2009	11,390	376,253	31,760	5,171	424,574	139,517	564,091
Losses on available for sale investment	–	–	–	6,065	6,065	4,317	10,382
Profit for the period	–	38,637	–	–	38,637	21,098	59,735
Total income and expense for the period	–	38,637	–	6,065	44,702	25,415	70,117
Dividends	–	(9,194)	–	–	(9,194)	(6,682)	(15,876)
Transfer to capital reserves	–	–	–	–	–	1,781	1,781
Balance at 30 June 2009	11,390	405,696	31,760	11,236	460,082	160,031	620,113
For the year ended 31 December 2009 (audited)							
Balance at 1 January 2009	11,390	376,253	31,760	5,171	424,574	139,517	564,091
Currency translation adjustment	–	–	–	8,859	8,859	7,213	16,072
Profit for the period	–	70,200	–	–	70,200	38,392	108,592
Total income and expense for the period	–	70,200	–	8,859	79,059	45,605	124,664
Dividends	–	(10,609)	–	–	(10,609)	(6,682)	(17,291)
Increase in capital	–	–	–	–	–	1,781	1,781
Balance at 31 December 2009	11,390	435,844	31,760	14,030	493,024	180,221	673,245
For the six months ended 30 June 2010 (unaudited)							
Balance at 1 January 2010	11,390	435,844	31,760	14,030	493,024	180,221	673,245
Currency translation adjustment	–	–	–	(728)	(728)	(660)	(1,388)
Profit for the period	–	13,958	–	–	13,958	15,843	29,801
Total income and expense for the period	–	13,958	–	(728)	13,230	15,183	28,413
Dividends	–	(13,438)	–	–	(13,438)	(11,407)	(24,845)
Acquisition of non-controlling interest	–	(2,828)	–	–	(2,828)	(6,178)	(9,006)
Balance at 30 June 2010	**11,390**	**433,536**	**31,760**	**13,302**	**489,988**	**177,819**	**667,807**

Share capital

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

Capital reserves

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

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

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

Translation reserve

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

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

Condensed Consolidated Cash Flow Statement

for the six months ended 30 June 2010

	Notes	**Unaudited six months to 30 June 2010 US$'000**	Unaudited six months to 30 June 2009 US$'000	Audited year to 31 December 2009 US$'000
Net cash inflow from operating activities	18	**46,417**	35,594	52,238
Investing activities				
Interest received		**4,722**	4,809	10,379
Dividends received from trading investments		**1,825**	752	1,487
Proceeds on disposal of trading investments		**67,298**	23,640	104,941
Income from underwriting activities		**–**	–	2
Proceeds on disposal of property, plant and equipment		**341**	319	751
Purchases of property, plant and equipment		**(68,295)**	(71,203)	(139,742)
Purchases of trading investments		**(58,191)**	(23,759)	(110,420)
Net cash outflow arising on purchase of non-controlling interest		**(8,614)**	–	–
Net cash inflow from creation of joint venture		**(3,788)**	–	–
Net cash inflow arising on increase in capital in non-controlling interest		**–**	1,781	1,781
Net cash used in investing activities		**(64,702)**	(63,661)	(130,821)
Financing activities				
Dividends paid	10	**(13,438)**	(9,194)	(10,609)
Dividends paid to minority shareholders in subsidiary		**(11,407)**	(6,682)	(6,682)
Repayments of borrowings		**(9,465)**	(8,268)	(16,848)
Repayments of obligations under finance leases		**(1,912)**	(1,585)	(3,844)
New bank loans raised		**22,924**	8,560	83,894
Increase in bank overdrafts		**1,406**	989	114
Net cash (used in)/from financing activities		**(11,892)**	(16,180)	46,025
Net decrease in cash and cash equivalents		**(30,177)**	(44,247)	(32,558)
Cash and cash equivalents at beginning of year		**196,428**	205,315	205,315
Effect of foreign exchange rate changes		**(741)**	11,146	23,671
Cash and cash equivalents at end of year		**165,510**	172,214	196,428

Notes to the Condensed set of Financial Statements

for the six months ended 30 June 2010

1 General information

(a) The interim financial information is not the Company's statutory accounts.

