Ocean Wilsons Holdings Limited

Annual Report 2007

Ocean Wilsons Holdings Limited

Annual Report 2007

Ocean Wilsons Holdings Limited

is a leading supplier of maritime services in Brazil and holds a portfolio of internationally listed investments.

The Group's activities include harbour and ocean towage, offshore support services, small vessel construction and maintenance, container terminal operation, logistics, dredging and ship agents.

Contents

1 Chairman's Statement
5 Wilson Sons Limited Operating Review
8 Ocean Wilsons Holdings Limited Financial Review
19 Directors and Advisers
20 Report of the Directors
22 Independent Auditors' Report
23 Consolidated Income Statement
24 Consolidated Balance Sheet
25 Consolidated Statement of Changes in Equity
26 Consolidated Cash Flow Statement
27 Notes to the Accounts
61 Statistical Statement 2003 – 2007 (Unaudited)
62 Notice of Annual General Meeting
63 Form of Proxy

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

Printed by Park Communications on FSC certified paper.

Park is a CarbonNeutral® company and its Environmental Management System is certified to ISO14001:2004.

This document is printed on ERA Silk, a paper made using 50% recycled fibre and 50% virgin fibre sourced from FSC certified forests.

Chairman's Statement

Introduction

I am pleased to report another strong performance in 2007. As reported in the Chairman's interim statement, on the 30 April 2007, Ocean Wilsons Holdings Limited, ("Ocean Wilsons" or the "Company") successfully floated Wilson Sons Limited, ("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 in Wilson Sons 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 retains a 58.25% holding in Wilson Sons. The Company will continue to fully consolidate Wilson Sons in its accounts but with a 41.75% minority interest. As at the close of business on the 17 March 2008 the Wilson Sons share price was Real 20.00 resulting in a market value for the Ocean Wilsons holding of 41,444,000 shares in Wilson Sons of approximately US$ 482 million which is equivalent to US$ 13.63 per Ocean Wilsons Share.

Following a review of the possible options for the use of the net proceeds from the sale, the Board decided as indicated in the April class one circular to invest approximately US$ 183.0 million of this money in its investment subsidiary, Ocean Wilson Investments Limited ("Ocean Wilsons Investments") to increase the scale and breadth of that company's investments and expand the remit to include alternative investment classes, including illiquid securities, with a particular emphasis on emerging markets. This investment strategy will be reviewed on a regular basis to ensure it is consistent with changing circumstances in global markets.

The balance will be retained in a separate investment fund to cover the Ocean Wilsons long term incentive plan liability as detailed below and pay the company operating expenses.

Results

Revenue for the year grew 21% to US$ 404.0 million compared to US$ 334.1 million in 2006 although operating profit for the year decreased 5% at US$ 58.5 million (2006: US$ 61.4 million) principally due to reduced margins and higher payroll costs. Investment revenues increased US$ 15.9 million to US$ 27.1 million (2006: US$ 11.2 million) principally due to higher interest receipts from bank deposits.

Profit before tax increased US$ 225.7 million from US$ 77.7 million to US$ 303.4 million due to the profit on the disposal of the minority interest in Wilson Sons of US$ 213.7 million and higher investment revenue.

Earnings per share based on ordinary activities after taxation and minority interests were 729.8 cents (2006: 158.6 cents).

Investment Portfolio

Investment managers

The Group's investment portfolio is held by Ocean Wilson Investments Limited ("Company") a wholly owned subsidiary registered in Bermuda. The Company has appointed Hanseatic Asset Management LBG a Guernsey registered and regulated investment group as its Investment Manager.

The investment managers receive an investment management fee based on the valuation of the funds under management and an annual performance fee. The investment management fee is an annual rate of 1% payable monthly in arrears. The performance fee is 10% of the annual performance which exceeds the benchmark and provided that the portfolio high water mark has been exceeded. The benchmark is derived from the one year USD LIBOR, prevailing at the commencement of each calendar year plus 2%.

Investment strategy

The Board of the company determines investment guidelines and restrictions in conjunction with the investment manager, these together with the investment managers reports are reviewed at the company's board meetings.

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

Investment portfolio performance

Funds under management (including cash) at 31 December 2007 were US$ 274.0 million (2006: US$ 79.2 million). The large increase from 2006 is principally due to the US$ 183 million added to the investment portfolio during the year from the proceeds of the sale of the Wilson Sons shares.

Chairman's Statement

The following table shows portfolio performance compared to the portfolio benchmark and MSCI World Index. Over the last 5 years the portfolio has returned 83.90% against 72.58% for the MSCI index in the same period.

	1 Year	3 Year	5 Year
Portfolio Performance	15.95%	46.38%	83.90%
Benchmark	7.33%	17.27%	21.20%
MSCI World Index	9.04%	38.60%	72.58%

Details of the individual investment holdings at 31 December 2007 and performance are contained within the Investment Managers report included in the financial review.

Brazil

In Brazil, the macro-economic fundamentals remain positive, in spite of the uncertainty about future monetary policy. Brazilian GDP grew 5.4% in 2007, supported by rising incomes and strong private consumption. Inflation remained in line with the government's target, 4.5% despite increasing pressure from rising food prices. The strong Real helped government contain inflation by cheapening imports and restricting opportunities for retailers to pass on wholesale price increases to consumers. Interest rates remain amongst the highest in the world at 11.25% p.a although this is helping to keep inflation under control.

The US$ 40 billion trade surplus in 2007 was 14% lower than 2006, although total foreign trade grew 22% to US$ 282 billion. Exports increased 17% to US$ 161 billion, while imports grew 32% to US$ 121 billion, reaching all-time highs.

2007 was an exceptional year for the Brazilian stock market "Bovespa". In total 64 initial public offerings "IPO's" were conducted in the year more than double the 26 IPOs registered in 2006. The Bovespa Index (Ibovespa) reached 43 record highs during 2007 reaching a peak of 65,790 points on 6 December 2007.

Exchange rates

In 2007, the Brazilian Real "Real" appreciated 17.3% against the US Dollar from R$2.14 at 1 January 2007 to R$1.77 at the year end. The appreciation of the Real against the US Dollar generated a net exchange gain of US$ 7.8 million (2006: US$ 5.4 million) on the Group's Real-denominated cash balances. The appreciation of the Real also had an adverse effect on our Real denominated costs when converted into US Dollars which effect sales margins.

Dividend

The Board is recommending the payment of a final dividend of 36 cents per share (2006:20 cents) to be paid on the 16 May 2008, to shareholders on the close of business on 11 April 2008 making a total dividend for the year of 40 cents per share (2006: 22 cents per share)

The dividend for the year represents the full dividend to be received from Wilson Sons relating to 2007 plus 3% of the average capital employed in the investment portfolio. (The US$ 8 million received in dividends from Wilsons Sons in March 2007 prior to Wilson Sons listing is not included in the Ocean Wilsons 2007 dividend calculation as this represents part of the profits earned in 2006).

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

Dividends will continue to be set in US Dollars and paid twice yearly. Shareholders will continue to 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.

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.

Long term incentive plan

Ocean Wilsons implemented a cash settled phantom option scheme that was approved by shareholders at the Special General Meeting held on 19 April 2007. The scheme is for selected senior management and the options provide for the option holder to receive on exercise the difference between the option price of US$ 5.66 and the lower of US$ 19.98, being the market capitalisation of the Wilson Sons at the date of the IPO per OWHL share, and the market

value of Wilson Sons per OWHL share at the time of exercise. The awards vest in four tranches from April 2009 to April 2012 and expire in April 2016. No further options will be granted under the scheme.

The maximum liability under the plan is US$ 25.1 million based on the Wilson Sons IPO offer price.

A liability equal to the portion of the services received is recognised at the current fair value at each balance sheet date. An accrual of US$ 10.0 million has been included in the accounts at 31 December 2007 for benefits accruing under the plan, although cash payments under the scheme will not be made before April 2009. Awards under the long term incentive plan vest in four tranches from April 2009 to April 2012 and expire in April 2016.

In April 2007, Wilson Sons implemented a Real denominated cash settled phantom option scheme for selected senior management. The options will provide cash payments on exercise for the option holder to receive on exercise the difference between the option price of R$23.74 (Wilson Sons IPO price) and the Wilson Sons market value at date of exercise. An accrual of US$ 2.6 million has been included in the accounts at 31 December 2007 for benefits accruing under the plan.

Corporate social responsibility

Ocean Wilsons is committed to the responsible management of all its activities and believes that corporate social and environmental responsibility is key to the interests of all our stakeholders.

Employment

The Group currently employees more than 4,000 staff throughout Brazil and created numerous employment opportunities through its suppliers and sub-contractors. Ocean Wilsons is committed to the fair and equitable treatment of all its employees in terms and conditions of employment irrespective of gender, sexual orientation, religious beliefs, age, colour, or racial origin. The company continues to invest in the education and professional development of its employees.

We aim to prevent accidents and ill health in all aspects of the Group's operations through continuous improvement of our processes and practices and wherever possible reducing or eliminating health and safety risks associated with our activities

All employees and their dependents, 10,037 people at 31 December 2007, receive private medical cover at a cost of US$ 6.7 million (2006: US$ 5.2 million) to the Group. In addition, the Group provided US$ 4.5 million (2006: US$ 3.1 million) of food assistance for employees.

Taxes

In 2007 the Group paid in excess of US$ 78 million (2006: US$ 70 million) in Brazilian income, payroll and sales taxes.

Charitable donations

In line with our policy to support local causes the Group made contributions of US$ 138,000 (2006: US$ 131,000) during the year. The emphasis of the Group's actions continues to be community based projects helping disadvantaged children and adolescents. The Group's principal contributions in 2007 were:

Task Brasil – project to improve the lives and support the needs of children and pregnant teenage girls living on the streets of Brazil.
Website: www.taskbrasil.org.uk

Escola de Gente – raising awareness and promoting social inclusion for all parts of the community.

Instituto Reação – operates in disadvantaged communities promoting human development and social inclusion through sport and cultural activities.
Website: www.institutoreacao.org.br

Instituto Anglicano – project to teach disadvantaged children in Sao Paulo.
Website: www.insitutoanglicano.org.br

In addition to financial support, the Group encourages employees to participate in social initiatives. In 2007 the Group created the corporate programme "Criando Lacos" (Creating ties). The objective of this programme is to provide financial support and promote employee involvement in social initiatives.

The Group continues to invest through fiscal incentives in documenting the cultural heritage of the maritime industry in Brazil. In 2007 the Group contributed US$ 118,000 to publishing the book "Empresas mais que centenarias".

Chairman's Statement

Group Policy on the environment
Ocean Wilsons recognises that care of the environment is a central business concern, and we are dedicated to operating in a manner that protects the environment and reduces the effects of pollution from our operations.

In 2007 the Group created a management committee to implement an environment management system that would ensure that our businesses meet all regulatory and legislative requirements and guarantees the safety of the Group's operations. The Committee through its actions will continue to:

- Identify environmental risks
- Develop the Group's environmental policy
- Identify corrective actions to improve the Group's operating procedures
- Implement preventive measures to reduce environmental risks
- Further develop emergency contingency plans
- Enhance the systems of internal reporting to improve the quality of data so that we may monitor our environmental performance
- Communicate and train employees about the Group's environment policy

Outlook
The Group remains in a very good position to take advantage of the positive Brazilian economic environment. We expect to maintain growth and invest in our core businesses, primarily Port Terminals, Towage and Offshore.

