Ocean Wilsons Holdings Limited

Interim Report 2008

Contents

1 Chairman's Interim Statement
7 Directors' Responsibility Statement
8 Condensed Consolidated Income Statement
9 Condensed Consolidated Balance Sheet
10 Condensed Statement of Changes in Equity
11 Condensed Cash Flow Statement
12 Notes to the Condensed set of Financial Statements
27 Directors and Advisers

Cover: Tecon Rio Grande Container Terminal. The Group operates Tecon Rio Grande under concession from the Rio Grande port authority.

Chairman's Interim Statement

Ocean Wilsons Holdings Limited is the majority shareholder in Wilson Sons Limited "Wilson Sons" and holds a portfolio of international investments. Wilson Sons is listed on the Luxembourg and Brazilian Stock Exchanges and is one of Brazil's largest providers of integrated port and maritime logistics and supply chain solutions.

Results

Ocean Wilsons Holdings Limited has produced another strong financial and operational performance. Group revenue for the six months ended 30 June 2008 was up 36% at US$ 248.4 million (2007: US$ 182.7 million) driven by increases in our core businesses and the expansion of our vessel construction business

Group operating profit increased US$ 21.2 million to US$ 40.4 million (2007: US$ 19.2 million) due principally to the strong growth in revenue, improved operating margins in towage, port operations and offshore as well as lower share based payment expense, US$ 1.8 million (2007: US$ 7.8 million). Operating margins were positively impacted by favourable pricing, lower tug rentals, reversal in the provisions for doubtful debts (US$ 1.9 million) and fiscal credits (US$ 3.7 million). The lower share based payment expense in 2008 is principally due to a fall in the Wilson Sons share price and the 2007 charge includes additional retrospective accruals that crystallised on the implementation of the Ocean Wilsons Holdings Limited scheme.

Investment revenues in the period increased by US$ 5.7 million to US$ 15.9 million (2007: US$ 10.2 million), principally due to higher interest receipts from bank deposits and exchange gains on cash and cash equivalents. The higher interest receipts resulted from higher average cash balances during the period compared with 2007.

Other losses of US$ 0.2 million (2007: US$ 9.9 million gain) arose from the Group's portfolio of trading investments and comprise decreases in the fair value of trading investments held at period end and profits on the disposal of trading investments.

Finance costs for the period increased US$ 1.1 million to US$ 3.9 million (2007: US$ 2.8 million) principally due to increased interest on bank overdrafts and loans and higher other interest charges.

Profit before tax fell US$ 198.1 million to US$ 52.1 million (2007: US$ 250.3 million) as the 2007 results included the profit on the sale of minority interest of US$ 213.7 million from the IPO of Wilson Sons Limited. Removing the Wilson Sons IPO profit from the 2007 result, the comparative profit before tax for 2007 would be US$ 36.6 million.

The lower Profit before tax is reflected in lower earnings per share based on ordinary activities after taxation and minority interests of 63.5 cents (2007: 669.5 cents).

Wilson Sons Limited Initial Public Offer (IPO)

On the 30 April 2007, Ocean Wilsons Holdings Limited, ("Ocean Wilsons or the Company") successfully floated Wilson Sons, the holding company of its Brazilian business, on the Sao Paulo Stock Exchange and the Luxembourg Stock Exchange. The flotation involved the sale of 18.7 million shares by Ocean Wilsons, resulting in net proceeds to the Company of approximately US$ 205.6 million, and the issue of 11 million new shares by Wilson Sons, raising approximately US$ 119.1 million for Wilson Sons.

Following the flotation, Ocean Wilsons retained a 58.25% holding in Wilson Sons. The Company continues to fully consolidate Wilson Sons in its accounts with a 41.75% minority interest. At the close of business on the 8th August the Wilson Sons share price was Real 18.50 resulting in a market value for the Ocean Wilsons holding of 41,444,000 shares in Wilson Sons of approximately US$ 476 million which is equivalent to US$ 13.47 per Ocean Wilsons share.

Exchange rates

In the six months to 30 June 2008 the Real appreciated 10.1% against the US Dollar from 1.77 at 1 January 2008 to 1.59 at the period end. The appreciation of the Real against the US Dollar generated a net exchange gain of US$ 6.5 million (US$ 3.9 million) on the Group's Real-denominated cash balances in the period. The appreciation of the Real also had an adverse affect on our Real denominated costs when converted into US Dollars which effects operating margins.

Dividend

The Board has declared an interim dividend of 4.0 cents per share (2007: 4.0 cents per share) to be paid on 26 September 2008 to shareholders on the register at close of business on 29 August 2008.

Dividend Policy

Dividends are set in US Dollars and paid twice yearly. Shareholders receive dividends in Sterling by reference to the exchange rate applicable to the US Dollar on the dividend record date, except for those shareholders that elect to receive dividends in US Dollars.

The Company's target dividend payout in respect of each financial year is to pay the Company's full dividend received from Wilson Sons in the period plus a percentage of the average capital employed in the investment portfolio including cash under management to be determined annually by the Board.

Chairman's Interim Statement

Your Board of Directors may review and amend the dividend policy from time to time in light of our future plans and other factors. The payment of dividends cannot be guaranteed and may be discontinued or varied at the discretion of the Board.

Cash flow and debt

Net cash inflow from operating activities was US$ 22.0 million in the first six months of 2008 compared with US$ 18.7 million in the same period last year. The higher operating profit in the period of US$ 40.4 million (2007: US$ 19.2 million) was partially offset by adverse working capital movements and a decrease in non-cash expenses. (Share based payment expense, US$ 1.8 million, 2007: US$ 7.8 million).

Capital expenditure in the period amounted to US$ 36.4 million (2007: US$ 27.2 million). The major elements were the expansion of Tecon Rio Grande, equipment for Tecon Salvador, the towage fleet renewal program and offshore vessel construction. The Group's fourth Platform Supply Vessel (PSV), Pelicano was launched in May 2008.

Net cash outflow during the period was US$ 4.6 million (2007: US$ 321.6 million inflow). The large inflow in 2007 was principally due to the disposal of the minority interest in Wilson Sons, (US$ 324.7 million inflow).

Group borrowings increased US$ 12.0 million at 30 June 2008 to US$ 161.5 million. Additional funds were released by the BNDES and IFC, to finance vessel construction and equipment for Tecon Salvador. During the period the Group made capital repayments on existing loans in accordance with repayment schedules of US$ 7.2 million

At 30 June 2008 the Company and its subsidiaries had US$ 229.5 million in cash and cash equivalents (31 December 2007: US$ 227.6 million). In addition at the balance sheet date the investment portfolio included US$ 120.1 million in liquidity funds.

Balance sheet

At 30 June 2008, the Company's consolidated net assets (excluding minority interests) amounted to US$ 495.2 million (31 December 2007: US$ 478.8 million). This is the equivalent of US$ 14.00 per share (31 December 2007: US$ 13.54). Of this, trading investments of US$ 269.0 million equates to US$ 7.61 per share. Minority interests increased US$ 10.2 million to US$ 144.5 million at period end.

At 30 June 2008 the investment portfolio including cash under management amounted to US$ 272.0 million. This is the equivalent of US$ 7.70 per share.