(b) The auditors of the Company have not made any report thereon under section 90(2) of the Bermuda Companies Act.

2 Accounting policies

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

The condensed set of financial statements have been prepared on the basis of accounting policies consistent with those applied in the financial statements for the year ended 31 December 2009.

The financial statements have been prepared on the going concern basis as disclosed in the Chairman's statement.

3 Revenue

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

	Note	**Unaudited six months to 30 June 2010 US$'000**	Unaudited six months to 30 June 2009 US$'000	Audited year to 31 December 2009 US$'000
Sales of services		**246,732**	209,376	455,801
Revenue from construction contracts		**16,240**	9,606	22,087
		262,972	218,982	477,888
Investment income	6	**5,806**	16,707	35,613
		268,778	235,689	513,501

All revenue is derived from continuing operations.

4 Business and geographical segments

Business segments

Ocean Wilsons Holdings has two reportable segments: Maritime services and investments.

The maritime services segment provides towage, port terminals, ship agency, offshore, logistics and vessel construction services in Brazil.

The investment segment holds a portfolio of international investments.

Segment information relating to these businesses is presented opposite.

4 Business and geographical segments (continued)

For the six months ended 30 June 2010 (Unaudited)

	Maritime services six months to 30 June 2010 US$'000	Investment six months to 30 June 2010 US$'000	Unallocated six months to 30 June 2010 US$'000	Consolidated six months to 30 June 2010 US$'000
Revenue	262,972	–	–	262,972
Result				
Segment result	46,039	(1,287)	(3,573)	41,179
Profit realised on formation of joint venture	9,958	–	–	9,958
Investment revenue	4,129	1,669	8	5,806
Other gains and losses	–	(4,407)	–	(4,407)
Finance costs	(5,715)	–	–	(5,715)
Profit before tax	54,411	(4,025)	(3,565)	46,821
Tax	(17,020)	–	–	(17,020)
Profit after tax	37,391	(4,025)	(3,565)	29,801
Other information				
Capital additions	(60,667)	–	–	(60,667)
Depreciation and amortisation	(19,859)	–	(1)	(19,860)
Balance Sheet				
Assets				
Segment assets	825,788	243,590	9,786	1,079,164
Liabilities				
Segment liabilities	(398,633)	(5,870)	(6,854)	(411,357)

For the six months ended 30 June 2009 (Unaudited)

	Maritime services six months to 30 June 2009 US$'000	Investment six months to 30 June 2009 US$'000	Unallocated six months to 30 June 2009 US$'000	Consolidated six months to 30 June 2009 US$'000
Revenue	218,982	–	–	218,982
Result				
Segment result	52,437	(1,185)	(5,605)	45,647
Investment revenue	16,164	493	50	16,707
Other gains and losses	–	16,695	–	16,695
Finance costs	(3,675)	–	–	(3,675)
Profit before tax	64,926	16,003	(5,555)	75,374
Tax	(15,639)	–	–	(15,639)
Profit after tax	49,287	16,003	(5,555)	59,735
Other information				
Capital additions	(77,775)	–	–	(77,775)
Depreciation and amortisation	(14,815)	–	(1)	(14,816)
Balance Sheet				
Assets				
Segment assets	695,300	230,516	17,492	943,308
Liabilities				
Segment liabilities	(316,440)	(499)	(6,256)	(323,195)

Notes to the Condensed set of Financial Statements

4 Business and geographical segments (continued)

For the year ended 31 December 2009

	Maritime services Year ended 31 December 2009 US$'000	Investment Year ended 31 December 2009 US$'000	Unallocated Year ended 31 December 2009 US$'000	Consolidated Year ended 31 December 2009 US$'000
Revenue	477,888	–	–	477,888
Result				
Segment result	96,303	(2,605)	(14,385)	79,313
Investment revenue	34,343	1,208	62	35,613
Other gains and losses	–	34,305	–	34,305
Finance costs	(9,411)	–	–	(9,411)
Profit before tax	121,235	32,908	(14,323)	139,820
Tax	(31,140)	(88)	–	(31,228)
Profit after tax	90,095	32,820	(14,323)	108,592
Other information				
Capital additions	(149,553)	–	–	(149,553)
Depreciation and amortisation	(32,065)	–	(1)	(32,066)
Balance Sheet				
Assets				
Segment assets	808,665	247,180	10,886	1,066,731
Liabilities				
Segment liabilities	(383,247)	(409)	(9,830)	(393,486)