Our capital investment programme for 2008 is focused on the completion of the Tecon Rio Grande and Tecon Salvador container terminal expansions and further investment in our offshore and tugboat fleets. Following expansion of the Tecon Rio Grande terminal capacity will increase 60% to approximately 1.1 million TEUs per annum.

The Brazilian Group started construction on a further four Platform Supply Vessels (PSVs) at our shipyard, to be chartered to Petrobras under long term service contracts. Two of these PSVs will be delivered in 2008 with the remaining two forecast for delivery at the end of 2009. We are also constructing three new tugboats as part of our ongoing tug renewal programme.

The strong Brazilian currency is still a challenge facing management, however, we believe that the strong results delivered in 2007 and the continuous growth posted in the period are examples of the management ability to deal with this adverse environment.

Management and staff
On behalf of your Board, I would like to thank our management and staff for their continuous efforts and support during the year and for delivering a successful performance. We will continue to invest in their future through training and incentive programmes.

J. F. Gouvêa Vieira
Chairman
18 March 2008

Wilson Sons Limited Operating Review

We have summarised the following highlights from the Wilson Sons 2007 Earnings Report released on the 18 March 2008. The full report is available on the Wilson Sons Limited website: www.wilsonsons.com

Wilson Sons, through its subsidiaries in Brazil, is one of the largest integrated operators of port and maritime logistics in the Brazilian market, with 170 years of experience, offering a comprehensive range of services with emphasis on the port and shipping sector. The principal operating segments of the business are port terminals, towage, logistics, shipping agency and offshore.

Management considers that the 2007 results show the continued strength of the Wilson Sons business and consider the synergy between our businesses a competitive advantage in developing our business. The most important external factors affecting our business are the level of Brazilian foreign trade, the performance of the oil and gas industry in Brazil and growth in the Brazilian economy.

Net revenue in 2007 grew by 20.9% to US$ 404.0 million from US$ 334.1 million in 2006. The principal drivers behind this improved performance were increases in our port operation, towage and logistics revenue.

The following segmental operating profit figures reflect Ocean Wilson LTIP charges not included in Wilson Sons accounts.

Port Operations

The most important businesses in the port operations division are the container terminals located in Rio Grande, Rio Grande do Sul and Salvador in Bahia. We also operate terminals to support the offshore oil and gas industry.

Net revenue increased by 16.9%, from US$ 127.4 million in 2006 to US$ 149.0 million in 2007 as a result of increased container volumes, improved sales mix and the positive effect of the stronger Real as approximately 48% of our revenues are Real denominated.

Operating profit at US$ 40.8 million for 2007 was marginally ahead of 2006, (US$ 39.4 million) as margins were eroded by higher operating costs, principally increased headcount and labour costs (collective bargaining agreements and LTIP provisions), higher equipment rental costs due to capacity constraints, increased provisions for civil and labour claims and the adverse foreign exchange effect on the Real denominated expenses.

Towage

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

Towage net revenue increased by 23.6%, from US$ 118.8 million in 2006 to US$ 146.8 million in 2007 due to increases in the number of harbour towage manoeuvres, the average deadweight of vessels attended and higher revenues from oil platform support, ocean towage and salvage support work.

Operating profit increased by 45%, from US$ 31.4 million in 2006 to US$ 45.4 million in 2007 reflecting the improved operating margins as a result of the increased volumes in our high margin non-harbour towage services and tax credits realised in the period.

Logistics

Wilson Sons develops and provides differentiated logistics solutions for the management of the supply chain of our clients and the distribution of products, including a number of logistics services, such as, storage, customs storage, distribution, highway transportation, multimodal transportation and NVOCC – Non Vessel Operating Common Carrier.

Net revenue from our Logistics business grew 40% from US$ 49.3 million in 2006 to US$ 69.1 million in 2007 driven by new customers in the pulp and paper and glass industries, increase in the range of services provided to existing clients and an increase in bonded warehouse revenue mainly as a result of higher import volumes. As the majority of our revenue is Real denominated, revenue in US Dollar terms was also positively impacted by the stronger Real.

Operating profit increased by 9.5%, from US$ 4.2 million in 2006 to US$ 4.6 million in 2007 although margins were adversely affected by start up costs and a reduction in some higher margin business compared with 2006.

Shipping agency

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

Ocean Wilsons Holdings Limited/Annual Report 2007

Wilson Sons Limited Operating Review

Net revenue totalled US$ 20.4 million in 2007, representing a 14.6% increase over 2006, US$ 17.8 million. This increase resulted mainly from increases in bill of lading fees and container control fees.

Operating profit decreased from US$ 8.7 million in 2006 to US$ 2.9 million in 2007, mainly due to an increase in doubtful debts, US$ 1.8 million; increased provision for civil and labour claims, LTIP expenses accrued in the period and an adverse foreign exchange effect. As the majority of the divisions' revenue is US Dollar denominated and costs are Real denominated, the appreciation of the Real has an adverse effect on margins.

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

Net revenue increased by 27.4%, from US$ 8.4 million in 2006 to US$ 10.7 million in 2007 due to the commencement of our third PSV, Saveiros Fragata, in the second quarter of 2007. This flowed through to operating profit which was 67% higher at US$ 1.8 million.

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

Net revenue in 2007 fell from US$ 12.5 million in 2006 to R$ 8.0 million in 2007 due to a reduction in dredging operations in 2007, and lower third party Shipyard revenue.

The operating loss increased from US$ 21.2 million to US$ 30.4 million principally due to higher personnel costs, as a result of collective wage increases and LTIP charges and increases in the provisions for contingencies relating to civil and labour lawsuits

Above: The 73 ton bollard pull tug boat Saturno. The Saturno was completed at our shipyard in Guaruja in 2007. Wilson Sons towage division offers harbour towage, ocean towage, salvage support and maritime support to the offshore oil and gas industry.

Left: The bridge of the tug boat Aquarius.

Ocean Wilsons Holdings Limited/Annual Report 2007

Ocean Wilsons Holdings Limited Financial Review

Revenue

Group revenue, as reported for the year, was US$ 404.0 million, up 21% on 2006 (US$ 334.1 million) principally due to increases in the towage, port operations and logistics businesses. Specific contributors to increased revenues were increases in volumes and the exchange effect of the appreciation of the Real against the US Dollar. As a substantial part of our tariffs are Real denominated the appreciation of the Real increases revenue in US Dollar terms.

Operating margins and profit

Operating profit for the year remained strong at US$ 58.5 million although lower than the US$ 61.4 million reported in 2006. Improved operating results from our Brazilian business, US$ 72.3 million (2006: US$ 64.0 million) were offset by charges from the OWHL long term incentive plan, US$ 10.0 million, (2006: nil) and investment portfolio management costs. The improvement in Brazilian operating profit arose mainly from the increase in Group revenue. Group margins were adversely impacted by the appreciation of the Real against the US Dollar and increased labour costs, as a result of collective wage agreements and LTIP charges.

Investment revenues

Investment revenue in 2007 increased by US$ 15.9 million to US$ 27.1 million from US$ 11.2 million in 2006, principally due to increased interest from bank deposits and higher exchange gains on cash and cash equivalents. The increase in interest receivable resulted from higher cash balances in 2007 following the sale of the minority interest in Wilson Sons.

Other gains and losses

Other gains arising from the Group's portfolio of trading investments remained broadly unchanged at US$ 11.7 million (2006: US$ 11.4 million).

Finance costs

Finance costs in 2007 increased by US$ 1.2 million to US$ 7.6 million from US$ 6.4 million in 2006. The increase was attributable to increased interest payable as a result of higher borrowings and higher other interest charges. These negative movements were partially offset by higher exchange gains on foreign currency borrowings.

Profit before tax

Group profit before tax for the year increased US$ 225.7 million to US$ 303.4 million from US$ 77.7 million in 2006 principally due to the profit on the sale of the minority interest in Wilson Sons, US$ 213.7 million. Removing the profit on the sale of the minority interest, profit before tax in 2007 was US$ 11.9 million higher at US$ 89.7 million.

Taxation

The US$ 25.7 million tax charge (2006: US$ 20.8 million) for the year represents an effective tax rate for the period of 8% (2006: 27%). The corporate tax rate prevailing in Brazil is 34%. The lower effective tax rate primarily reflects the benefit of income arising in subsidiaries operating in jurisdictions with lower tax rates, principally the profit on the sale of the minority interest in Wilson Sons.

Earnings per share

Basic earnings per share for the year were 729.8 cents, compared with 158.6 cents in 2006 due to the higher profit attributable to shareholders as a result of the sale of the minority interest in Wilson Sons.

Cash flow

During the period there was a net cash inflow of US$ 157.2 million (2006: US$ 7.4 million outflow) principally due to the disposal of the minority interest in Wilson Sons, (US$ 324.7 million inflow) less purchases of trading investments US$ 207.2 million (2006: US$ 14.5 million). The large increase in purchases of trading investments (principally liquid funds) results from the additional US$ 183.0 million added to the portfolio during the year.

Net cash flow from operating activities in 2007 increased by US$ 19.0 million or 51% to US$ 56.2 million from US$ 37.2 million in 2006 principally due to improved working capital movements during 2007, US$ 1.0 million positive movement (2006: US$ 12.2 million adverse movement).

Capital expenditure of US$ 92.3 million was mainly invested in vessel construction and the expansion of Tecon Rio Grande. (2006: US$ 42.2 million). During 2007 the Group's started construction on a further two Platform Supply Vessels (PSV) and continued the tug fleet renewal programme. Significant investments were made in civil works for the construction of the third berth at Tecon Rio Grande and purchasing equipment for Tecon Rio Grande and Tecon Salvador.

At 31 December 2007, the Group had US$ 227.6 million in cash and cash equivalents, (2006: US$ 62.6 million).

Above: The platform supply vessel (PSV) Saveiros Fragata was delivered in 2007 and is under long-term contract to Petrobras.

Ocean Wilsons Holdings Limited Financial Review

Balance sheet

Net equity (equity attributable to ordinary shareholders of the Company) increased from US$ 221.8 million at the beginning of the year to US$ 478.8 million, due to the profit in the period after minority interests. The strong growth in net assets reflects the strong profit performance over the year as well as the appreciation of the Brazilian Real. This translates into net assets per share excluding minority interests of US$ 13.54 cents per share (31 December 2006: US$ 6.27). Of this trading investments of US$ 272.8 million equates to US$ 7.72 per share. Minority interests increased from US$ 3.8 million at the beginning of the year to US$ 134.3 million, principally due to the sale of a 41.75% minority interest in Wilson Sons.

Debt

The Group's consolidated borrowings (including obligations under finance leases) increased US$ 40.0 million at 31 December 2007 to US$ 151.8 million, (31 December 2006: US$ 111.8 million). Additional funds were released by the BNDES to finance Platform Supply Vessels construction. During 2007 the Group made capital repayments on existing loans in accordance with debt repayment schedules of US$ 16.7 million (2006: US$ 16.1 million).

At 31 December 2007 the Company and its subsidiaries had US$ 227.6 million in cash and cash equivalents (31 December 2006: US$ 62.6 million).

Insurance

Our underwriting subsidiary, Ascension Underwriting recorded underwriting profits of US$ 1.2million in the period representing part of the profits from the 2003, 2004 and 2005 underwriting years. The last year of underwriting, the 2005 year of account will close in 2008 and is forecast to make a modest profit.