Wilson Sons Limited operating review

We have summarised the following highlights from the Wilson Sons 2nd quarter 2008 earnings results released on 11 August 2008. The full report is available on the Wilson Sons Limited website: www.wilsonsons.com:

Strong Earnings performance

For the six months to 30 June 2008 Wilson Sons reported strong earnings results across its leading business segments. Consolidated revenues grew by 36% and EBITDA (Earnings before interest, tax, depreciation and amortisation) reached US$ 52.6 million, a 49% increase over the same period in 2007. Our overall positive performance supports our optimistic view of Wilson Sons' integrated business model, despite the challenging environment of a weakening US Dollar, (the "Real", has appreciated 16% against the US Dollar since 30 June 2007), and rising inflation.

A positive outlook going forward

Wilson, Sons is determined to take advantage of its main growth drivers. The combination of financial health and opportunities arising from increased trade flows, stable macroeconomic fundamentals in Brazil and a booming oil and gas industry, position us to grow while taking advantage of our IPO proceeds and available funding opportunities.

Going forward, we intend to expand our shipyard, which will allow us to take advantage of opportunities in the offshore oil and gas and towage industries. The expanded shipyard will provide additional capacity to build new offshore support vessels, compete in the new Petrobras public tenders, and explore opportunities arising in the spot market for oil supply vessels (OSVs).

We intend to deliver at least one new tugboat and one platform supply vessel (PSV) by the end of the year.

As part of our tugboat fleet renewal programme, we intend to build more powerful tugboats to attend higher deadweight vessels and improve margins, and offer alternative solutions for the support of oil platform offloading activities.

We are set to expand our container terminal capacity and continue to assess new terminal projects, both domestically and within South America. Our logistics business is seeking to broaden its portfolio of clients and to improve margins and accelerate growth.

Port Terminals

Our port terminals business includes two container terminals in Brazil (Tecon Rio Grande and Tecon Salvador), offering assistance in port operations for loading and unloading of vessels, storage, and auxiliary services. We also operate Brasco, a terminal in Rio de Janeiro which provides support services for the oil and gas industry.

Revenue

Revenue increased 24% compared to 2007 to US$ 44.8 million, benefiting from a recovery in tariffs, increased warehousing activity and improved sales mix. The positive impact from the type of container traffic handled in the period (full deep sea) compensated for the lower volumes handled. Warehousing-related services generated higher revenues, due to increased imports in the period and delayed cargo clearance from the terminals due to industrial action by the Customs and Excise officers. Growth in cabotage services positively impacted results.

EBITDA

Although Brazilian exports in the period were adversely affected by the weakening US Dollar, volumes of full containers handled were in line with 2007. The reduction in total container volumes handled was attributable to a fall in lower margin empty container movements. EBITDA for the period at US$ 28.4 million also benefited from the increased revenue and fiscal credits.

Outlook going forward

Capacity at Tecon Rio Grande will increase by 60% in the second half of 2008. All necessary equipment is in place and ready to start operations, including gantry cranes and RTGs (rubber tire gantry). The challenge we now face is to implement our strategy to expand capacity at our Salvador terminal and to improve our equipment and infrastructure, so as to take advantage of market growth prospects in the northeastern region of the country.

Towage

Wilson Sons offers harbour towage, ocean towage, salvage support and maritime support to the offshore oil and gas industry.

Revenue

Net revenues improved 19% to US$ 77.0 million in the period, mainly due to higher tariffs, a better sales mix in harbour towage, higher average deadweight of vessels attended and an increase in the number of special operations (Offshore support, salvage and ocean towage).

EBITDA

The combination of a successfully implemented pricing strategy and increase in higher margin business (special operations) positively impacted margins in the period. EBITDA rose 30% to US$ 27.4 million in 2008 from US$ 21.0 million in 2007. We recovered US$ 900,000 of doubtful debts in the period and fiscal credits of US$ 1.6 million also contributed to the improvement in margins.

Removing the effects of the contingency provisions and fiscal credit, EBITDA would have been US$ 24.9 million, 19% higher than the comparable 2007 figure.

Outlook going forward

We intend to continue to take advantage of the premium prices available in the offshore oil & gas spot market, using the tug-boats Volans and Aquarius.

Logistics

We provide solutions for our customers' supply chain and product distribution, including general services in storage, bonded warehousing, distribution systems, road & multimodal transportation, and Non Vessel Operating Common Carrier ("NVOCC").

Revenues

Revenues increased 52% to US$ 44.6 million in the period principally due to the appreciation of the Real against the US Dollar, new operations and increased revenue from EADI Santo André (our bonded terminal). As the majority of Logistics revenue is Real denominated, any appreciation of the Real against the US Dollar increases revenue in US Dollar terms. Our bonded terminal in Santo André (EADI) contributed through higher import and storage volumes.

EBITDA

EBITDA at US$ 2.8 million was in line with 2007.

Outlook going forward

New and strategic operations are beginning in the second semester of 2008. We anticipate improved margins and profitability, in the near to medium term as new businesses mature.

Shipping Agency

Wilson Sons acts as the ship-owners representative as well as providing ship agency, commercial representation, cargo documentation and container control for ship-owners

Revenues

Revenue at US$ 9.9 million was in line with the same period in 2007. A 10% increase in the number of vessels calls attended by the ship agency division was offset by a decrease in the number of containers controlled.

To reduce our exposure to foreign exchange rate movements, we further aligned revenue with costs during the period by repricing some agency fees in Real that were previously denominated in US Dollars. The Group also increased Bill of Lading fees in the period.

EBITDA

The weakening US Dollar and higher personnel costs from collective labour agreements adversely impacted margins in the period. EBITDA at US$ 1.8 million was 47% lower than the first half 2007.

Chairman's Interim Statement

Outlook going forward
The shipping agency segment faces a challenging business environment. However, we believe that our nationwide presence, combined with longstanding expertise in operating with both liner and tramp vessels, will contribute to broadening our portfolio of clients, while focusing on efforts to rebuild margins.

Offshore
Wilson Sons operates platform supply vessels (PSVs), to transport equipment and supplies to and from offshore oil and gas installations.

Revenues
Net revenue reached US$ 7.6 million in the period helped principally by improved tariffs, the positive impact from a weakening US Dollar and the start of operations of our fourth PSV, Pelicano in mid-May. The Pelicano is delivering premium daily rates by operating on a renewable spot contract, in place since May.

EBITDA
EBITDA at US$ 3.2 million (2007: US$ 1.7 million) benefited from the improved tariffs and the early delivery to market of the PSV Pelicano.

Outlook going forward
Our fifth PSV, the Atobá, is expected to be operational by September 2008 and we expect to deliver a further two PSVs by 2010. The expansion plan at our shipyard in Guaruja allows the Group to compete for additional contracts, including new Petrobras bids for PSVs and AHTSs (anchor handlers).

Non-segmented activities
Non-segmented activities include shipyard and our joint venture dredging company Dragaport and unallocated corporate costs.

Revenues
In late 2007, we initiated construction of four new PSVs for third parties at our shipyard, under a US$ 100.0 million contract. Net revenues from our non-segmented activities in the period were derived solely from shipyard operations, and amounted to US$ 26.7 million.

EBITDA
US$ 2.4 million in profit recognized in the period consisted of profits on completed PSVs and partially completed PSVs.

Outlook going forward
Our shipyard is a strategic asset to the Company and plays an important role in the growth of our integrated businesses. The expansion of our shipyard will allow the Company's to expand its level of activity.