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

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

Geographical segments

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

All 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 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		
	30 June 2010 US$'000	30 June 2009 US$'000	31 December 2009 US$'000	**Unaudited six months to 30 June 2010 US$'000**	Unaudited six months to 30 June 2009 US$'000	Audited year ended 31 December 2009 US$'000
Brazil	**754,457**	601,860	713,816	**60,667**	77,775	149,553
Bermuda	**321,852**	339,004	350,736	**–**	–	–
Other	**2,855**	2,444	2,179	**–**	–	–
	1,079,164	943,308	1,066,731	**60,667**	77,775	149,553

5 Employee benefits expense

	Unaudited six months to 30 June 2010 US$'000	Unaudited six months to 30 June 2009 US$'000	Audited year to 31 December 2009 US$'000
Aggregate remuneration comprised:			
Wages and salaries	**68,242**	50,202	117,095
Share based payment expense	**1,369**	4,631	17,174
Social security costs	**17,452**	11,388	27,370
Other pension costs	**406**	257	728
	87,469	66,478	162,367

6 Investment revenue

	Unaudited six months to 30 June 2010 US$'000	Unaudited six months to 30 June 2009 US$'000	Audited year to 31 December 2009 US$'000
Interest on bank deposits	**4,722**	4,809	10,379
Exchange gains/(losses) on cash	**(741)**	11,146	23,671
Dividends from equity investments	**1,825**	752	1,487
Investment revenues from underwriting activities	**–**	–	76
	5,806	16,707	35,613

7 Other gains and losses

	Unaudited six months to 30 June 2010 US$'000	Unaudited six months to 30 June 2009 US$'000	Audited year to 31 December 2009 US$'000
(Decrease)/increase in fair value of trading investments held at period end	**(5,000)**	18,744	36,337
Profit/(loss) on disposal of trading investments	**593**	(2,049)	(2,032)
	(4,407)	16,695	34,305

8 Finance costs

	Unaudited six months to 30 June 2010 US$'000	Unaudited six months to 30 June 2009 US$'000	Audited year to 31 December 2009 US$'000
Interest on bank overdrafts and loans	**4,326**	3,512	7,580
Exchange losses/(gain) on foreign currency borrowings	**205**	(1,299)	(2,098)
Interest on obligations under finance leases	**866**	551	1,254
Total borrowing costs	**5,397**	2,764	6,736
Other interest	**318**	911	2,675
	5,715	3,675	9,411

Notes to the Condensed set of Financial Statements

9 Taxation

	Unaudited six months to 30 June 2010 US$'000	Unaudited six months to 30 June 2009 US$'000	Audited year to 31 December 2009 US$'000
Current			
Brazilian taxation			
Corporation tax	**9,134**	17,111	31,429
Social contribution	**3,349**	6,296	12,031
Total Brazilian currrent tax	**12,483**	23,407	43,460
UK corporation tax	**–**	100	187
Total current tax	**12,483**	23,507	43,647
Deferred tax			
(Credit)/charge for the year in respect of deferred tax liabilities	**(2,228)**	13,837	23,507
Charge/(credit) for the year in respect of deferred tax assets	**6,765**	(21,705)	(35,926)
Total deferred tax	**4,537**	(7,868)	(12,419)
Total taxation	**17,020**	15,639	31,228

Brazilian corporation tax is calculated at 25% (2009: 25%) of the assessable profit for the period.

Brazilian social contribution tax is calculated at 9% (2009: 9%) of the assessable profit for the period.

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 28 March 2016.