Investment Portfolio

Hanseatic Asset Management LBG that manages the Group's Investment portfolio reports as follows:

Background

Following the successful flotation in April 2007 of Wilson Sons Limited on the Sao Paulo Stock Exchange and Luxembourg Stock Exchange, Ocean Wilsons Investments Limited received US$ 183m (of the total net proceeds of US$ 205.6m) in October 2007. The monies were initially invested, in equal proportion, in three Dollar cash Funds offering daily liquidity and competitive interest rates together with 'AAA' financial institutions, namely Goldman Sachs, Lehman Brothers and Morgan Stanley.

As reported in the 2007 Interim Report, the additional cash will be used "to increase the scale and breadth of that company's investments and expand the remit to include alternative investment classes, including illiquid securities, with a particular emphasis on emerging markets". Details of new investments are outlined under the 'Portfolio Activity' section of this report.

General

Last year's management commentary anticipated that there would be positive returns from equities in 2007, but not on the scale of recent years, and that the level of market volatility would increase markedly. In US Dollar terms, the MSCI World Index of share prices advanced by 9%. However, weakness in the Dollar undermined these returns for non-dollar investors. For instance, the Dollar fell by over 9% against the Euro and by nearly 17% against the Brazilian Real. Within the global equity universe, the best gains came from Asia ex Japan and Emerging Markets generally. Once again, commodities outperformed shares with oil, precious metals and agricultural prices appreciating significantly – partly to compensate for Dollar weakness.

For the first half of the year, markets were relatively stable. Signs of a weakening housing market in the US emerged during spring with the collapse of several sub-prime mortgage lenders. However, by the summer the contagion with wider credit markets triggered a repricing of credit risk. Liquidity disappeared from structured credit instruments such as Collateralized Debt Obligations (CDOs) and Asset Backed Securities (ABS). Commercial Banks simply refused to lend to each other.

Initially equity markets took a sanguine view that Central Banks would have to inject liquidity and many Emerging Markets in particular reached new highs, notably those markets related to China. Later in the year, the realisation that the US economy might be heading for recession and the scale of likely write-offs in the banking sector dominated equity markets and shares retreated to close the year well below their highest levels. What caught markets by surprise was the extent of the sub-prime mortgage implosion. The degree of repackaging and securitisation along with the extent to which these securities had been sold around the world, together with seriously inaccurate assessments from the credit rating agencies, had not been properly understood by most market participants. Consequently, the scale of the problem and subsequent vulnerability throughout the financial sector proved shocking to markets. This realisation turned widespread investor complacency that the Federal Reserve would come to the rescue, into investor panic about how bad the situation might get. With this as background, what perhaps is surprising is not that equities sold off in the fourth quarter, but how well they had done until then.

Above: The Brasco onshore base located in Niteroi, Rio de Janeiro. Brasco provides services to the offshore oil and gas industry.

Left: The two portainers at Tecon Salvador Container Terminal, Bahia.

Ocean Wilsons Holdings Limited Financial Review

With the exception of Japan all the major markets gave positive returns in excess of cash in 2007. In the case of the overlapping asset classes MSCI Far East ex Japan (+30.7%) and MSCI Emerging Markets (+36.5%) the returns were significantly in excess of that. Finally, it is worth noting the emergence of the agricultural sector as an investment theme in 2007. Futures contracts in a number of agricultural commodities such as wheat (+52%) and soybeans (+54%) rallied to reach multi-year highs. Demographics, industrialisation, climatic conditions and competing land-use claims for biofuels are driving this price cycle, which may become as profound and entrenched as the strength in oil and metal prices.

Performance

Annual Performance

	Since inception – 1 Nov 2000	2007	2006	2005	2004	2003	2002	2001	2000*
Fund Performance	85.58%	16.00%	18.30%	12.13%	17.74%	19.78%	–11.22%	–1.85%	–2.15%
MSCI	12.19%	9.04%	20.07%	9.49%	14.72%	19.26%	–27.66%	–14.56%	–7.44%
Performance Benchmark	34.79%	7.33%	6.84%	3.10%	4.20%	–0.27%	0.17%	9.58%	–0.05%

Note: *in respect of period 1st November – 31st December 2000 only

The portfolio produced solid returns in 2007 amidst an environment of increasing volatility levels. The portfolio returned 16.00% over the year, comfortably in excess of the MSCI World Index (+9.04%) and the performance benchmark (+7.33%). Over the seven years that Hanseatic Asset Management has had the mandate of managing the portfolio it has increased in value by 85.51%. Over the same period the MSCI World Index increased by only 12.19% and the performance benchmark by 34.79%.

The Emerging Markets were the standout theme behind the portfolio's returns. The portfolio also gained from its commitment to the resources sector. Returns were negative in Japan due to market weakness. Weak investment selection in Europe was more than offset by positive selection in resources and Emerging Markets. The long-standing bias in the portfolio emphasizing Emerging Markets at the expense of the US paid off again in 2007.

The top ten performing investments in 2007 were:

Security Name	Returns %
Merrill Lynch World Mining Trust Plc	55.4
UTS Energy Corporation	40.3
Close Finsbury Far East Equity Fund	38.6
SR Phoenicia Class B – Carthaginian Portfolio	38.2
Investec Global Strategy Fund Ltd – Global Energy Fund	37.9
Lansdowne UK Equity Fund	35.4
SR Global Fund – Emerging Markets	33.8
SR Global Fund – Asia	30.4
Aberdeen Global Asia Pacific Fund	27.9
Genesis Emerging Markets Fund Ltd	27.9

Above: One of our managed warehouses which provides logistic services for clients.

Ocean Wilsons Holdings Limited Financial Review

The individual investments which provided the greatest contribution to performance in 2007 were:

Security Name	Contribution %
Lansdowne UK Equity Fund	3.3
Merrill Lynch World Mining Trust Plc	3.0
SR Global Fund – Emerging Markets	1.8
Close Finsbury Far East Equity Fund	1.6
Aberdeen Global Asia Pacific Fund	1.1
SR Global Fund – Asia	1.0
Lansdowne European Equity Fund	1.0
Findlay Park American Smaller Companies Fund	0.9
BlueBay European Credit Opportunity Fund	0.7
Investec Global Strategy Fund Ltd – Global Energy Fund	0.6

As at 31st December 2007, the portfolio's largest holdings were as follows:

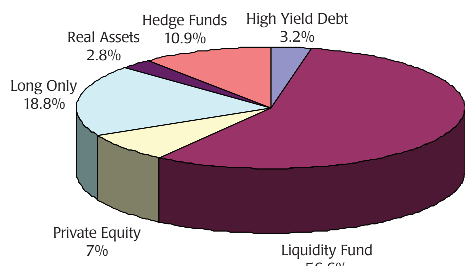
Security Name	Market Value US$	% of NAV
Morgan Stanley Funds Plc USD Liquidity Fund	60,556,617	22.10
Lehman Brothers Liquidity Fund Plc USD	53,819,214	19.64
Goldman Sachs Funds Plc USD Liquid Reserves Fund	53,334,250	19.47
Lansdowne UK Equity Fund	9,324,634	3.40
Merrill Lynch World Mining Trust Plc	8,005,090	2.92
Lansdowne European Equity Fund	5,587,630	2.04
SR Global Fund – Emerging Markets	5,185,632	1.89
Findlay Park American Smaller Companies Fund	4,690,929	1.71
Ashmore Emerging Markets Liquid Inv. Portfolio	4,652,782	1.70
JO Hambro Japan Fund	4,393,902	1.60
Close Finsbury Far East Equity Fund	4,270,413	1.56
BlueBay European Credit Opportunity Fund	4,107,086	1.50
Orbis Sicav – Japan Equity	3,782,058	1.38
Aberdeen Global Asia Pacific Fund	3,725,086	1.36
ARC Capital Holdings Ltd	3,262,537	1.19
BlackRock Agriculture Fund	3,166,103	1.16
SR Global Fund – Asia	3,091,116	1.13
Pacific Alliance China Land Ltd	3,045,000	1.11
Finsbury Growth & Income Trust Plc	2,665,243	0.97
Jupiter European Opportunity Trust Plc	2,602,292	0.96
Top twenty holdings	243,267,614	88.79
Other holdings (30)	29,566,520	10.79
Cash	1,152,283	0.42
TOTAL (50)	**273,986,417**	**100.00**

Above: The Group's shipyard in Guaruja, in the state of Sao Paulo.

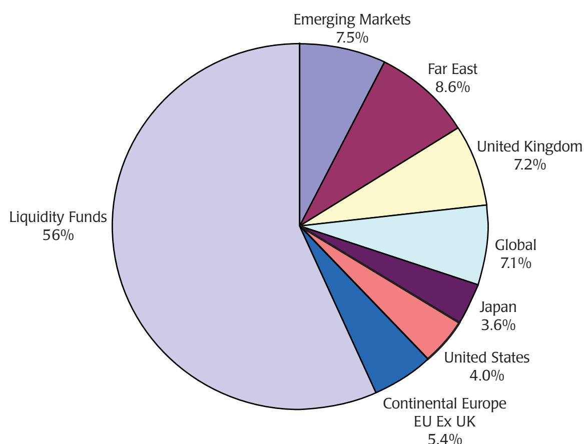
Left: In 2007 Wilson Sons created the corporate programme "Criando Lacos" (Creating ties). The objective of this programme is to provide financial support and promote employee involvement in social initiatives.

Ocean Wilsons Holdings Limited Financial Review

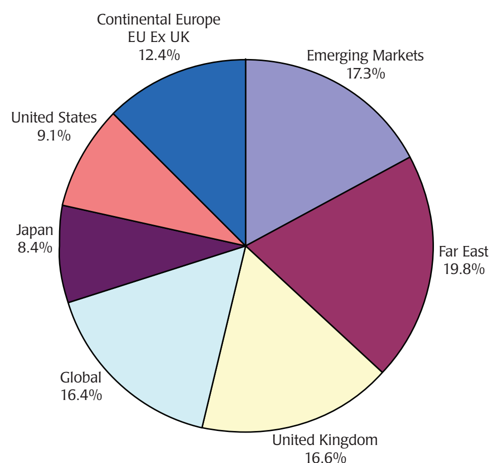
Asset Class Allocation
as at 31st December 2007
Total Portfolio (including Cash) – US$ 273,986,417



Geographical Distribution
as at 31st December 2007
Total Portfolio (including Cash) – US$ 273,986,417



Invested and Committed Portfolio
(excluding Liquidity funds and cash) – US$ 118,937,074



Portfolio activity

New Investments

During the year, there were purchases worth approximately US$ 18m (excluding liquid funds). Eight new investments were made in 2007: ARC Capital Holdings Ltd, BlackRock Agriculture Fund, Pacific Alliance China Land Ltd, Prusik Asia Fund, RAB Special Situations Company Ltd, Summit Germany Ltd, Tau Capital Plc and Vietnam Opportunity Fund Ltd. An additional investment was made to the long-term holding in Merrill Lynch World Mining Trust Plc. Details of the new investments are as follows:

ARC Capital Holdings Ltd is an AIM-traded private equity Fund investing in the Chinese consumer and retail sectors. The Fund will seek to invest, generally through significant minority stakes, in opportunities which have clear market scalability and potential near term IPO activity to enhance exit options.

The *BlackRock Agriculture Fund* invests across the spectrum of agricultural related equities, soft commodity futures and agricultural property. Demographic shifts, industrialisation, and competing land-use claims for biofuels are the drivers behind current momentum in the sector after decades of weak profits and falling real prices.