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

Market Background
"The world's share markets suffered sharp declines during the first half of 2008. In US dollar terms the MSCI World Index fell by 10.6% and the MSCI Emerging Market Index by 12.7%. In particular there were dramatic declines in the major emerging markets of Asia with the Sensex index of Indian equities falling by 39% and the Shanghai A share index for China falling by 45%. Of the developed markets Continental Europe was particularly weak with the CAC index in France declining by 14.8% and the DAX index in Germany declining by 14.2%. of the major markets Japan proved the most defensive declining by a relatively modest 5.5% as measured by MSCI Japan.

In the currency markets there was further weakness in the US dollar which declined by 7.3% against the Euro, 5% against the Yen and 10.3% against the Brazilian Real. Ten year bond yields for US treasuries declined during the first quarter from 3.5% to 2.5% but retraced that decline during the second quarter. Yields on 10 year Euro bonds also declined in the first quarter but then rose to 4.6% having started the year at 4.2%.

In the commodity complex the exponential rise in energy prices continued with a barrel of West Texas Intermediate rising by 45.6%, the copper price rose by a further 31% and an ounce of gold increased by 10.9%. In the agricultural sector there were some sharp increases with the futures price for corn rising by 51.5%, soybean by 27.5% and rice by 36%.

Two themes dominated the market background during the first half of the year – the escalating credit crisis and its impact on the financial system and the seemingly relentless rise in the oil price.

The year started with announcements of massive write downs from Citigroup ($ 18.0 billion) and UBS ($ 18.4 billion) as a result of sub prime losses. Both institutions announced further large write downs in the period and the headlines were dominated by rumours of troubled institutions and forced bailouts such as Bear Stearns' rescue by JP Morgan with the support of the US Federal Reserve. Banks sought to shore up battered balance sheets with injections of capital through rights issues. In April the IMF predicted that the scale of global write downs could reach US$ 950 billion. The Federal Reserve reacted to this deteriorating background with a series of aggressive cuts in the Federal Funds rate. Consumer confidence plummeted, undermined by falling property prices as real estate values reflected the crisis in credit.

On its own the "credit crisis" would have been bad enough for equity markets to digest but to complete what commentators have referred to as a "perfect storm" for financial markets, oil prices continued to confound expectations and move relentlessly to record highs. A combination of moribund credit (stagnation) and out of control input costs (inflation) creates a toxic background for investment termed "stagflation". Both the credit crisis and record oil prices can be seen as direct consequences of excessively accommodative monetary policy since the turn of the century. Energy demand has been a leveraged function of GDP growth in countries like China and India and domestic subsidy policies have reduced price sensitivity. Ultimately demand will be constrained implying recession like conditions in developed economies and significantly lower growth in developing ones.

Performance

Against such a negative market background it is relatively reassuring to report that the investment portfolio declined in value by only 0.26% after deduction of expenses. In part the decision to hold back a substantial portion of liquid reserves from deployment helped to prevent capital losses. However the invested portfolio performed relatively well, only declining by 2.1% as opposed to a decline of 10.6% for the MSCI World and 12.7% for the MSCI Emerging Market Index.

The top performing investments were the Harbinger Capital Partners Special Situations Fund LP (+25.1%), Gazprom ADR (+21.1%), UFG Russia Select (+15.5%) and Lansdowne UK Equity (+15.3%). The Harbinger Fund benefited from long positions in iron-ore mining, power generation and steel production. Performance on the short side has been through positions related to the fallout following the sub-prime crisis, including shorts on mortgage and monoline insurers. Both Gazprom and UFG benefited from favourable energy prices and the improving prospects for the Russian economy. The Lansdowne UK Equity Fund has been very successful in pursuing a strategy of having long exposure to natural resources and short exposure to the financial sector.

The worst performing area of the portfolio occurred in Asia. Historically the portfolio has had an overweight exposure here owing to the favourable long term growth prospects for the region. However a combination of higher risk aversion and worries over rising fuel and food costs generated particularly severe setbacks in several of the Asian markets.

Overall, a combination of broad diversification and added value at the individual security selection level generated good relative performance.

Portfolio Activity

At the beginning of the year the portfolio had cash of $ 167.7 million available for investment. During the period approximately $ 46 million of this cash was deployed. Of this approximately $ 30 million were new investments (as opposed to additions to existing holdings). At the end of June 2008 cash represented 45% of total assets, equities represented 40% with 10% in alternative assets and 5% in fixed income.

Amongst the significant new positions was Harbinger Capital Partners Special Situations Fund LP which pursues superior absolute returns through investments in a variety of instruments including distressed and high yield debt, credit default swaps and control equity stakes in special situations. Harbinger takes long and short positions. Neptune Russia Fund invests in liquid Russian equities. Russia is clearly a major beneficiary of very high world prices for energy, industrial metals, timber, fertilisers, grains and precious metals. The domestic economy is booming, appears immune to the credit crisis unfolding internationally and equity ratings are generally attractive. Riverstone/Carlyle Global Energy and Power Fund IV, LP is a limited partnership with a ten year life making investments in exploration and production, midstream, oilfield services and power generation and transmission globally. EFG Hermes Middle East and Developing Africa Fund and BlackRock Middle East and North Africa Opportunities are both vehicles offering exposure to the burgeoning economic opportunities in the MENA region. The increasing adoption of secular, market based principles in addressing the economies of this region together with massive budget surpluses accruing from high energy prices has created investment opportunities in a broad range of sectors.

Other new investments during the period included American Depositary Receipts in Gazprom, Russia's leading energy company. An initial position was established in Atlantis China with a view to adding during the correction underway in the Chinese market. Contrarian buying into weakness was also the thinking behind investments in Aberforth Smaller Companies and Jupiter Financial Opportunities.

As well as these new investments in the portfolio there were a number of additions to existing holdings in order to scale up their unit size in relation to the enlarged portfolio. These included BlackRock World Mining Trust, BlackRock Agriculture, Investec Global Energy, Jupiter European Opportunities and Finsbury Income & Growth Trust.

Investment Outlook

Since the end of the reporting period the US Administration has announced a series of measures to safeguard the operations of Fannie Mae and Freddie Mac, the key mortgage institutions in the US. This commitment to stand by these major financial institutions, despite the scale of losses and write downs of value that has occurred has put, at least for now, some kind of floor under the crisis of confidence in the financial sector. The severity and duration of the "credit crisis" has exceeded most commentators expectations and there may now be a period of respite. Any return to "normality" in the banking system

Chairman's Interim Statement

combined with any setbacks that may occur in oil prices as demand declines would be very welcome by equity markets. In particular some of the more severely depressed bourses in Asia may rally from oversold levels.

Beyond this however the managers are cautious in their outlook for investment returns. The impact in the real economy of the contraction in credit together with higher input costs that has already occurred is likely to constrain growth for some time to come. Furthermore room for manoeuvre on the policy front appears extremely limited. Any further loosening of monetary policy is likely to be self defeating and cause oil and the other commodities to set new highs to offset excessive paper money creation. Recession cannot be postponed indefinitely and with property prices declining in the developed world consumer confidence is likely to remain fragile for some time to come.

The emerging markets will not remain unscathed in this difficult period for the world economy. Some, such as the energy producers like Russia and the Middle Eastern countries, will continue to benefit from the wealth transfer that is occurring between energy producers and energy consumers. Cost pressures are likely to be present everywhere and those markets with manufacturing bases that export to Western consumers will inevitably experience a reduction in demand. However the major themes which have driven growth in emerging markets – urbanisation, a backlog of infrastructure spending, favourable demographics, competitive labour costs and the need to diversify economically into value added goods and services – remain in place. They underpin the long term case for investment in emerging markets.