10 Dividends

	Unaudited six months to 30 June 2010 US$'000	Unaudited six months to 30 June 2009 US$'000	Audited year to 31 December 2009 US$'000
Amounts recognised as distributions to equity holders in the period:			
Final dividend paid for the year ended 31 December 2009 of 38.0c (2008: 26.0c) per share	**13,438**	9,194	9,194
Interim dividend paid for the year ended 31 December 2009 of 4.0c per share	**–**	–	1,415
	13,438	9,194	10,609
Proposed interim dividend for the year ended 31 December 2010 of 4.0c (2009: 4.0c) per share	**1,415**	1,415	–
Proposed final dividend for the year ended 31 December 2009 of 38.0c	**–**	–	13,438

The proposed interim dividend was approved by the Board on 13 August 2010 and has not been included as a liability in these financial statements.

11 Earnings per share

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

	Unaudited six months to 30 June 2010 US$'000	Unaudited six months to 30 June 2009 US$'000	Audited year to 31 December 2009 US$'000
Earnings:			
Earnings for the purposes of basic earnings per share being net profit attributable to equity holders of the parent	**13,958**	38,637	70,200
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	35,363,040

12 Property, plant and equipment

During the period, the Group spent approximately US$68.3 million mainly on vessel construction and port terminal equipment.

At 30 June 2010, the Group had entered into contractual commitments for the acquisition of property, plant and equipment amounting to US$12.9 million.

13 Investments

	Unaudited six months to 30 June 2010 US$'000	Unaudited six months to 30 June 2009 US$'000	Audited year to 31 December 2009 US$'000
Trading investments			
At 1 January	**249,778**	209,994	209,994
Additions, at cost	**58,191**	23,759	110,420
Disposals, at market value	**(67,298)**	(23,640)	(104,941)
(Decrease)/increase in fair value of trading investments held at year end	**(5,000)**	18,744	36,337
Profit/(loss) on disposal of trading investments	**593**	(2,049)	(2,032)
At period end	**236,264**	226,808	249,778
Wilson Sons Limited	**–**	–	11,116
Ocean Wilsons Investments Limited portfolio	**236,264**	226,808	238,662
	236,264	226,808	249,778

Wilson Sons Limited

During 2009 Wilson Sons Limited invested in Real-denominated fixed rate certificates. The Wilson Sons Limited investments were held and managed separately from the Ocean Wilsons Investment Portfolio.

Ocean Wilsons Investments Limited

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

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

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

Notes to the Condensed set of Financial Statements

14 Trade and other receivables

	Unaudited six months to 30 June 2010 US$'000	Unaudited six months to 30 June 2009 US$'000	Audited year to 31 December 2009 US$'000
Trade and other receivables			
Amount receivable for the sale of services	**67,182**	43,613	51,496
Allowance for doubtful debts	**(1,597)**	(2,037)	(1,637)
	65,585	41,576	49,859
Taxation recoverable	**5,979**	3,544	5,485
Prepayments and accrued income	**66,255**	59,286	51,731
	137,819	104,406	107,075

In determining recoverability of trade receivables, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated except for one customer which accounts for 10% of Group revenue. The directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

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

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.

Private investment funds
The Group has investments in private investment funds that are consolidated in the financial statements as cash equivalents. The private investment funds are considered as cash equivalents as despite the certificates of deposit having maturities up to March 2015, 93% of funds invested are available on call and the balance on one days notice. The intention of the Group is that these resources will be used in the trading activities of the Group. These private investment funds comprise certificates of deposit and equivalent instruments with final maturities ranging from July 2010 to March 2015. The securities included in the portfolio of the private investment funds have daily liquidity and are marked-to-market on a daily basis against current earnings. These private investment funds do not have significant financial obligations. Any financial obligations are limited to service fees to the asset management company employed to execute investment transactions, audit fees and other similar expenses.

Credit risk
The Group's principal financial assets are cash, trade and other receivables and trading investments.

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

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The credit risk on investments held for trading is limited because the counterparties with whom the Group transacts are regulated institutions or banks with high credit ratings.

The company's appointed investment manager, Hanseatic Asset Management LBG, evaluates the credit risk on trading investments prior to and during the investment period.

The Group has no significant concentration of credit risk except for one large customer, which makes up 10% of revenue.