Pacific Alliance China Land Ltd is an AIM-traded Fund. The Fund will invest in Chinese real estate on a nationwide basis across residential, commercial and industrial sectors with a focus on second and third tier cities.

The *Prusik Asia Fund* is a long-only Fund exposed to the growth economies of Asia. The Fund takes a focused and thematic approach.
Summit Germany Ltd is an AIM-traded holding company, investing primarily in office, industrial and other commercial properties throughout Germany.

RAB Special Situations Company Ltd is an AIM-traded feeder Fund with high exposure to natural resources and managed aggressively. The Manager is an advocate of the Commodities Super-Cycle.

Tau Capital Plc is an AIM-traded Fund with a mandate to invest in listed and unlisted companies, together with special situations primarily in Kazakhstan.

Vietnam Opportunity Fund Ltd is a diversified AIM-traded Fund investing in public and private equities, together with selective real estate investments in the rapidly expanding economy of Vietnam.

New Investment Commitments

In addition and in accordance with the portfolio's new mandate, four commitments, totalling US$ 16m, were made into alternative/illiquid investments in 2007: Ashmore Global Special Situations Fund IV LP, CLSA MezzAsia Capital LP, Hupomone Capital Fund LP and New York Life Investment Management Jacob Ballas India Fund III LLC. Details of the new investments are as follows:

Ashmore Global Special Situations Fund IV LP (US$ 5m commitment) is a Guernsey Limited Partnership, investing in mainly privately sourced and structured longer term debt, equity and hybrid investments with event-driven value. The Fund has a life of seven years.

CLSA MezzAsia Capital LP (US$ 3m commitment) is a Cayman Islands Exempted Limited Partnership. The Fund provides mezzanine capital to pan-Asian mid-cap companies and financial sponsors in leveraged buyout situations. Its focus is on established and non-cyclical businesses with stable cash flow. The Fund has a life of ten years.

Hupomone Capital Fund LP (US$ 3m commitment) is a Cayman Islands Exempted Limited Partnership. The Fund provides growth capital to invest in scalable high-growth, mid-market unlisted companies in the manufacturing and service industries in China. The Fund seeks to invest in sector leaders and will target growth industries such as healthcare, energy, environment and technology. The Fund has a life of eight years.

New York Life Investment Management Jacob Ballas India Fund III LLC (US$ 5m commitment) is a Mauritius Public Limited Liability Company. The Fund makes investments in privately negotiated equity or equity related investments in unlisted Indian companies, following three key themes: investment demand driven by infrastructure and capital goods, domestic consumer spending and competitive global sourcing of goods and services from India. The Fund has a life of ten years.

Outlook

The early weeks of 2008 have seen some of the sharpest market falls for a decade. At the end of January 2008, the MSCI World Index was 17% below its peak in October 2007. Deleveraging and rapidly rising risk aversion together with fears that the Western World and ultimately the global economy are tipping into recession have resulted in a very jittery stock market. As ever at times like this, the great and the good of the investment guru industry bid to outdo each other with their pessimism and bearishness. It seems inevitable that many key economies such as the US, UK, Europe and Japan will experience slower growth in 2008, and that a weaker housing market will cause consumers to retrench. It is also true that downside risks have increased and that the potential vulnerability of the financial system is clearly evident.

Against this we must note the aggressive actions of the Federal Reserve to achieve monetary reflation. This may take time to work through the system as banks repair battered balance sheets, but clearly shows that the US Federal Reserve thinks there is room to manoeuvre. Many bearish commentators felt that given the level of energy and food prices together with the weakness of the Dollar, the US Federal Reserve would feel they had insufficient leeway to ease policy. This does not appear to be the case as yet. As far as the interconnectedness of the global economy is concerned, the market adage "when America sneezes the world catches a cold" may need revising. This is particularly true in the case of the Emerging Markets of Asia, which have been a long-standing area of emphasis for the portfolio. Reduced demand, from the US will obviously have a major impact on Asia's export industries and growth will slow. However, domestic demand should remain more robust during this slowdown. Savings rates are high; there is little leverage in the system; and there are massive ongoing infrastructure projects occurring throughout Asia that will not be affected one way or the other by the US.

Confidence in the long-term outlook for Asia and the Emerging Markets is reflected in the positioning of portfolio. Combined they make up over 37% of the invested portfolio. The next largest weighting is in UK which has benefited from sustained strong performance from the portfolio's largest holding Lansdowne UK Equity Fund. Returns in Europe have been boosted by the Euro's strength against the Dollar. Investing in Japan continues to be a frustrating business. Domestic policy in Japan appears inept to an outsider and Japan Inc. is clearly tied to the fortunes of the world economy. While it is difficult to articulate a scenario which revitalizes the share market it is hard not to conclude that a great deal of bad news is in the price. Valuations are lower than at any time in living memory and dividends are creeping up and now exceed the rate on a 10-year bond. Frustration in and of itself is not a good reason to sell shares. Relative to the index the most striking difference in weightings is in the USA. It accounts for over half of the MSCI World Index, but is less than 10% of the invested portfolio. The relative attractions of the US may be due some re-assessment, however, as a rapidly improving trade and budget account, together with a competitively priced currency and stimulative monetary policy set the scene for the next advance.

The portfolio has generated an annualised rate of return in excess of 21% during the bull market since March 2003. This is significantly in excess of the mean long-term return from equity investing. Reversion to the mean has a strong gravitational pull and it would be an act of folly to assume that such

Ocean Wilsons Holdings Limited Financial Review

benign conditions would continue indefinitely for investors. After such a serious setback in markets at the start of the year, anticipating more difficult and turbulent times ahead is an inevitable consequence. Two of the major props of the strong market environment of the last five years, namely an insatiable US consumer and abundant credit, appear to have gone into hibernation. However, as ever with stock market investing the most important piece of analysis is assessing what has been discounted in share prices.
If history is any guide then markets have already experienced three quarters of the downside of a typical bear market. In terms of duration, however, the process is probably less than half way through. Inevitably, patience will be tested. There are good reasons though to resist the gospel of bearishness. Despite the good performance of equities as an asset class, valuations have stayed in touch with underlying corporate earnings growth. Abundant credit created many asset bubbles but blue chip equities were never at the vanguard of excess. The quoted corporate balance sheet is not overleveraged and new sources of demand such as Sovereign Wealth Funds are highlighting the long-term strategic value that down markets inevitably create.
Time is more important than timing in investment and the more adverse sentiment becomes the more opportunity increases.

The current weak market environment is providing many opportunities for the Investment Manager to implement its mandate at more attractive levels than would have been the case in 2007. Since year end, the Investment Manager has been active in exploiting the recent sell off in global markets. In 2008, as at mid February, the portfolio had invested in four new positions (Aberforth Smaller Companies Trust Plc, BlackRock Middle East & North Africa Opportunities Fund, Gazprom ADR and Jupiter Financial Opportunities Fund), made one switch (from Ashmore Emerging Markets Liquid Investment Portfolio to Ashmore Local Currency Debt Portfolio) and made additional investments into six existing positions (BlackRock Agriculture Fund, Finsbury Growth & Income Trust Plc, Investec Global Strategy Fund Ltd - Global Energy Fund, Jupiter European Opportunity Trust Plc, Merrill Lynch World Mining Trust Plc and Prusik Asia Fund).

Keith Middleton
Group Finance Director

Directors and Advisers

Directors
J F Gouvêa Vieira* (Chairman)
W H Salomon* (Deputy Chairman)
K W Middleton
F Gros*
C F A Cooper*
*Non-executive

Secretary
Malcolm S Mitchell

Profiles of Non-executive Directors
Dr J F Gouvêa Vieira is aged 58 and joined the Group in 1991. He is the managing partner of the Brazilian law firm of Gouvêa Vieira Advogados. He is the Chairman of Lafarge Brazil S.A. and a member of the Consultative Board of PSA Peugeot Citroen do Brasil, Violy & Co (New York), Lentikia Asset Management and a number of other Companies.

W H Salomon is aged 50 and joined the Group in 1995. He is managing partner of Hansa Capital Partners LLP and a number of other investment companies. He is also a non-executive director of Hansa Trust PLC.

F Gros is aged 66 and joined the Group in 2003. He is President and CEO of OGX-Oil and Gas. He is Chairman of the Board of Lojas Renner S.A., Vice Chairman of Globex-Ponto Frio, and Director of Fosfertil, EDP-Energias do Brasil S.A., AGCO and Wellstream.

C F A Cooper is aged 65 and joined the Group in 1994. He is a partner of Conyers, Dill & Pearman. He is also a Director of Stevedoring Services Limited and Bermuda Cablevision Limited.

Bermuda Office
PO Box HM 2250
504 International Centre
Bermudiana Road
Hamilton HM JX
Bermuda
Website: www.oceanwilsons.bm

Brazilian Group Head Office
Rua Jardim Botânico Nº 518
3ºandar
Rio De Janeiro
Brazil
Cep: 22.470 - 050

Registered Office
PO Box HM 1022
Clarendon House
Church Street
Hamilton HM DX
Bermuda

Registrars
Codan Services Limited
Clarendon House
Church Street
Hamilton HM 11
Bermuda

UK Transfer Agent
Capita Registrars
The Registry
34 Beckenham Road
Kent BR3 4TU

Ocean Wilsons Dividend Address
Ocean Wilsons Dividend Election
Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

Auditors
Deloitte & Touche
Hill House
1 Little New Street
London EC4A 3TR

Bankers
The Royal Bank of Scotland (International) plc
Jersey
Deutsche Bank International Limited
Jersey

Investment Managers
Hanseatic Asset Management LBG
Guernsey, Channel Islands

Report of the Directors

The Directors submit herewith their Report and Accounts for the year ended 31 December 2007.

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

Profits and Dividends

As permitted by Section 84(1A) of the Bermuda Companies Act 1981 the Group's accounts have been drawn up in accordance with International Financial Reporting Standards.

The Group's profit after tax on ordinary activities but before minority interests amounted to US$ 258,065,000 (2006: US$ 56,077,000).

An interim dividend of 4.0c (2006: 2.0c) gross per share was paid on 28 September 2007 and the Directors are recommending the payment of a final dividend for the year of 36.0c (2006: 20.0c) gross per share. The final dividend will be paid on 16 May 2008 to all shareholders who are on the register at close business on 11 April 2008.

Principal Activities

The Group's principal activities during the year were the provision of towage, port operations, ship agency, offshore and logistics services in Brazil and the holding of investments. Details of our activities are set out in the Chairman's statement and operating review on pages 1 to 18.

Directors

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

In accordance with the Company's bye-law, Mr C F A Cooper will retire at the next annual general meeting and, being eligible, offer himself for re-election. The Directors who held office at 31 December 2007 had the following interest in the Company shares:

	Interest	**2007**	2006
C F A Cooper	Beneficial	**39,500**	39,500
J F Gouvêa Vieira	Beneficial	**123,300**	123,300
F Gros	Beneficial	**–**	–
K W Middleton	Beneficial	**10,000**	10,000
W H Salomon*	Beneficial	**4,435,064**	4,300,699

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

Service Contracts

Regarding the Directors proposed for re-election at the Annual General Meeting there is no service contract between Mr C F A Cooper and the Company.

Employees

The average number of persons, including Directors, employed by the Group was 4,012 (2006: 3,811).

Charitable and Political Donations

During the Group made charitable donations of US$138,000 (2006: US$130,000) principally to social programmes in Brazil. There were no political contributions in either year.