It will take time for recent economic shocks to be absorbed and for imbalances in the world economy to be corrected. A period of slower economic activity seems inevitable. Such a period will however generate many opportunities to invest on terms more favourable to investors than have been the case in recent times. Ocean Wilsons Holdings Limited is well placed with ample cash at its disposal to exploit such opportunities and generate good returns in the medium term."

Jose Francisco Gouvêa Vieira
Chairman

11 August 2008

Investment Portfolio Information at 30 June 2008 – top 20 holdings:

	Value in USD	% NAV
Goldmans Sachs plc USD liquid reserves fund	41,900,976	15.4
Morgan Stanley Funds plc USD liquidity fund	41,711,876	15.3
Lehman Brothers Liquidity Fund plc USD	36,477,784	13.4
BlackRock World Mining Trust	12,758,105	4.7
Lansdowne UK Equity Fund	10,748,098	4.0
Harbinger Capital Partners Special Situations Offs	6,256,379	2.3
Lansdowne European Equity Fund	6,020,550	2.2
Jupiter European Opportunities Trust PLC	5,955,332	2.2
Investec Global Strategy Fund Ltd – Global Energy	5,819,189	2.1
BlackRock Agricultural Fund Class 1 (US) Acc Shares	5,532,923	2.0
Neptune Russia and Greater Russia Fund Class B acc	5,265,848	1.9
Ashmore Local Currency Debt Portfolio Incentive	4,845,925	1.8
R/C Global Energy and Power Fund IV, LP commitment	4,774,241	1.8
SR Global Fund Class G Emerging Markets	4,491,550	1.7
Findlay Park American Smaller Companies	4,471,283	1.6
JO Hambro Japan Fund	4,239,482	1.6
BlueBay European Credit Opportunity Fund	4,068,711	1.5
Finsbury Growth & Income Trust PLC	3,884,825	1.4
Ashmore Global Special Situations Fund	3,500,000	1.3
Orbis Sicav – Japan Equity	3,461,288	1.3
Total Top 20 holdings	**216,154,364**	**79.4**

The top ten contributors to the investment portfolio in the period were:

Holding	% Contribution
BlackRock World Mining Trust	0.68
Lansdowne UK Equity Fund	0.53
Investec Global Strategy Fund Ltd	0.47
Harbinger Capital Partners Special Situations	0.47
Goldmans Sachs plc USD liquid reserves fund	0.27
Morgan Stanley Funds plc USD liquidity fund	0.26
Lehman Brothers Liquidity Fund plc USD	0.23
Lansdowne European Equity Fund	0.16
Gazsprom ADR	0.16
BlackRock Agricultural Fund Class 1 (US) Acc Shares	0.14
Total	**3.37**

Directors' 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

Jose Francisco Gouvêa Vieira
Chairman

11 August 2008

This report contains certain forward looking statements with respect of the financial condition and results of Ocean Wilsons Holdings Limited. These should be treated with caution due to the inherent uncertainties, including both economic and business risk factors. Nothing in this statement should be construed as a profit forecast.

Condensed Consolidated Income Statement

for the six months ended 30 June 2008

	Notes	**Unaudited six months to 30 June 2008 US$'000**	Unaudited six months to 30 June 2007 US$'000	Audited year to 31 December 2007 US$'000
Revenue	3	**248,443**	182,671	404,046
Raw materials and consumables used		**(43,901)**	(22,459)	(40,464)
Employee benefits expense	5	**(70,027)**	(58,667)	(126,067)
Depreciation and amortisation expense		**(10,636)**	(8,288)	(19,066)
Other operating expenses		**(83,697)**	(74,544)	(164,760)
Profit on disposal of property plant and equipment		**241**	534	4,819
Operating profit		**40,423**	19,247	58,508
Investment revenue	3, 6	**15,892**	10,221	27,101
Other gains and losses	7	**(219)**	9,946	11,700
Finance costs	8	**(3,951)**	(2,814)	(7,566)
Profit on sale of minority interest	16	**–**	213,667	213,667
Profit before tax		**52,145**	250,267	303,410
Income tax expense	9	**(13,350)**	(10,167)	(25,723)
Profit for the year		**38,795**	240,100	277,687
Attributable to:				
Equity holders of parent		**22,473**	236,760	258,065
Minority interests		**16,322**	3,340	19,622
		38,795	240,100	277,687
Earnings per share				
Basic and diluted	11	**63.5c**	669.5c	729.8

Condensed Consolidated Balance Sheet

as at 30 June 2008

	Notes	**Unaudited as at 30 June 2008 US$'000**	Unaudited as at 30 June 2007 US$'000	Audited as at 31 December 2007 US$'000
Non-current assets				
Goodwill		**13,132**	13,132	13,132
Other intangible assets		**2,096**	2,080	2,042
Property, plant and equipment	12	**281,899**	197,200	252,113
Deferred tax assets		**19,255**	10,392	12,713
Available for sale investment	13	**–**	5,934	–
Other non-current assets		**13,153**	9,714	11,121
		329,535	238,452	291,121
Current assets				
Available for sale investment	13	**7,204**	–	6,466
Inventories		**9,308**	9,126	7,379
Trading investments	13	**268,969**	88,543	272,834
Trade and other receivables	14	**84,910**	68,731	69,301
Cash and cash equivalents		**229,514**	388,067	227,641
		599,905	554,467	583,621
Total assets		**929,440**	792,919	874,742
Current liabilities				
Trade and other payables		**(95,750)**	(75,420)	(85,625)
Current tax liabilities		**(2,367)**	(1,502)	(766)
Obligations under finance leases		**(1,553)**	(680)	(869)
Bank overdrafts and loans	15	**(15,631)**	(16,069)	(14,720)
Derivative financial instruments		**–**	(529)	–
		(115,301)	(94,200)	(101,980)
Net current assets		**484,604**	460,267	481,641
Non-current liabilities				
Bank loans	15	**(145,982)**	(108,788)	(134,744)
Deferred tax liabilities		**(11,893)**	(8,571)	(11,035)
Provisions		**(11,884)**	(5,808)	(12,484)
Obligations under finance leases		**(4,716)**	(1,093)	(1,441)
		(174,475)	(124,260)	(159,704)
Total liabilities		**(289,776)**	(218,460)	(261,684)
Net assets		**639,664**	574,459	613,058
Capital and reserves				
Share capital		**11,390**	11,390	11,390
Retained earnings		**426,841**	402,992	419,080
Capital reserves		**31,760**	25,973	29,779
Investment revaluation reserve		**2,827**	2,969	2,341
Translation reserve		**22,356**	13,161	16,217
Equity attributable to equity holders of the parent		**495,174**	456,485	478,807
Minority interests		**144,490**	117,974	134,251
Total equity		**639,664**	574,459	613,058