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

15 Borrowings

	Interest	**Unaudited 30 June 2010 US$'000**	Unaudited 30 June 2009 US$'000	Audited 31 December 2009 US$'000
Unsecured borrowings				
Bank overdrafts	CDI +1.53% p.m.	**1,633**	1,102	227
Secured borrowings				
Bank loans				
BNDES – $Real	4.5% to 14.0% p.a	**9,004**	–	5,089
BNDES – US$	2.64% to 5.0% p.a	**177,997**	164,257	230,563
IFC – $Real	14.09% p.a	**4,898**	4,867	5,458
IFC – US$	3.18% to 8.49% p.a	**11,942**	17,758	14,080
Banco do Brasil – US$	3.1% p.a	**42,562**	–	–
Eximbank	2.09% p.a	**6,945**	–	–
Finimp	2.02% p.a	**4,048**	–	–
		257,396	186,882	255,190
Total borrowings		**259,029**	187,984	255,417

The borrowings are repayable as follows:			
On demand or within one year	**17,779**	17,161	18,146
In the second year	**21,676**	14,768	20,545
In the third to fifth years inclusive	**61,027**	44,483	60,166
After five years	**158,547**	111,572	156,560
Total borrowings	**259,029**	187,984	255,417

The borrowings are repayable as follows:			
Amounts due for settlement within 12 months	**(17,779)**	(17,161)	(18,146)
Amounts due for settlement after 12 months	**241,250**	170,823	237,271

Analysis of borrowings by currency:

	$Real US$'000	$Real linked to US Dollars US$'000	US Dollars US$'000	Total US$'000
30 June 2010 (unaudited)				
Bank overdrafts	1,633	1,633	–	1,633
Bank loans	13,902	13,902	22,935	257,396
Total	15,535	15,535	22,935	259,029
30 June 2009 (unaudited)				
Bank overdrafts	1,102	–	–	1,102
Bank loans	4,867	164,257	17,758	186,882
Total	5,969	164,257	17,758	187,984
31 December 2009 (audited)				
Bank overdrafts	227	–	–	227
Bank loans	10,547	230,563	14,080	255,190
Total	10,774	230,563	14,080	255,417

Notes to the Condensed set of Financial Statements

15 Borrowings (continued)

The Group has two main sources of financing:

The Group's main sources of financing are:
BNDES (Banco Nacional de Desenvolvimento Economico e Social): As agent for the "FMM" (Fundo de Marinha Mercante) the BNDES finances tug boat and platform supply vessel construction and secure mortgages on the vessels financed. The majority of loans received from the BNDES are $Real-denominated loans linked to the US Dollar are monetarily corrected by the movement in the US Dollar/$Real exchange rate and bear interest of between 2.64% and 5.0% per annum. The amounts outstanding at 30 June 2010 are repayable over periods varying up to 21 years. The BNDES also finances equipment for logistic operations with $Real-denominated loans.

Banco do Brasil as agent for the "FMM" (Fundo de Marinha Mercante) finances tug boats and platform supply vessel construction and secures mortgages on the vessels financed. The loans were transferred along with the vessels they financed to the new joint venture, Wilson Sons Ultratug Participacoes S.A. from our partner Magallanes Navegacao Brasileira S.A. The amounts outstanding at 30 June 2010 are repayable over periods varying up to 19 years. The loans are $Real-denominated loans linked to the US Dollar, are monetarily corrected by the movement in the US Dollar/$Real exchange rate and bear interest at 3.1% per annum.

IFC (International Finance Corporation): The IFC finances the Group's two container terminals, Tecon Rio Grande and Tecon Salvador. The majority of these loans are project finance to fund the expansion of the container terminal at Tecon Rio Grande and have no recourse to other companies in the Group. US dollar denominated loans consist of variable rate and fixed rate loans. Variable rate loans bear interest at between six month Libor per annum plus 2.5% and six month Libor plus 3.5%. US dollar denominated fixed rate loans bear interest of 8.49% per annum. Real-denominated loans bear interest at 14.09% per annum. The amounts outstanding at 30 June 2010 are repayable over periods varying up to 7 years.

The Export-Import Bank of China, finances equipment for Tecon Rio Grande. The amounts outstanding at 30 June 2010 are repayable over periods up to 10 years. The US Dollar denominated loans are variable rate and bear interest of six month Libor plus 1.7%. There is also a guarantee fee payable to Banco Itau of 2% a year.