Long term incentive plan

In March 2007, the Remuneration Committee introduced a long-term incentive plan for senior management with rewards linked to the performance of the Ocean Wilsons Holdings Limited share price. The plan was approved at the Special General Meeting held on 19 April 2007.

The movements of the accrual relating to the plan during 2007 were as follows:

Accrual at 1 January 2007	–
Charge for the year	10,013
Accrual at 31 December 2007	10,013

On 9 April, 2007, the boards of Ocean Wilsons Holding Limited and Wilson Sons Limited approved a stock option plan which allows for the grant of phantom options to eligible employees selected by the Wilson Sons Limited Board. The options will provide cash payments, on exercise, based on the number of options multiplied by the growth in the price of a Wilson Sons Limited Brazilian Depositary Receipt "BDR" between the date of grant (the Base Price) and the date of exercise (the "Exercise Price"). The plan is a Brazilian Real denominated scheme and options were issued at R$ 23.74 during 2007.

The movements of the accrual relating to the plan during 2007 were as follows:

Accrual at 1 January 2007	–
Charge for the year	2,598
Accrual at 31 December 2007	2,598

Auditors

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them under the provisions of Section 89 of the Bermuda Companies Act 1981 will be proposed at the forthcoming Annual General Meeting.

Substantial Shareholdings

As at 3 March 2008 the Company has been notified of the following holdings of its shares, in excess of 3% of the issued ordinary share capital:

Name of holder	Number of shares	% held
Hansa Trust PLC	9,352,770	26.4
Nicholas B Dill Jnr and Codan Trustees (BVI) Limited	8,601,398	24.3
Utilico Emerging Markets Utilities Limited	2,818,261	8.0

The Company has been advised that Mr W H Salomon and Mrs CA Townsend are interested in the shares registered in the name of Nicholas B. Dill Jnr and Codan Trustees (BVI) Limited.

The Company has also been advised that Mr W H Salomon has an interest of 26.4% and Mrs C A Townsend an interest in 25.9% of the voting shares of Hansa Trust PLC.

Contracts and agreements with substantial shareholders

No contracts existed at the end of the year in which a substantial shareholder of the Company is or was materially interested.

Corporate Governance

As the Company is not incorporated in Great Britain, it has availed itself of an exemption from the Financial Services Authority's requirement to comply with or make certain disclosures concerning corporate governance and to have such matters, as applicable, reviewed by the external auditors. The Board has chosen to make the following statements.

The Board includes the Chairman and three non-executive Directors of whom the Chairman and two non-executive Directors are independent of the management.

One non-executive Director, Mr Cooper is independent in terms of the United Kingdom's Combined Code of Corporate Governance (June 2006) ("the Combined Code").

The Board is responsible to shareholders for the proper management of Ocean Wilsons Holdings Limited, for Group strategy and policy, major acquisitions and disposals, and consideration of significant financial matters. There is a formal schedule of matters specifically reserved to the Board for decision.

The Board has established an audit committee and a remuneration committee consisting of all the non-executive directors, operating within defined terms of reference. The Chairman of both committees is Mr J F Gouvêa Vieira.

After making enquiries the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

The Company, incorporated in Bermuda, complies with the legal requirements in that jurisdiction regarding the disclosure of Directors' remuneration and reporting in respect of internal controls. The also board considers that it complies with the corporate governance practices required of a company incorporated in Bermuda. The Board considers that the ways in which its corporate governance practices differ significantly from those set out in the Combined Code are as follows:

- The Board has not established a nominations committee.
- The Board does not undertake a formal review of its performance on an annual basis.
- The Board has only one independent non executive director

Directors' responsibilities

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

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

By Order of the Board
Malcolm S Mitchell
Secretary

18 March 2008

Independent Auditor's Report

To the Members of Ocean Wilsons Holdings Limited

We have audited the group financial statements of Ocean Wilsons Holdings Limited for the year ended 31 December 2007 which comprise the group income Statement, the group balance sheet, the group cash flow statement, the group statement of changes in equity and the related notes 1 to 37. These group financial statements have been prepared under the accounting policies set out therein.

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

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the group financial statements in accordance with applicable Bermudian law and International Financial Reporting Standards (IFRSs) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the group financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the group financial statements give a true and fair view and whether the group financial statements have been properly prepared in accordance with Bermudian Law. We also report to you whether in our opinion the information given in the Directors' Report is inconsistent with the group financial statements.

In addition we report to you if, in our opinion, we have not received all the information and explanations we require for our audit, or if information specified by law is not disclosed.

We read the other information contained in the Annual Report as described in the contents section and consider whether it is consistent with the audited group financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the group financial statements. Our responsibilities do not extend to any further information outside the Annual Report.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the group financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the group financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the group financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the group financial statements.

Opinion

In our opinion:

- the group financial statements give a true and fair view, in accordance with IFRSs as issued by the International Accounting Standards Board, of the state of the group's affairs as at 31 December 2007 and of its profit for the year then ended; and

- the group financial statements have been properly prepared in accordance with the Bermudian Companies Act 1981.

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors
London
18 March 2008

Consolidated Income Statement

for the year ended 31 December 2007

	Notes	2007 US$'000	2006 US$'000
Revenue	3	**404,046**	334,109
Raw materials and consumables used		**(40,464)**	(53,886)
Employee benefits expense	6	**(126,067)**	(83,225)
Depreciation and amortisation expense		**(19,066)**	(15,100)
Other operating expenses		**(164,760)**	(125,247)
Profit on disposal of property, plant and equipment		**4,819**	435
Profit on disposal of joint venture		**–**	2,965
Release of surplus on acquisition of interest in subsidiary		**–**	1,433
Share of loss of associate		**–**	(51)
Operating profit		**58,508**	61,433
Investment revenue	3, 7	**27,101**	11,196
Other gains and losses	8	**11,700**	11,433
Finance costs	9	**(7,566)**	(6,414)
Profit on sale of minority interest	29	**213,667**	–
Profit before tax		**303,410**	77,648
Income tax expense	10	**(25,723)**	(20,765)
Profit for the year		**277,687**	56,883
Attributable to:			
Equity holders of parent		**258,065**	56,077
Minority interests		**19,622**	806
		277,687	56,883
Earnings per share			
Basic and diluted	12	**729.8c**	158.6c

Consolidated Balance Sheet

as at 31 December 2007

	Notes	**2007 US$'000**	2006 US$'000
Non current assets			
Goodwill	13	**13,132**	13,132
Other intangible assets	14	**2,042**	2,053
Property, plant and equipment	15	**252,113**	175,785
Deferred tax assets	24	**12,713**	8,289
Available for sale investment	18	**–**	5,346
Other non-current assets	27	**11,121**	7,809
		291,121	212,414
Current assets			
Available for sale investment	18	**6,466**	–
Inventories	19	**7,379**	7,061
Trading investments	18	**272,834**	73,192
Trade and other receivables	21	**69,301**	54,413
Cash and cash equivalents	30	**227,641**	62,599
		583,621	197,265
Total assets		**874,742**	409,679
Current liabilities			
Trade and other payables	26	**(85,625)**	(54,223)
Current tax liabilities		**(766)**	(1,944)
Obligations under finance leases	25	**(869)**	(581)
Bank overdrafts and loans	22	**(14,720)**	(14,945)
Derivative financial instruments	23	**–**	(782)
		(101,980)	(72,475)
Net current assets		**481,641**	124,790
Non-current liabilities			
Bank loans	22	**(134,744)**	(95,216)
Deferred tax liabilities	24	**(11,035)**	(9,336)
Provisions	27	**(12,484)**	(5,913)
Obligations under finance leases	25	**(1,441)**	(1,098)
		(159,704)	(111,563)
Total liabilities		**(261,684)**	(184,038)
Net assets		**613,058**	225,641
Capital and reserves			
Share capital	28	**11,390**	11,390
Retained earnings		**419,080**	173,305
Capital reserves		**29,779**	25,973
Investment revaluation reserve		**2,341**	2,381
Translation reserve		**16,217**	8,762
Equity attributable to equity holders of the parent		**478,807**	221,811
Minority interests		**134,251**	3,830
Total equity		**613,058**	225,641

The accounts on pages 23 to 60 were approved by the Board on 18 March 2008. The accompanying notes are part of this Consolidated Balance Sheet.

J. F. Gouvêa Vieira
Chairman

K. W. Middleton
Director

Consolidated Statement of Changes in Equity

as at 31 December 2007

	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$'000	Total equity US$'000
Balance at 1 January 2006	11,390	126,331	23,942	1,856	6,538	170,057	1,313	171,370
Gains on available for sale investment	–	–	–	525	–	525	–	525
Currency translation adjustment	–	–	–	–	2,224	2,224	187	2,411
Profit for the period	–	56,077	–	–	–	56,077	806	56,883
Total income and expense for the period	–	56,077	–	525	2,224	58,826	993	59,819
Dividends	–	(7,072)	–	–	–	(7,072)	–	(7,072)
Acquisition of minority interest	–	–	–	–	–	–	1,524	1,524
Transfer to capital reserves	–	(2,031)	2,031	–	–	–	–	–
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)
Disposal 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**

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

The investment revaluation reserve is the difference between the cost of the available for sale investment and the market value at the balance sheet date.

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.

Consolidated Cash Flow Statement

for the year ended 31 December 2007

	Notes	2007 US$'000	2006 US$'000
Net cash inflow from operating activities	30	**56,222**	37,239
Investing activities			
Interest received		**16,896**	5,922
Dividends received from associate		**–**	327
Dividends received from trading investments		**1,186**	915
Proceeds on disposal of trading investments		**19,229**	17,280
Income from underwriting activities		**2,072**	–
Proceeds on disposal of property, plant and equipment		**8,700**	2,144
Purchases of property, plant and equipment		**(92,349)**	(42,231)
Proceeds on investment in an associate		**–**	49
Net cash inflow arising from acquisition of subsidiary		**–**	1,723
Purchases of trading investments		**(207,171)**	(14,476)
Net cash inflow arising on disposal of minority interest	29	**324,688**	–
Net cash inflow arising on disposal of joint venture		**–**	3,464
Net cash used in/(from) investing activities		**73,251**	(24,883)
Financing activities			
Dividends paid	11	**(8,484)**	(7,072)
Dividends paid to minority shareholders in subsidiary		**(612)**	–
Repayments of borrowings		**(16,663)**	(16,099)
Repayments of obligations under finance leases		**(633)**	(3,421)
New bank loans raised		**54,882**	20,955
(Decrease)/increase in bank overdrafts		**(766)**	640
Net cash from (used) used in financing activities		**27,724**	(4,997)
Net increase in cash and cash equivalents		**157,197**	7,359
Cash and cash equivalents at beginning of year		**62,599**	50,881
Effect of foreign exchange rate changes		**7,845**	4,359
Cash and cash equivalents at end of year		**227,641**	62,599

Notes to the Accounts

for the year ended 31 December 2006

1 General Information

Ocean Wilsons Holdings Limited is a company incorporated in Bermuda under the Companies Act 1981 and the Ocean Wilsons Holdings Limited Act, 1991. The address of the registered office is given on page 19. The nature of the Group´s operations and its principal activities are set out in the operating review on pages 1 to 18.

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

In the current year, the Group has adopted IFRS 7 Financial Instruments: Disclosures which is effective for annual reporting periods beginning on or after 1 January 2007, and the related amendments to IAS 1 Presentation of Financial Statements. The impact of the adoption of IFRS 7 and the changes to IAS 1 has been to expand the disclosures provided in these financial statements regarding the Group's financial instruments and management of capital (see note 37).