Condensed Statement of Changes in Equity

as at 30 June 2008

	Share capital US$'000	Retained earnings US$'000	Capital reserves US$'000	Investment revaluation reserve US$'000	Translation reserve US$'000	Attributable to equity holders of the parent US$'000	Minority interests US$'000	Total US$'000
For the six months ended 30 June 2007 (unaudited)								
Balance at 1 January 2007	11,390	173,305	25,973	2,381	8,762	221,811	3,830	225,641
Gains on available for sale investment	–	–	–	588	–	588	–	588
Currency translation adjustment	–	–	–	–	4,399	4,399	(217)	4,182
Profit for the period	–	236,760	–	–	–	236,760	3,340	240,100
Total income and expense for the period	–	236,760	–	588	4,399	241,747	3,123	244,870
Dividends	–	(7,073)	–	–	–	(7,073)	–	(7,073)
Sale of minority interest	–	–	–	–	–	–	111,021	111,021
Balance at 30 June 2007	11,390	402,992	25,973	2,969	13,161	456,485	117,974	574,459
For the year ended 31 December 2007 (audited)								
Balance at 1 January 2007	11,390	173,305	25,973	2,381	8,762	221,811	3,830	225,641
Gains on available for sale investment	–	–	–	(40)	–	(40)	–	(40)
Currency translation adjustment	–	–	–	–	7,455	7,455	655	8,110
Profit for the period	–	258,065	–	–	–	258,065	19,622	277,687
Total income and expense for the period	–	258,065	–	(40)	7,455	265,480	20,277	285,757
Dividends	–	(8,484)	–	–	–	(8,484)	(877)	(9,361)
Sale of minority interest	–	–	–	–	–	–	111,021	111,021
Transfer to capital reserves	–	(3,806)	3,806	–	–	–	–	–
Balance at 31 December 2007	11,390	419,080	29,779	2,341	16,217	478,807	134,251	613,058
For the six months ended 30 June 2008 (unaudited)								
Balance at 31 December 2007	11,390	419,080	29,779	2,341	16,217	478,807	134,251	613,058
Gains on available for sale investment	–	–	–	486	–	486	–	486
Currency translation adjustment	–	–	–	–	6,139	6,139	599	6,738
Profit for the period	–	22,473	–	–	–	22,473	16,322	38,795
Total income and expense for the period	–	22,473	–	486	6,139	29,098	16,921	46,019
Dividends	–	(12,731)	–	–	–	(12,731)	(6,682)	(19,413)
Transfer to capital reserves	–	(1,981)	1,981	–	–	–	–	–
Balance at 30 June 2008	11,390	426,841	31,760	2,827	22,356	495,174	144,490	639,664

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 holding company which are required by law to be transferred to capital reserves and other profits not available for distribution; and

(b) the accumulated profits of the Brazilian subsidiaries which have been applied in the subscription of additional share capital in those subsidiaries.

Investment revaluation reserve

At the balance sheet date.

Translation reserve

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

Condensed Cash Flow Statement

for the six months ended 30 June 2008

	Notes	**Unaudited six months to 30 June 2008 US$'000**	Unaudited six months to 30 June 2007 US$'000	Audited year to 31 December 2007 US$'000
Net cash inflow from operating activities	17	**21,963**	16,678	56,222
Investing activities				
Interest received		**8,124**	5,333	16,896
Dividends received from trading investments		**1,247**	234	1,186
Proceeds on disposal of trading investments		**66,699**	–	19,229
Income from underwriting activities		**64**	610	2,072
Proceeds on disposal of property, plant and equipment		**1,130**	108	8,700
Purchases of property, plant and equipment		**(32,057)**	(27,160)	(92,349)
Purchases of trading investments		**(63,053)**	(5,405)	(207,171)
Net cash inflow arising on disposal of minority interest		**–**	324,688	324,688
Net cash (used in) from investing activities		**(17,846)**	298,408	73,251
Financing activities				
Dividends paid	10	**(12,731)**	(7,073)	(8,484)
Dividends paid to minority shareholders in subsisdiary		**(6,682)**	–	(612)
Repayments of borrowings		**(7,232)**	(7,024)	(16,663)
Repayments of obligations under finance leases		**(339)**	(440)	(633)
New bank loans raised		**18,172**	20,692	54,882
Increase/(Decrease) in bank overdrafts		**111**	310	(766)
Net cash (used in) from financing activities		**(8,701)**	6,465	27,724
Net (decrease)/increase in cash and cash equivalents		**(4,584)**	321,551	157,197
Cash and cash equivalents at beginning of year		**227,641**	62,599	62,599
Effect of foreign exchange rate changes		**6,457**	3,917	7,845
Cash and cash equivalents at end of year		**229,514**	388,067	227,641

Notes to the Condensed set of Financial Statements

for the six months ended 30 June 2008

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 2007.

3 Revenue

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

	Unaudited six months to 30 June 2008 US$'000	Unaudited six months to 30 June 2007 US$'000	Audited year to 31 December 2007 US$'000
Sales of services	**223,488**	182,671	400,550
Revenue from construction contracts	**24,955**	–	3,496
	248,443	182,671	404,046
Investment income	**15,892**	10,221	27,101
	264,335	192,892	431,147

All revenue is derived from continuing operations.

4 Business and geographical segments

Business segments

For management purposes, the Group is currently organised into seven operating activities; towage, port terminals, ship agency, offshore logistics, investment and non-segmented activities. These divisions are the basis on which the Group reports its primary segment information.

Segment information relating to these businesses is presented below.

For the six months ended 30 June 2008 (unaudited)

	Towage six months to 30 June 2008 US$'000	Port terminals six months to 30 June 2008 US$'000	Ship agency six months to 30 June 2008 US$'000	Offshore six months to 30 June 2008 US$'000	Logistics six months to 30 June 2008 US$'000	Investment six months to 30 June 2008 US$'000	Non Segmented activities six months to 30 June 2008 US$'000	Elimination six months to 30 June 2008 US$'000	Consolidated six months to 30 June 2008 US$'000
Revenue	76,983	82,670	9,933	7,563	44,583	–	26,711	–	248,443
Intersegment sales	–	–	–	–	–	–	24,395	(24,395)	–
	76,983	82,670	9,933	7,563	44,583	–	51,106	(24,395)	248,443
Result									
Segment result	24,563	23,688	1,730	1,538	2,192	(1,748)	(11,540)	–	40,423
Intersegment result	–	–	–	–	–	–	5,830	(5,830)	–
	24,563	23,688	1,730	1,538	2,192	(1,748)	(5,710)	(5,830)	40,423
Investment revenue	–	–	–	–	–	1,386	14,506	–	15,892
Other gains and losses	–	–	–	–	–	(219)	–	–	(219)
Finance costs	(1,948)	(901)	(2)	(831)	(127)	–	(142)	–	(3,951)
Profit before tax	22,615	22,787	1,728	707	2,065	(581)	8,654	–	52,145
Tax									(13,350)
Profit after tax									38,795
Other information									
Capital additions	(7,591)	(12,910)	(267)	(10,672)	(4,444)	–	(554)	–	(36,438)
Depreciation and amortisation	(2,814)	(4,753)	(84)	(1,708)	(586)	–	(691)	–	(10,636)
Balance Sheet									
Assets									
Segment assets	126,002	209,876	7,569	89,311	25,264	274,366	197,052	–	929,440
Liabilities									
Segment liabilities	(77,319)	(68,732)	(7,264)	(76,812)	(13,139)	(1,119)	(45,391)	–	(289,776)

Notes to the Condensed set of Financial Statements

4 Business and geographical segments (continued)

For the six months ended 30 June 2007 (unaudited)