At 30 June 2010, the Group had available US$83.9 million of undrawn committed borrowings facilities available in respect of which all conditions precedent had been met.

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

The loan with the Export-Import Bank of China is secured by a standby letter of credit issued for Tecon Rio Grande with the financing bank as beneficiary.

The subsidiaries Tecon Rio Grande and Tecon Salvador have specific restrictive clauses in their financing contracts with financial institutions related, basically, to the maintenance of liquidity ratios. At 30 June 2010, the Group was in accordance with all clauses of these contracts.

16 Joint venture formation

On 31 May 2010 the Group finalised the offshore joint venture "Wilson Sons Ultratug Participacoes S.A." with Remolcadores Ultratug Ltda, a subsidiary of Ultratug Ltda, a Chilean Group.

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

Gains realised on the formation of the joint venture are set out below.

Equity contributed to joint venture by Wilson Sons Limited Group	12,417
Equity contributed to joint venture by Ultratug Group	17,997
Cash contributed by Ultratug Group	14,334
Total joint venture equity	44,748
Wilson Sons Limited interest in equity (50%)	22,374
less Wilson Sons Limited contribution	(12,417)
Gain on formation of joint venture	9,957

A further US$10.4 million of previously unrealised gains has been recorded in revenue.

17 Acquisition of subsidiary

On 16 June 2010 the Group acquired the 25% non-controlling interest in our onshore base manager and logistics business, Brasco Logistica Offshore Ltda for a cash consideration of US$8.7 million.

The difference between the consideration paid and the book value of the assets acquired has been recognised in equity.

Net assets acquired	4,155
Total consideration paid	9,005
Negative movement recognised in equity	(4,850)
Negative movement attributable to equity holders of parent	(2,828)
Negative movement attributable to non-controlling interest	(2,022)

Notes to the Condensed set of Financial Statements

18 Notes to the cash flow statement

	Unaudited 30 June 2010 US$'000	Unaudited 30 June 2009 US$'000	Audited 31 December 2009 US$'000
Reconciliation from profit before tax to net cash from operating activities			
Profit before tax	**46,821**	75,374	139,820
Profit realised on formation of joint venture	**(9,958)**	–	–
Investment revenues	**(5,806)**	(16,707)	(35,613)
Other gains and losses	**4,407**	(16,695)	(34,305)
Finance costs	**5,715**	3,675	9,411
Operating profit	**41,179**	45,647	79,313
Adjustments for:			
Depreciation of property, plant and equipment	**19,779**	14,749	31,917
Amortisation of intangible assets	**81**	67	149
Share based payment expense	**1,369**	4,631	17,174
Gain on disposal of property, plant and equipment	**(33)**	(109)	(470)
Increase/(decrease) in provisions	**1,342**	2,819	1,377
Operating cash flows before movements in working capital	**63,717**	67,804	129,460
Increase in inventories	**(1,614)**	(7,415)	(11,286)
Increase in receivables	**(32,046)**	(22,043)	(25,440)
Increase/(decrease) in payables	**27,789**	24,332	9,748
Decrease/(increase) in other non-current assets	**3,563**	(1,504)	(2,456)
Cash generated by operations	**61,409**	61,174	100,026
Income taxes paid	**(11,011)**	(21,413)	(38,550)
Interest paid	**(3,981)**	(4,167)	(9,238)
Net cash from operating activities	**46,417**	35,594	52,238

19 Commitments

At 30 June 2010 the Group had entered into five commitment agreements with respect to five separate trading investments. These commitments relate to capital subscription agreements entered into by Ocean Wilsons Investments Limited.