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

IFRS 8 Operating segments
IFRIC 11 IFRS 2 – Group and Treasury Share Transactions
IFRIC 12 Service concession arrangements
IFRIC 14 IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction
IAS 23 (Revised) Borrowing Costs
IFRIC 13 Customer Loyalty Programmes
IFRS 3 (Revised) Business combinations
Amendments to IAS 27 Consolidated and separate financial statements
IAS1 (Revised) Presentation of financial statements, a revised presentation

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Group except for additional segment disclosures, IFRS 8, changed presentation of primary statements, IAS 1, and the elimination of the option to expense all borrowing costs incurred, IAS 23 (revised) when these standards come into effect for periods commencing on or after 1 January 2009. Had borrowing costs incurred on qualifying assets been capitalised in 2007, profit for the year ended 31 December 2007 and property, plant and equipment as at 31 December 2007 would have been US$ 1.6 million higher (2006: US$ 1.0 million).

2. Significant accounting policies and critical accounting judgements

Basis of accounting

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

The financial statements have been prepared on the historical cost basis, except for the revaluation of financial instruments. The principal accounting policies adopted are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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

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

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

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

Notes to the Accounts

2 Significant accounting policies and critical accounting judgements (continued)

Foreign currency

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

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the income statement for the period. Non-monetary items are not retranslated.

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

Investments in associates

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

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

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

Interests in joint ventures

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

Where a Group entity undertakes its activities under joint venture arrangements directly, the Group's share of jointly controlled assets and any liabilities incurred jointly with other ventures are recognised in the financial statements of the relevant entity and classified according to their nature.

Joint venture arrangements that involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities. The Group reports its interests in jointly controlled entities using proportionate consolidation. The Group's share of the assets, liabilities, income and expenses of jointly controlled entities are combined with the equivalent items in the consolidated financial statements on a line-by-line basis.

Where the Group transacts with its jointly controlled entities, unrealised profits and losses are eliminated to the extent of the Group's interests in the joint venture.

Retirement benefit costs

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

Taxation

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

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

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

2 Significant accounting policies and critical accounting judgements (continued)

- in respect of tax payable on undistributed earnings of subsidiaries, associates and joint ventures where the Group is able to control the remittance of profits and it is probable that there will be no remittance of past profits earned in the foreseeable future;
- on the initial recognition of an asset or liability in a transaction that does not affect accounting profit or taxable profit and is not a business combination; nor is deferred tax provided on subsequent changes in the carrying value of such assets and liabilities, for example where they are depreciated; and
- on the initial recognition of any non-tax deductible goodwill.

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

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

Property, plant and equipment

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

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

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

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

Borrowing costs are not capitalised but are expensed in the period in which they are incurred.

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

Overhaul costs are capitalised and depreciated over the period in which the economic benefits are received.

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

Goodwill

Where a change in the percentage of interests in a controlled entity do not result in a change of control, goodwill is calculated as the difference between the consideration paid for the additional interest and the book value of the net assets in the subsidiary at the time of the transaction.

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

Negative Goodwill

Where the fair value of identifiable assets and liabilities acquired exceed the fair value of consideration paid, the surplus on acquisition is taken to operating profit.

Sale of minority interest

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

Notes to the Accounts

2 Significant accounting policies and critical accounting judgements (continued)

The gain or loss arising on the disposal of a minority interest is determined as the difference between the net sale proceeds and the carrying amount of the net assets disposed of and is recognised in the income statement.

Impairment of tangible and other intangible assets

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

Inventories

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

Financial instruments

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

- *Trade Receivables:* Trade receivables, loans and other amounts receivable are initially stated at the fair value of the amounts due, less provision for impairment. A provision for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is recognised in the income statement.
- *Investments:* Investments are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at the fair value, plus directly attributable transaction costs. Where securities are held for trading purposes, gains and losses arising from changes in fair value are included in the income statement for the period. Unquoted investments held for trading purposes are held at cost. For available-for-sale investments, gains and losses arising from changes in fair value are recognised directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the profit or loss for the period.
- *Cash and Cash Equivalents:* Cash and cash equivalents comprise cash on hand and other short-term highly liquid investments that are convertible to a known amount of cash and are subject to an insignificant risk of changes in value.
- *Bank Borrowings:* Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis to the income statement using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Derivatives

The Group periodically uses derivative financial instruments to reduce exposure to foreign exchange and interest rate movements. The Group has not adopted the hedge accounting provisions of IAS 39 "Financial Instruments: Recognition and Measurement". Derivatives are measured at each balance sheet date at fair value. Gains and losses arising from changes in fair value are included in the income statement for the period within investment revenue or finance costs for exchange and interest derivatives.

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

Provisions

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

Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date. This is normally measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

2 Significant accounting policies and critical accounting judgements (continued)

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

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

Share-based payments

The Group has applied the requirements of IFRS 2 Share based Payment. Cash settled long-term incentive plans are measured at fair value at the balance sheet date. A liability equal to the portion of the services received is recognised at the current fair value determined at each balance sheet date. Any increase or decrease in the liability is recognised in the income statement.

Fair value is measured by use of a binomial model. The fair value calculated by the model has been adjusted, based on managements best estimate, for the effects of behavioural considerations.

Revenue

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

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

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

Dividend income from investments is recognised when the shareholders´ rights to receive payment have been established.

Operating profit

Operating profit is stated after the Group's share of results of associates but before investment revenue and finance costs and other gains and losses.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease, or if lower the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the income statement.

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

Critical accounting judgements and key sources of estimation uncertainty

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

Legal cases

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

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to

Notes to the Accounts

2 Significant accounting policies and critical accounting judgements (continued)

calculate present value. The carrying amount of goodwill at the balance sheet date was US$ 13.1 million. Details of the impairment loss calculation are provided in note 13.

Cash settled share based payment schemes

The fair value of cash settled share based payments is determined using a binomial model. The assumptions used in determining this fair value include the life of the options, share price volatility, dividend yield and risk free rate. Expected volatility is determined by calculating the volatility of the Group's share price over a historical period. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of behavioural considerations. Expected dividend yield are based on the Groups dividend policy. In determining the risk free rate the Group utilises the yield on a zero coupon government bond in the currency in which the exercise price is expressed. Forfeiture rates are applied and historical distributions to fair valuations in computing the share based payment charge. The Group uses forfeiture rates in line with management's best estimate of the percentage of awards which will be forfeited, based on the proportion of award holders expected to leave the Group.

Any changes in these assumptions will impact the carrying amount of cash settled share based payments liabilities.

Depreciation

Depreciation is charged so as to write off the cost or valuation of assets, other than land and assets under construction, over their estimated useful lives, using the straight-line method. Estimated useful lives are determined based on prior experience and managements' best knowledge.

3 Revenue

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

	2007 **US$'000**	2006 US$'000
Sales of services	**400,550**	332,764
Revenue from construction contracts	**3,496**	1,345
	404,046	334,109
Investment income	**27,101**	11,196
	431,147	345,305

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.

2007

	Towage Year ended 2007 US$'000	Port terminals Year ended 2007 US$'000	Ship agency Year ended 2007 US$'000	Offshore Year ended 2007 US$'000	Logistics Year ended 2007 US$'000	Investment Year ended 2007 US$'000	Non segmented activities Year ended 2007 US$'000	Elimination Year ended 2007 US$'000	Consolidated Year ended 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
Intersegment result	–	–	–	–	–	–	4,033	(4,033)	–
	45,388	40,825	2,946	1,840	4,568	(2,596)	(30,430)	(4,033)	58,508
Investment revenue	–	–	–	–	–	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	–	874,742
Liabilities									
Segment liabilities	(73,886)	(59,454)	(7,983)	(73,904)	(9,307)	(1,967)	(35,183)	–	(261,684)

Notes to the Accounts

4 Business and geographical segments (continued)

2006

	Towage Year ended 2006 US$'000	Port terminals Year ended 2006 US$'000	Ship agency Year ended 2006 US$'000	Offshore Year ended 2006 US$'000	Logistics Year ended 2006 US$'000	Investment Year ended 2006 US$'000	Non segmented activities Year ended 2006 US$'000	Elimination Year ended 2006 US$'000	Consolidated Year ended 2006 US$'000
Revenue	118,817	127,436	17,778	8,356	49,250	–	12,472	–	344,109
Intersegment sales	–	–	–	–	–	–	18,489	(18,489)	–
	118,817	127,436	17,778	8,356	49,250	–	30,961	(18,489)	344,109
Result									
Segment result	31,363	39,391	8,743	1,102	4,186	(2,131)	(21,170)	–	61,484
Share of results of associates	–	–	(51)	–	–	–	–	–	(51)
Intersegment result	–	–	–	–	–	–	313	(313)	–
Operating profit	31,363	39,391	8,692	1,102	4,186	(2,131)	(20,857)	(313)	61,433
Investment income	–	–	–	–	–	882	10,314	–	11,196
Other gains and losses	–	–	–	–	–	11,433	–	–	11,433
Finance costs	(2,346)	(1,970)	–	(919)	(200)	–	(979)	–	(6,414)
Profit before tax	29,017	37,421	8,692	183	3,986	10,184	(11,522)	–	77,648
Tax									(20,765)
Profit after tax									56,883
Other information									
Capital additions	(7,848)	(14,221)	(519)	(15,680)	(1,143)	–	(3,462)	–	(42,873)
Depreciation and amortisation	(5,498)	(5,430)	(573)	(2,138)	(715)	–	(746)	–	(15,100)
Balance Sheet									
Assets									
Segment assets	103,133	132,893	8,216	43,063	11,173	82,392	28,809	–	409,679
Interest in associates	–	–	–	–	–	–	–	–	–
Consolidated total assets									409,679
Liabilities									
Segment liabilities	(64,095)	(46,268)	(7,667)	(42,039)	(3,548)	(2,374)	(18,047)	–	(184,038)

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.

In 2006 the profit on disposal of the Groups interest in WR Operadores Portuárias Ltda and the release of surplus on acquisition of Brasco was recognised in port operations.

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

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	
			Year ended	Year ended
	2007	2006	**2007**	2006
	US$'000	US$'000	**US$'000**	US$'000
Brazil	**449,174**	326,730	**92,584**	42,873
Bermuda	**422,435**	80,884	**–**	–
Other	**3,133**	2,065	**–**	–
	874,742	409,679	**92,584**	42,873

5 Profit for the year

Profit for the year has been arrived at after charging:

	2007	2006
	US$'000	US$'000
Net foreign exchange gains	**6,770**	6,110
Depreciation of property, plant and equipment	**18,751**	14,822
Amortisation of intangible assets	**315**	278
Operating lease rentals	**10,666**	8,498
Auditors' remuneration for audit services (see below)	**1,094**	793
Non-executive directors emoluments	**202**	174

A more detailed analysis of auditors remuneration is provided below:

Statutory audit	**1,094**	793
Further assurance services	**78**	8
Other services	**1,292**	31
	2,464	832

Notes to the Accounts

6 Employee benefits expense

	2007 US$'000	2006 US$'000
Aggregate remuneration comprised		
Wages and salaries	**90,050**	64,473
Share based payment expense (note 32)	**12,611**	212
Social security costs	**21,677**	17,704
Other pension costs (note 35)	**1,729**	836
	126,067	83,225

7 Investment income

	2007 US$'000	2006 US$'000
Interest on bank deposits	**16,896**	5,922
Exchange gains on cash	**7,845**	4,359
Dividends from equity investments	**1,186**	915
Investment revenues from underwriting activities	**1,174**	–
	27,101	11,196

8 Other gains and losses

	2007 US$'000	2006 US$'000
Increase in fair value of trading investments held at year end	**11,639**	8,335
Profit on disposal of trading investments	**61**	3,098
	11,700	11,433

Other gains and losses form part of the movement in trading investments as outlined in note 18.