	Towage six months to 30 June 2007 US$'000	Port terminals six months to 30 June 2007 US$'000	Ship agency six months to 30 June 2007 US$'000	Offshore six months to 30 June 2007 US$'000	Logistics six months to 30 June 2007 US$'000	Investment six months to 30 June 2007 US$'000	Non Segmented activities six months to 30 June 2007 US$'000	Elimination six months to 30 June 2007 US$'000	Consolidated six months to 30 June 2007 US$'000
Revenue	64,638	66,909	9,769	4,615	29,286	–	7,454	–	182,671
Intersegment sales	–	–	–	–	–	–	18,526	(18,526)	–
	64,638	66,909	9,769	4,615	29,286	–	25,980	(18,526)	182,671
Result									
Segment result	17,886	18,295	3,135	381	1,774	(236)	(21,988)	–	19,247
Intersegment result	–	–	–	–	–	-	2,358	(2,358)	–
Operating profit	17,886	18,295	3,135	381	1,774	(236)	(19,630)	(2,358)	19,247
Investment income	–	–	–	–	–	1,109	9,112	–	10,221
Other gains and losses	–	–	–	–	–	9,946	–	–	9,946
Finance costs	(1,023)	(1,085)	–	(423)	(203)	–	(80)	–	(2,814)
Profit on sale of minority interest	–	–	–	–	–	–	213,667	–	213,667
Profit before tax	16,863	17,210	3,135	(42)	1,571	20,148	200,711	–	250,267
Tax									(10,167)
Profit after tax									240,100
Other information									
Capital additions	(7,934)	(8,678)	(442)	(9,232)	(406)	–	(467)	–	(27,159)
Depreciation and amortisation	(3,109)	(2,823)	(324)	(1,315)	(281)	–	(436)	–	(8,288)
Balance Sheet									
Assets									
Segment assets	96,992	147,970	6,927	49,635	10,838	90,912	389,645	–	792,919
Liabilities									
Segment liabilities	(56,065)	(48,282)	(336)	(57,379)	(4,300)	(920)	(51,178)	–	(218,460)

4 Business and geographical segments (continued)

For the year ended 31 December 2007 (audited)

	Towage year ended 31 December 2007 US$'000	Port terminals year ended 31 December 2007 US$'000	Ship agency year ended 31 December 2007 US$'000	Offshore year ended 31 December 2007 US$'000	Logistics year ended 31 December 2007 US$'000	Investment year ended 31 December 2007 US$'000	Non Segmented activities year ended 31 December 2007 US$'000	Elimination year ended 31 December 2007 US$'000	Consolidated year ended 31 December 2007 US$'000
Revenue	146,838	148,995	20,392	10,710	69,052	–	8,059	–	404,046
Intersegment sales	–	–	–	–	–	–	66,949	(66,949)	–
	146,838	148,995	20,392	10,710	69,052	–	75,008	(66,949)	404.046
Result									
Segment result	45,388	40,825	2,946	1,840	4,568	(2,596)	(34,463)	–	58,508
Share of results of associates	–	–	–	–	–	–	4,033	(4,033)	–
Operating profit	45,388	40,825	2,946	1,840	4,568	(2,596)	(30,430)	(4,033)	58,508
Investment income	–	–	–	–	–	2,603	24,498	–	27,101
Other gains and losses	–	–	–	–	–	11,700	–	–	11,700
Finance costs	(2,752)	(2,464)	(23)	(1,313)	(412)	–	(602)	–	(7,566)
Profit on sale of minority interest	–	–	–	–	–	–	213,667	–	213,667
Profit before tax	42,636	38,361	2,923	527	4,156	11,707	207,133	–	303,410
Tax									(25,723)
Profit after tax									277,687
Other information									
Capital additions	(21,082)	(26,266)	(849)	(41,965)	(1,582)	–	(840)	–	(92,584)
Depreciation and amortisation	(6,480)	(6,724)	(348)	(2,618)	(714)	–	(2,182)	–	(19,066)
Balance Sheet									
Assets									
Segment assets	121,422	171,027	5,682	77,417	18,289	275,907	204,998	–	874,472
Liabilities									
Segment liabilities	(73,886)	(59,454)	(7,983)	(73,904)	(9,307)	(1,967)	(35,183)	–	(261,684)

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.

Investment revenues arising on bank balances held in Brazilian operating segments, including foreign exchange on cash, has not been allocated to the business segment as cash management is performed centrally by the corporate function.

Non-segmented activities includes Shipyard, Dredges and unallocated corporate costs, assets and liabilities.

Notes to the Condensed set of Financial Statements

4 Business and geographical segments (continued)

Geographical Segments

The Group's operations are located in Brazil, Bermuda, 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		
				six months to	six months to	year ended
	30 June 2008 US$'000	30 June 2007 US$'000	31 December 2007 US$'000	**30 June 2008 US$'000**	30 June 2007 US$'000	31 December 2007 US$'000
Brazil	**520,575**	371,889	449,174	**36,438**	27,159	92,584
Bermuda	**405,726**	418,465	422,435	**–**	–	–
Other	**3,139**	2,565	3,133	**–**	–	–
	929,440	792,919	874,742	**36,438**	27,159	92,584

5 Employee benefits expense

	Unaudited six months to 30 June 2008 US$'000	Unaudited six months to 30 June 2007 US$'000	Audited year to 31 December 2007 US$'000
Aggregate remuneration comprised			
Wages and salaries	**54,704**	41,095	90,050
Share based payment expense	**1,768**	7,790	12,611
Social security costs	**13,063**	9,146	21,677
Other pension costs	**492**	636	1,729
	70,027	58,667	126,067

6 Investment income

	Unaudited six months to 30 June 2008 US$'000	Unaudited six months to 30 June 2007 US$'000	Audited year to 31 December 2007 US$'000
Interest on bank deposits	**8,124**	5,333	16,896
Exchange gains on cash	**6,457**	3,917	7,845
Dividends from equity investments	**1,247**	234	1,186
Investment revenues from underwriting activities	**64**	737	1,174
	15,892	10,221	27,101

7 Other gains and losses

	Unaudited six months to 30 June 2008 US$'000	Unaudited six months to 30 June 2007 US$'000	Audited year to 31 December 2007 US$'000
Increase in fair value of trading investments held at year end	**(3,252)**	9,946	11,639
Profit on disposal of trading investments	**3,033**	–	61
	(219)	9,946	11,700

8 Finance costs

	Unaudited six months to 30 June 2008 US$'000	Unaudited six months to 30 June 2007 US$'000	Audited year to 31 December 2007 US$'000
Interest on bank overdrafts and loans	**3,584**	3,103	6,416
Exchange gain on foreign currency borrowings	**(734)**	(595)	(1,075)
Interest on obligations under finance leases	**158**	123	313
Total borrowing costs	**3,008**	2,631	5,654
Derivative costs	**–**	183	412
Other interest	**943**	–	1,500
	3,951	2,814	7,566

Derivative costs represent the settlement of derivative contracts and the movement in the fair value of derivatives during the year.

9 Taxation

	Unaudited six months to 30 June 2008 US$'000	Unaudited six months to 30 June 2007 US$'000	Audited year to 31 December 2007 US$'000
Current			
Brazilian taxation			
Corporation tax	**13,478**	9,799	21,018
Social contribution	**5,237**	3,557	8,055
Total Brazilian current tax	**18,715**	13,356	29,073
UK corporation tax	**113**	373	240
Total current tax	**18,828**	13,729	29,313
Deferred tax			
Charge for the year in respect of deferred tax liabilities	**5,738**	4,832	11,760
Credit for the year in respect of deferred tax assets	**(11,216)**	(8,394)	(15,350)
Total deferred tax	**(5,478)**	(3,562)	(3,590)
Total taxation	**13,350**	10,167	25,723

Brazilian corporation tax is calculated at 25% (2007: 25%) of the assessable profit for the year.