The details of these commitments are as follows:

	Commitment Currency 000's	**Unaudited Outstanding at 30 June 2010 US$'000**	Unaudited Outstanding at 30 June 2009 US$'000	Audited Outstanding at 31 December 2009 US$'000
Expiry date				
30 June 2010	£500	**–**	248	161
15 May 2010	$3,000	**15**	840	840
31 October 2012	$3,000	**271**	271	271
31 October 2012	$5,000	**3,010**	3,786	3,470
01 February 2013	$5,000	**3,550**	–	–
13 March 2013	$5,000	**2,668**	3,509	3,342
30 March 2013	$5,000	**1,308**	–	–
21 May 2013	€3,350	**3,989**	–	3,834
30 June 2013	$5,000	**4,125**	–	4,250
08 December 2013	$5,000	**3,976**	–	5,000
30 March 2014	$5,000	**4,450**	–	–
30 March 2015	$5,000	**3,636**	–	–
Total		**30,998**	8,654	21,168

20 Related party transactions

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

	Dividends received/ Revenue of services			Amounts paid/ Cost of services		
	30 June 2010 US$'000	30 June 2009 US$'000	31 December 2009 US$'000	**30 June 2010 US$'000**	30 June 2009 US$'000	31 December 2009 US$'000
Joint ventures						
1. Allink Transportes Internacionais Limitada	**377**	202	618	**–**	–	–
2. Consórcio de Rebocadores Barra de Coqueiros	**132**	177	257	**–**	–	(5)
3. Consórcio de Rebocadores Baía de São Marcos	**878**	1,924	3,116	**–**	–	(6)
4. Dragaport Engenharia	**–**	29	344	**–**	–	–
Others						
5. Hanseatic Asset Management	**–**	–	–	**(1,187)**	(1,079)	(2,326)
6. Gouvêa Vieira Advogados	**–**	–	–	**(17)**	(24)	(103)
7. Jofran Services	**–**	–	–	**(40)**	(40)	(60)
8. Frag Consulting	**–**	–	–	**(25)**	(25)	(50)
9. P Hamilton-Hill	**98**	–	–	**–**	–	–

Notes to the Condensed set of Financial Statements

20 Related party transactions (continued)

		Amounts owed by related parties			Amounts owed by related parties	
	30 June 2010 US$'000	30 June 2009 US$'000	31 December 2009 US$'000	**30 June 2010 US$'000**	30 June 2009 US$'000	31 December 2009 US$'000
Joint ventures						
1. Allink Transportes Internacionais Limitada	**15**	8	3	**–**	–	–
2. Consórcio de Rebocadores Barra de Coqueiros	**75**	103	134	**–**	(87)	–
3. Consórcio de Rebocadores Baía de São Marcos	**1,921**	2,095	2,083	**(150)**	–	(92)
4. Dragaport Engenharia	**–**	–	–	**–**	–	–
Others						
5. Hanseatic Asset Management	**–**	–	–	**(191)**	(202)	(207)
6. Gouvêa Vieira Advogados	**–**	–	–	**–**	–	–
7. Jofran Services	**–**	–	–	**–**	–	–
8. Frag Consulting	**–**	–	–	**–**	–	–
9. P Hamilton-Hill	**–**	2,114	2,642	**–**	–	–

1-4. The transactions with the joint ventures are disclosed as a result of proportionate amounts not eliminated on consolidation.
5. Mr W H Salomon is Chairman of Hanseatic Asset Management. Fees were paid to Hanseatic Asset Management for acting as investment managers of the Group's investment portfolio and administration services.
6. Dr J F Gouvêa Vieira is a managing partner in the law firm Gouvêa Vieira Advogados. Fees were paid to Gouvêa Vieira Advogados for legal services.
7. Dr J F Gouvêa Vieira is a Director of Jofran Services. Directors fees and consultancy fees were paid to Jofran Services.
8. Mr F Gros was a Director of Frag Consulting. Directors fees were paid to Frag Consulting.
9. Mr P Hamilton-Hill is a minority shareholder in Brasco. A loan was made to Mr P Hamilton-Hill.

21 Financial instruments

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern. The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 15, cash and cash equivalents and equity attributable to equity holders of the parent comprising issued capital, reserves and retained earnings and the consolidated statement of changes in equity.

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

Externally imposed capital requirement

The Group is not subject to externally imposed capital requirements.

Financial risk management objectives

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

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

Market risk

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

Foreign currency risk management

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

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

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

As at 30 June 2010 the Company had no outstanding interest rate swap contracts.

Credit risk management

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

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

Trade receivables consist of a large number of customers except for one large customer, which makes up 10% of revenue. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Fair value of financial instruments

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

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