9 Finance costs

	2007 US$'000	2006 US$'000
Interest on bank loans and overdrafts	**6,416**	5,467
Exchange gain on foreign currency borrowings	**(1,075)**	(792)
Interest on obligations under finance leases	**313**	489
Total borrowing costs	**5,654**	5,164
Derivative costs	**412**	1,225
Other interest	**1,500**	25
	7,566	6,414

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

10 Taxation

	2007 US$'000	2006 US$'000
Current		
Brazilian taxation		
Corporation tax	**21,018**	14,689
Social contribution	**8,055**	5,970
Total Brazilian current tax	**29,073**	20,659
UK corporation tax	**240**	–
Total current tax	**29,313**	20,659
Deferred tax		
Charge for the year in respect of deferred tax liabilities	**11,760**	2,382
Credit for the year in respect of deferred tax assets	**(15,350)**	(2,276)
Total deferred tax	**(3,590)**	106
Total taxation	**25,723**	20,765

Brazilian corporation tax is calculated at 25 per cent (2006: 25 per cent) of the assessable profit for the year.

Brazilian social contribution tax is calculated at 9 per cent (2006: 9 per cent) 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.

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

	2007 US$'000	2006 US$'000
Profit before tax	**303,410**	77,648
Tax at the standard Brazilian tax rate of 34% (2006: 34%)	**103,159**	26,400
Tax effect of share of results of associates	**–**	(17)
Tax effect of expenses / income that are not included in determining taxable profit	**1,574**	(1,921)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(79,010)**	(3,697)
Tax expense and effective rate for the year	**25,723**	20,765
Effective rate for the year	**8%**	27%

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

No tax has arisen on profit on the sale of minority interest in subsidiaries as no income, profit, capital or capital gains taxes are levied in Bermuda.

In addition to the amount charged to the income statement, deferred tax relating to the investment revaluation reserve amounting to US$1.2 million (2006: nil) has been charged direct to equity (see note 24).

Notes to the Accounts

11 Dividends

	2007 US$'000	2006 US$'000
Amounts recognised as distributions to equity holders in the period:		
Final dividend paid for the year ended 31 December 2006 of 20.0c (2005: 18.0 c) per share	**7,072**	6,365
Interim dividend paid for the year ended 31 December 2007 of 4.0c (2006: 2.0c) per share	**1,412**	707
	8,484	7,072
Proposed final dividend for the year ended 31 December 2007 of 36.0c (2006: 20.0c) per share	**12,731**	7,072

The proposed final dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

12 Earnings per share

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

	2007 US$'000	2006 US$'000
Earnings		
Earnings for the purposes of basic earnings per share being net profit attributable to equity holders of the parent	**258,065**	56,077
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**35,363,040**	35,363,040

13 Goodwill

For the purposes of testing goodwill for impairment the Group prepares cash flow forecasts for the relevant CGU (Tecon Rio Grande) derived from the most recent financial budget for the next year and extrapolates cash flows for the remaining life of the concession based on an estimated annual growth of between 7 per cent and 9 per cent. This rate does not exceed the average long-term historical growth rate for the relevant market. The rate used to discount forecast cash flows from Tecon Rio Grande is 8 per cent.

14 Other intangible fixed assets

	US$'000
Cost	
At 1 January 2006	2,971
Exchange differences	50
At 1 January 2007	3,021
Exchange differences	359
At 31 December 2007	**3,380**
Amortisation	
At 1 January 2006	683
Charge for the year	278
Exchange differences	7
At 1 January 2007	968
Charge for the year	315
Exchange differences	55
At 31 December 2007	**1,338**
Carrying amount	
31 December 2007	**2,042**
31 December 2006	2,053

Intangible fixed assets arose from the acquisition of concession rights for the container and heavy cargo terminal in Salvador in 2000 and the purchase of the remaining 50 per cent holding in Eadi Santo Andre concession.

Intangible fixed assets are amortised over the remaining terms of the concessions at the time of acquisition which, for Tecon Salavdor, is 25 years, and for Eadi Santo Andre is 5 years.

Notes to the Accounts

15 Property, plant and equipment

	Land and buildings US$'000	Floating Craft US$'000	Vehicles, plant and equipment US$'000	Assets under construction US$'000	Total US$'000
Cost or valuation					
At 1 January 2006	30,423	108,921	79,581	11,072	229,997
Additions	11,493	5,538	7,150	18,872	42,873
Acquisition of subsidiary	–	–	1,962	–	1,962
Disposal of joint venture	–	–	(2,186)	–	(2,186)
Transfers	–	12,617	–	(12,617)	–
Exchange differences	1,435	665	1,799	–	3,899
Disposals	(369)	(1,202)	(1,599)	–	(3,130)
At 1 January 2007	42,982	126,359	86,747	17,327	273,415
Additions	7,989	1,929	23,046	59,620	92,584
Transfers	11,866	31,051	(11,866)	(31,051)	–
Exchange differences	3,916	1,806	4,908	–	10,630
Disposals	(198)	(7,261)	(2,935)	–	(10,394)
At 31 December 2007	**66,555**	**153,884**	**99,900**	**45,896**	**366,235**
Accumulated depreciation and impairment					
At 1 January 2006	7,698	50,298	24,350	–	82,346
Charge for the year	1,829	7,700	5,293	–	14,822
Acquisition of subsidiary	–	–	1,140	–	1,140
Disposal of joint venture	–	–	(886)	–	(886)
Exchange differences	127	348	1,154	–	1,629
Disposals	(162)	(281)	(978)	–	(1,421)
At 1 January 2007	9,492	58,065	30,073	–	97,630
Charge for the year	2,364	9,820	6,567	–	18,751
Transfers	3,271	–	(3,271)	–	–
Exchange differences	1,880	803	1,571	–	4,254
Disposals	(133)	(4,367)	(2,013)	–	(6,513)
At 31 December 2007	**16,874**	**64,321**	**32,927**	**–**	**114,122**
Carrying Amount					
31 December 2007	**49,681**	**89,563**	**66,973**	**45,896**	**252,113**
31 December 2006	33,490	68,294	56,674	17,327	175,785

The carrying amount of the Group's vehicles, plant and equipment includes an amount of US$ 3.4 million (2006: US$ 5.6 million) in respect of assets held under finance leases.

Land and buildings with a book value of US$ 303,000 (2006: US$ 294,000) and tugs with a value of US$ 3,287,000 (2006: US$ 3,500,000) have been given in guarantee of various legal processes.

The Group has pledged assets having a carrying amount of approximately US$ 38.6 million (2006: US$ 40.6 million) to secure loans granted to the Group.

At 31 December 2007, the Group had entered into contractual commitments for the acquisition of property, plant and equipment amounting to US$ 16.2 million (2006: US$ 2.2 million).

In December 2007, our Joint Venture, Dragaport Ltda, in which the Group has a 33.3 per cent shareholdings, disposed of its Dredges to the Great Lakes Dredge & Dock Company LLC for US$ 25.6 million. The Group share of proceeds is US$ 8.6 million, against the cost of fixed assets sold of US$ 5.2 million.

16 Subsidiaries

	Place of incorporation and operation	Effective interest*	Method used to account for investment
OCEAN WILSONS (INVESTMENTS) LIMITED Investment holding and dealing company	Bermuda	100% **	Consolidation
ASCENSION UNDERWRITING LIMITED Corporate underwriting member of Lloyds	UK	100%	Consolidation
WILSON SONS LIMITED (previously Ocean Wilsons Limited) Holding company	Bermuda	58.25% **	Consolidation
WILSON SONS DE ADMINISTRAÇÃO E COMÉRCIO LTDA Holding company	Brazil	58.25%	Consolidation
SAVEIROS CAMUYRANO SERVIÇOS MARÍTIMOS LTDA Tug operators	Brazil	58.25%	Consolidation
WILSON, SONS S.A., COMÉRCIO, INDÚSTRIA, E AGÊNCIA DE NAVEGAÇÃO LTDA Shipbuilders	Brazil	58.25%	Consolidation
WILSON SONS AGENCIA MARÍTIMA LTDA. Ship Agents	Brazil	58.25%	Consolidation
SOBRARE-SERVEMAR LTDA Tug operator	Brazil	58.25%	Consolidation
WILPORT OPERADORES PORTUARIOS LTDA Stevedoring	Brazil	58.25%	Consolidation
COMPANHIA DE NAVEGAÇAO DAS LAGOAS LTDA Tug operator	Brazil	58.25%	Consolidation
COMPANHIA DE NAVEGAÇAO DAS LAGOAS NORTE LTDA Tug operator	Brazil	58.25%	Consolidation
WILSON, SONS LOGÍSTICA LTDA Logistics	Brazil	58.25%	Consolidation
WILSON, SONS TERMINAIS DE CARGAS LTDA Transport services	Brazil	58.25%	Consolidation
EADI SANTO ANDRÉ TERMINAL DE CARGA LTDA Bonded warehousing	Brazil	58.25%	Consolidation
VIS LIMITED Holding company	Guernsey	58.25%	Consolidation
TECON RIO GRANDE S.A. Port operator	Brazil	58.25%	Consolidation
TECON SALVADOR S.A. Port operator	Brazil	52.43%	Consolidation
BRASCO LOGÍSTICA OFFSHORE LTDA Tug operator	Brazil	43.69%	Consolidation*

*Effective interest is the net interest of Ocean Wilsons Holdings Limited after minority interests.
**Ocean Wilsons Holdings Limited holds direct interests in Ocean Wilsons Investments Limited and Wilson Sons Limited.

The Group also has 58.25% effective interest n two private investment funds denominated Hydrus Fundo de Investimento Multimercado and Rigel Fundo de Investmento in unit trusts. These funds are administrated by UBS Pactual bank and the investment policy and objectives are determined by the Group's treasury department in line with Group policy.

Ascension Underwriting Limited

Ascension Underwriting Limited is a wholly owned subsidiary which is a corporate underwriting member of the Lloyds insurance market in London. The results of the company's activities are included in the consolidated results of the Group. In addition, the company has assets and liabilities of US$ 12.6 million (2006: US$ 23.3 million) and US$ 12.6 million (2006: US$ 23.3 million) respectively through its underwriting interests in a number of Lloyds syndicates. These assets and liabilities are not controlled by the company and are not included in the consolidated results of the Group.

Notes to the Accounts

17 Joint ventures

The following amounts are included in the Groups' financial statements as a result of proportionate consolidation of joint ventures.

	2007 **US$'000**	2006 US$'000
Current assets	**6,764**	3,880
Non-current assets	**1,843**	5,226
Current liabilities	**(6,485)**	(4,023)
Non-current liabilities	**(63)**	(1,760)

	2007 **US$'000**	2006 US$'000
Income	**25,800**	29,769
Expenses	**(18,654)**	(21,903)

The Group has the following significant interests in joint ventures

	Place of incorporation and operation	Proportion of effective interest	Method used to account for investment
Consorcio de Rebocadores Baia de Sao Marcos	Brazil	29.13%	Proportional
Tug operator			consolidation
Allink Transportes Internacionais Limitada	Brazil	29.13%	Proportional
Non-vessel operating common carrier			consolidation
Consorcio de Rebocadores Barra de Coqueiros	Brazil	29.13%	Proportional
Tug operator			consolidation
Dragaport Limitada	Brazil	19..22%	Proportional
Dredge operator			consolidation

18 Investments

	2007 US$'000	2006 US$'000
Available for sale investments		
Fair value	**6,466**	5,346

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.