Brazilian social contribution tax is calculated at 9% (2007: 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 28 March 2016.

Notes to the Condensed set of Financial Statements

10 Dividends

	Unaudited six months to 30 June 2008 US$'000	Unaudited six months to 30 June 2007 US$'000	Audited year to 31 December 2007 US$'000
Amounts recognised as distributions to equity holders in the period:			
Final dividend paid for the year ended 31 December 2007 of 36.0c (2006: 20.0c) per share	**12,731**	7,072	7,072
Interim dividend paid for the year ended 31 December 2007 of 4.0c per share	**–**	–	1,412
	12,731	7,072	8,484
Proposed interim dividend for the year ended 31 December 2008 of 4.0c (2007: 4.0c) per share	**1,412**	1,412	
Proposed final dividend for the year ended 31 December 2007 of 36.0c per share			12,731

The proposed interim dividend was approved by the Board on 11 August 2008 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 2008 US$'000	Unaudited six months to 30 June 2007 US$'000	Audited year to 31 December 2007 US$'000
Earnings:			
Earnings for the purposes of basic earnings per share being net profit attributable			
to equity holders of the parent.	**22,473**	236,760	258,065
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$ 36.4 million mainly on vessel construction and the expansion of Tecon Rio Grande.

At 30 June 2008, the Group had entered into contractual commitments for the acquisition of property, plant and equipment amounting to US 10.1 million.

13 Investments

	Unaudited 30 June 2008 US$'000	Unaudited 30 June 2007 US$'000	Audited 31 December 2007 US$'000
Available for sale investments			
Fair value	**7,204**	5,934	6,466

The available for sale investment is the Group's investment in Barcas S.A Transportes Maritimas. The sale of Barcas S.A will be completed in 2008.

13 Investments (continued)

	Unaudited 30 June 2008 US$'000	Unaudited 30 June 2007 US$'000	Audited 31 December 2007 US$'000
Trading investments			
At 1 January	**272,834**	73,192	73,192
Additions, at cost	**63,053**	8,751	207,171
Disposals, at market value	**(66,699)**	(3,346)	(19,229)
Increase in fair value of trading investments held at year end	**(3,252)**	9,946	11,639
Profit on disposal of trading investments	**3,033**	–	61
At period end	**268,969**	88,543	272,834
Less trading investments held at cost	**(6,226)**	–	(2,572)
Trading investments held at fair value at period end	**262,743**	88,543	270,262

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.

The 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 trading gains.

Included in listed 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 date of redemption 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.

14 Trade and other receivables

	Unaudited 30 June 2008 US$'000	Unaudited 30 June 2007 US$'000	Audited 31 December 2007 US$'000
Amount receivable for the sale of services	**40,716**	42,487	39,547
Allowance for doubtful debts	**(3,906)**	(1,437)	(4,208)
	36,810	41,050	35,339
Taxation recoverable	**3,596**	3,016	2,404
Prepayments and accrued income	**44,504**	24,665	31,558
	84,910	68,731	69,301

Notes to the Condensed set of Financial Statements

14 Trade and other receivables (continued)

	Unaudited 30 June 2008 US$'000	Unaudited 30 June 2007 US$'000	Audited 31 December 2007 US$'000
Movement in the allowance for doubtful debts			
Balance at the beginning of the year	**4,208**	933	933
Amounts written off during the period	**–**	–	(344)
Increase/(reversal) in allowance recognised in profit or loss	**(747)**	391	3,255
Exchange differences	**445**	113	364
Balance at the end of the period	**3,906**	1,437	4,208

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. These private investment funds comprise certificates of deposit and equivalent instruments with final maturities ranging from January 2008 to November 2011. 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. This 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, with exposure spread over a large number of counterparties and customers.

As a matter of routine, the Group reviews taxes and levies impacting its businesses with a view to ensuring that payments of such amounts are correctly made and that no amounts are paid unnecessarily. In this process, where it is confirmed that taxes and/or levies have been overpaid, the Group takes appropriate measures to recover such amounts. During the year ended 31 December 2007, the Group received a response to a consultation to tax officials confirming the exemption of certain transactions to taxes which the Group had been paying through that date. This response permits the Group to recoup such amounts paid in the past provided the Group takes certain measures to demonstrate that it has met the requirements of tax regulations for such recovery. During the first half of 2008, the Group was able to meet such requirements and recognized US$ 3.7 million as a credit in the Consolidated Income Statement for that year. The Group expect to recover further such amounts in the future, but it is not practicable to quantify them.

15 Borrowings

	Interest	**Unaudited six months to 30 June 2008 US$'000**	Unaudited six months to 30 June 2007 US$'000	Audited year to 31 December 2007 US$'000
Unsecured borrowings				
Bank overdrafts Santander	CDI +0.16% p.m.	**–**	1,119	43
Bank overdrafts Unibanco	CDI +0.1.53% p.a.	**155**	–	–
Secured borrowings				
Bank loans		**161,458**	123,738	149,421
BNDES	1.5% to 5% p.a	**130,825**	96,349	125,736
IFC	5.33% to 9.48% p.a	**30,633**	27,389	23,685
		161,613	124,857	149,464

The borrowings are repayable as follows:

	Unaudited six months to 30 June 2008 US$'000	Unaudited six months to 30 June 2007 US$'000	Audited year to 31 December 2007 US$'000
On demand or within one year	**15,631**	16,069	14,720
In the second year	**15,473**	14,177	15,863
In the third to fifth years inclusive	**37,408**	33,083	34,939
After five years	**93,101**	61,528	83,942
Total borrowings	**161,613**	124,857	149,464
Amounts due for settlement within 12 months	**(15,631)**	(16,069)	(14,720)
Amounts due for settlement after 12 months	**145,982**	108,788	134,744

Analysis of borrowings by currency:

	$Real US$'000	$Real linked to US Dollars US$'000	US Dollars US$'000	Total US$'000
30/06/2008 (unaudited)				
Bank overdrafts	155	–	–	155
Bank loans	5,833	130,825	24,800	161,458
Total	5,988	130,825	24,800	161,613
30/06/2007 (unaudited)				
Bank overdrafts	1,119	–	–	1,119
Bank loans	–	96,349	27,389	123,738
Total	1,119	96,349	27,389	124,857
31/12/2007 (audited)				
Bank overdrafts	43	–	–	43
Bank loans	–	125,736	23,685	149,421
Total	43	125,736	23,685	149,464

Notes to the Condensed set of Financial Statements

15 Borrowings (continued)

The other principal features of the Group's borrowings are as follows:

$Real denominated loans linked to the US dollar are monetarily corrected by the movement in the US dollar/$Real exchange rate and bear interest of between 1.5% and 5.0% per annum. These loans are to finance the building of new tugs, platform supply vessels and refurbishment of dredges and are secured by mortgages thereon. The amounts outstanding at 30 June 2008 are repayable over periods varying up to 20 years.

US dollar denominated loans bear interest at between six month LIBOR plus 3.5% per annum and six month LIBOR plus 4.15%. 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. The amounts outstanding at 30 June 2008 are repayable over periods varying up to 7 years.

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 2008, the Group is in accordance with all clauses of these contracts.

16 Disposal of minority interest

On 30 April 2007 the Group sold a 37.11% minority interest in Wilson Sons Limited as part of the initial public offering of that company. On 31 May 2007, the Group sold a further 4.64% minority interest.

The cash consideration after transaction costs received for the total 41.75% minority interest in Wilson Sons Limited was US$ 324.7 million.

Gross proceeds	348,678
Less costs of disposal	(23,990)
Net proceeds	324,688
Net proceeds received by Ocean Wilsons Holdings Limited	205,615
Net proceeds received by Wilsons Sons Limited	119,073
Total	324,688
Net assets disposed of at 30 April 2007 (proportional 37.11%)	98,444
Net assets disposed of at 31 May 2007 (proportional 4.64%)	12,577
Total net assets disposed of (proportional 41.75%)	111,021
Total consideration satisfied by cash	324,688
Gain on disposal	213,667

17 Notes to the cash flow statement

	Unaudited six months to 30 June 2008 US$'000	Unaudited six months to 30 June 2007 US$'000	Audited year to 31 December 2007 US$'000
Reconciliation from profit before tax to net cash from operating activities			
Profit before tax	**52,145**	250,267	303,410
Less: investment revenues	**(15,892)**	(10,221)	(27,101)
Less: other gains and losses	**219**	(9,946)	(11,700)
Add: finance costs	**3,951**	2,814	7,566
Profit on disposal of minority interest	**–**	(213,667)	(213,667)
Operating profit	**40,423**	19,247	58,508
Adjustments for:			
Depreciation of property, plant and equipment	**10,486**	8,158	18,751
Amortisation of intangible assets	**150**	130	315
Share based payment expense	**1,768**	7,790	12,611
Gain on disposal of property, plant and equipment	**(241)**	(534)	(4,819)
(Decrease)/increase in provisions	**(600)**	(100)	6,571
Operating cash flows before movements in working capital	**51,986**	34,691	91,937
Increase in inventories	**(1,929)**	(2,065)	(318)
Increase in receivables	**(14,417)**	(11,174)	(13,915)
Increase/(decrease) in payables	**7,343**	13,407	18,556
Increase in other non-current assets	**(2,032)**	(1,905)	(3,312)
Cash generated by operations	**40,951**	32,954	92,948
Income taxes paid	**(16,614)**	(13,605)	(30,081)
Interest paid	**(2,374)**	(2,671)	(6,645)
Net cash from operating activities	**21,963**	16,678	56,222

18 Commitments

At 30 June 2008 the Group had entered into six commitment agreements with respect to six separate trading investments. The details of these commitments are as follows:

Expiry date	Commitment	Unaudited Outstanding at 30 June 2008 US$'000	Unaudited Outstanding at 30 June 2007 US$'000	Audited Outstanding at 31 December 2007 US$'000
08 November 2008	5,000	**1,500**	–	4,000
08 November 2008	3,000	**1,200**	–	3,000
30 June 2010	991	**399**	–	446
31 October 2012	3,000	**866**	–	1,367
31 October 2012	5,000	**3,368**	–	5,000
13 March 2013	5,000	**4,774**	–	–
Total		**12,107**	–	13,813

Notes to the Condensed set of Financial Statements

19 Related party transactions

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

	Dividends received/ Revenue of services			Amounts paid/ Cost of services		
	30 June 2008 US$'000	30 June 2007 US$'000	31 December 2007 US$'000	30 June 2008 US$'000	30 June 2007 US$'000	31 December 2007 US$'000
Joint ventures						
1. Allink Transportes Internacionais Limitada	336	332	352	–	–	(1)
2. Consórcio de Rebocadores Barra de Coqueiros	91	149	62	–	–	(246)
3. Consórcio de Rebocadores Baía de São Marcos	3,006	3,090	7,023	–	–	–
4. Dragaport Limitada	–	371	297	–	(379)	–
5. Dragaport Engenharia	–	–	–	(222)	(3)	(162)
Others						
6. Porto Campinas	–	–	–	–	–	–
7 Conyers Dill & Pearman	–	–	–	(8)	(363)	(373)
8. Hanseatic Asset Management	–	–	–	(1,374)	(403)	(2,464)
9. Escritorio de Advocacia Gouvea Vieira	–	–	–	(26)	(101)	(144)
10. CMMR Intermediacao Comercial Limitada	–	–	–	(67)	(59)	(102)
11. Codan Services Limited	–	–	–	(107)	(35)	(65)
12. Internacional Financial Corporation	–	–	–	(270)	(1,323)	(2,450)
13. Jofran Services	–	–	–	(45)	(40)	(130)
14. Frag Consulting	–	–	–	(30)	(20)	(502)

19 Related party transactions (continued)

		Amounts owed to related parties			Amounts owed to related parties		
		30 June 2008 US$'000	30 June 2007 US$'000	31 December 2007 US$'000	30 June 2008 US$'000	30 June 2007 US$'000	31 December 2007 US$'000
Joint ventures							
1.	Allink Transportes Internacionais Limitada	15	3	–	–	–	(6)
2.	Consórcio de Rebocadores Barra de Coqueiros	153	158	105	–	–	(137)
3.	Consórcio de Rebocadores Baía de São Marcos	3,539	2,832	1,818	(121)	–	(3,649)
4.	Dragaport Limitada	–	–	–	–	–	–
5.	Dragaport Engenharia	–	–	378	–	–	(2,220)
Others							
6.	Porto Campinas	–	546	814	–		
7.	Conyers Dill & Pearman	–	–	–	–	(363)	–
8.	Hanseatic Asset Management	–	–	–	(224)	(73)	(1,359)
9.	Gouvea Vieira Advogados	–	–	–	–	(49)	–
10.	CMMR Intermediacao Comercial Limitada	–	–	–	–	–	–
11.	Codan Services Limited	–	–	–	(22)	(18)	(5)
12.	Internacional Financial Corporation	–	–	–	(12,359)	(27,389)	(23,685)
13.	Jofran Services	–	–	–	–	–	–
14.	Frag Consulting	–	–	–	–	–	–

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

2-6. The transactions with the joint ventures are disclosed as a result of proportionate amounts not eliminated on consolidation. The proportion of ownership interest in each joint venture is described on note 17.

7. Mr C F A Cooper was a partner in Conyers, Dill and Pearman. Fees were paid to Conyers Dill & Pearman for legal advice.

8. Mr W H Salomon is Chairman of Hanseatic Asset Management. Fees were paid to Hanseatic asset management for acting as investment managers of the Groups investment portfolio and administration services.

9. Dr J F Gouvea Vieira is a managing partner in the law firm Gouvea Vieira Advogados. Fees were paid to Gouvea Vieira Advogados for legal services.

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

11. Mr C F A Cooper was a partner in Conyers, Dill and Pearman during the period, the owners of Codan Services. Fees were paid to Codan services for company secretarial services.

12. Internacional Financial Corporation (a subsidiary of the World Bank) is the minority shareholder of Tecon Salvador S.A. The Group has bank loans with this this financial institution.

13. Mr J F Gouvea Vieira is a Director of Jofran Services. Directors fees and consultancy fees were paid to Jofran Services.

14. Mr F Gros is a Director of Frag Consulting. Directors fees and consulting fees relating to the Wilson Sons IPO were paid to Frag Consulting.

Notes to the Condensed set of Financial Statements

20 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, 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 and assets 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. However during 2006, the Group used immaterial currency swaps to manage its exposure on the short term position of its US Dollar and US Dollar linked debt from Real denominated cashflows.

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) 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, 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 2008 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 and 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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F Gros*
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