	2007 US$'000	2006 US$'000
Trading investments		
At 1 January	**73,192**	64,563
Additions, at cost	**207,171**	14,476
Disposals, at market value	**(19,229)**	(17,280)
Increase in fair value of trading investments held at year end	**11,639**	8,335
Profit on disposal of trading investments	**61**	3,098
At 31 December	**272,834**	73,192
less trading investments held at cost	**(2,572)**	–
Trading investments held at fair value at 31 December	**270,262**	73,192

During 2007 the Company invested in two unquoted funds for which the fair value cannot be reliably measured. There are no available prices for these investments as at 31 December 2007 as the fund managers have not yet printed investment reports. As such these investments are carried at a cost of $2,571,760 in the financial statements. The directors have no intention of disposing of these investments in the short term.

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 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.

A bank guarantee of £1.1 million (US$ 2.2 million) in support of the Group's insurance underwriting activities at Lloyds is secured against the trading investment portfolio.

19 Inventories

	2007 US$'000	2006 US$'000
Raw materials and spare parts	**7,379**	7,061

Notes to the Accounts

20 Construction contracts

	2007 US$'000	2006 US$'000
Contracts in progress at the balance sheet date:		
Amounts due from contract customers included in trade and other receivables	–	–
Amounts due to contract customers included in trade and other payables	(5,291)	–
	(5,291)	–
Contract costs incurred plus recognised profits less recognised losses to date	3,496	–
Less progress billings	(8,787)	–
Net Liabilities	(5,291)	–

21 Other financial assets

	2007 US$'000	2006 US$'000
Trade and other receivables		
Amount receivable for the sale of services	39,547	28,614
Allowance for doubtful debts	(4,208)	(933)
	35,339	27,681
Amounts owed by joint ventures and associate	–	59
Taxation recoverable	2,404	1,529
Prepayments and accrued income	31,558	25,144
	69,301	54,413

Included in the Groups trade receivable balances are debtors with a carrying amount of US$ 6.1 million (2006: US$ 8.2 million) which are past due but not impaired at the reporting date for which the Group has not provided as there has not been change in credit quality and the Group believes the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

Ageing of past due but not impaired trade receivables	2007 US$'000	2006 US$'000
From 0 - 30 days	4,353	3,602
From 31 - 90 days	467	1,459
From 91 - 180 days	1,258	3,099
more than 180 days	–	–
Total	6,078	8,160

The average credit period taken on services ranges from zero to 30 days. Interest is charged at up to 1 per cent per month on the outstanding balances with an additional fine of up to 2 per cent per month. The Group has provided fully for all receivables over 180 days because historical experience is such that receivables that are past due 180 days are generally not recoverable.

Included in the Group's allowance for doubtful debts are individually impaired trade receivables with a balance of US$ 4.2 million which are aged greater than 180 days. The impairment recognised represents the difference between the carrying amount of these trade receivables and the present value of the expected settlement proceeds. The Group does not hold any collateral over these balances.

21 Other financial assets (continued)

Ageing of impaired trade receivables	2007 US$'000	2006 US$'000
From 0 - 30 days	–	–
From 31 - 90 days	–	–
From 91 - 180 days	–	–
more than 180 days	**4,208**	933
Total	**4,208**	933

Movement in the allowance for doubtful debts	2007 US$'000	2006 US$'000
Balance at the beginning of the year	**933**	537
Amounts written off during the year	**(344)**	–
Amounts recovered during the year	–	–
Increase in allowance recognised in profit or loss	**3,255**	573
Exchange differences	**364**	(177)
Balance at the end of year	**4,208**	933

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. This 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 2007, the Group was able to meet such requirements and recognized US$ 5.9 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.

Notes to the Accounts

22 Borrowings

	Interest	**2007 US$'000**	2006 US$'000
Unsecured borrowings			
Bank overdrafts Santander	CDI +0.16% p.m.	**43**	809
Secured borrowings			
Bank loans		**149,421**	109,352
BNDES	1.5% to 5% p.a.	**125,736**	78,417
IFC	5.33% to 9.48% p.a.	**23,685**	30,935
		149,464	110,161

The borrowings are repayable as follows:		
On demand or within one year	**14,720**	14,945
In the second year	**15,863**	14,216
In the third to fifth years inclusive	**34,939**	32,170
After five years	**83,942**	48,830
Total borrowings	**149,464**	110,161
Amounts due for settlement within 12 months	**(14,720)**	(14,945)
Amounts due for settlement after 12 months	**134,744**	95,216

Analysis of borrowings by currency:

31/12/2007	$Real US$'000	$Real linked to US Dollars US$'000	US Dollars US$'000	Total US$'000
Bank overdrafts	**43**	**–**	**–**	**43**
Bank loans	**–**	**125,736**	**23,685**	**149,421**
Total	**43**	**125,736**	**23,685**	**149,464**
31/12/2006				
Bank overdrafts	809	–	–	809
Bank loans	–	78,417	30,935	109,352
Total	809	78,417	30,935	110,161

The weighted average interest rates paid were 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 thereof. The amounts outstanding at 31 December 2007 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 Tecom Rio Grande and have no recourse to other companies in the Group. The amounts outstanding at 31 December 2007 are repayable over periods varying up to 7 years.

	Year ended 2007	Year ended 2006
Bank overdrafts	**14.6%**	15.1%
Bank loans	**4.4%**	5.3%

At 31 December 2007, the Group had available US$ 11.0 million of underdrawn committed borrowings facilities available in respect of which all conditions precedent had been met (2006: US$ 8.1 million).

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 31 December 2007, the Group is in accordance with all clauses of these contracts.

23 Derivative financial instruments

Currency swaps

The Group may engage in forward and swap operations to mitigate and manage the cash flow exposure to change in foreign exchange rates of loan agreements denominated in foreign currency (in US Dollars) in $Real functional currency entities.

Contracts are denominated in Reais at the notional value of US$ nil (31 December 2006: US$ 1,350,000).

The fair value of forward and swap operations at 31 December 2007 is US$ nil (31 December 2006: US$ 782,000) reported under liabilities as Derivative Financial Instruments. The results of transactions with derivatives terminated in the reporting periods and still in force as of each year end is reported under finance costs (note 9).

24 Deferred tax

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

	Accelerated tax depreciation US$'000	Exchange variance on loans US$'000	Timing differences US$'000	Tax losses US$'000	Retranslation of non-current asset valuation US$'000	Total US$'000
At 1 January 2006	**(8,178)**	**(10,357)**	**7,282**	**1,636**	**8,624**	**(993)**
(Charge)/credit to income	(2,398)	(459)	(1,810)	(816)	5,377	(106)
Exchange differences	–	(189)	160	81	–	52
At 1 January 2007	**(10,576)**	**(11,005)**	**5,632**	**901**	**14,001**	**(1,047)**
(Charge)/credit to income	(4,283)	(6,396)	970	(993)	14,232	3,590
Charge to investment reserve	–	–	(1,206)	–	–	(1,206)
Exchange differences	–	(196)	362	175	–	341
At 31 December 2007	**(14,859)**	**(17,597)**	**5,758**	**143**	**28,233**	**1,678**

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

	2007	2006
Deferred tax liabilities	**(11,035)**	(9,336)
Deferred tax assets	**12,713**	8,289
	1,678	(1,047)

At the balance sheet date the Group has unused tax losses of US$ 11,802,000 (2006: US$ 7,414,000) available for offset against future profits. In the company in which they arose, a deferred tax asset has been recognised in respect of US$ nil (2006: US$ 2,828,000) of such losses. No deferred tax asset has been recognised in respect of the remaining US$ 11,802,000 (2006: US$ 4,586,000) due to the unpredictability of future profit streams.

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

Deferred tax on exchange gains arises from exchange gains on the Groups US Dollar and $Real denominated loans linked to the US Dollar that are not taxable in the period they arise.

Notes to the Accounts

25 Obligations under finance leases

	Minimum lease payments		Present value of minimum lease payments	
	2007	2006	**2007**	2006
	US$'000	US$'000	**US$'000**	US$'000
Amounts payable under finance leases				
Within one year	**1,240**	619	**869**	581
In the second to fifth years inclusive	**1,994**	1,328	**1,441**	1,098
After five years	**–**	–	**–**	–
	3,234	1,947	**2,310**	1,679
Less future finance charges	**(924)**	(268)	**N/A**	N/A
Present value of lease obligations	**2,310**	1,679		
Less: Amounts due for settlement within 12 months (shown under current liabilities)			**(869)**	(581)
Amount due for settlement after 12 months			**1,441**	1,098

It is the Group's policy to lease certain of its fixtures and equipment under finance leases. The average lease term is 5 years. For the year ended 31 December 2007 the average effective borrowing rate was 14 per cent (2006: 21 per cent). Interest rates are fixed at contract date. All leases include a fixed repayment and a variable finance charge linked to the Brazilian interest rate. Interest rates range from 12.85 per cent to 15.95 per cent.

All lease obligations are denominated in Brazilian Real.

The fair value of the Group's lease obligations approximates their carrying amount.

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

26 Trade and other payables

	2007	2006
	US$'000	US$'000
Trade creditors	**49,529**	39,766
Amounts due to construction contract customers	**5,291**	–
Other taxes	**9,204**	6,723
Accruals and deferred income	**8,990**	7,734
Share based payment liability	**12,611**	–
	85,625	54,223

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

The average credit period for trade purchases is twenty days (2006: twenty days). For most suppliers interest is charged on outstanding trade payable balances at various interest rates. The Group has financial risk management policies in place to ensure that payables are paid within the credit timeframe.

The directors consider that the carrying amount of trade payables approximate their fair value.

27 Provisions

	US$'000
At 1 January 2007	5,913
Additional provision in the year	6,094
Utilisation of provision	–
Exchange difference	477
At 31 December 2007	**12,484**

Included in current liabilities	–
Included in non-current liabilities	12,484
	12,484

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

Analysis of provisions by type

	2007	2006
	US$'000	US$'000
Civil cases	**6,221**	2,691
Tax cases	**3,282**	335
Labour claims	**2,981**	2,887
	12,484	5,913

The mainly probable and possible Group's claims are described below as follows:

Civil and environment cases: Indemnification for damages caused by floating craft accidents. These claims relate to environmental causes.
Labour claims: These lawsuits relate to employee claims about salary differences, unpaid overtime worked, labour risks and work accident claims.
Tax cases: Brazilian taxes that the Group and its advisors consider incorrectly applied against the Group and are contesting in legal actions.

Other non-current assets represent legal deposits required by the Brazilian legal authorities as security to contest legal actions.

28 Share capital

	2007	2006
	US$'000	US$'000
Authorised		
50,060,000 ordinary shares of 20p each	**16,119**	16,119
Issued and fully paid		
35,363,040 ordinary shares of 20p each	**11,390**	11,390

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

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

Notes to the Accounts

29 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.

	US$'000
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

	Book value US$'000
Net assets sold	
Goodwill	4,873
Property, plant and equipment	69,579
Available for sale investments	1,974
Other non-current assets	4,110
Inventories	3,092
Trade and other receivables	23,540
Cash and cash equivalents	64,472
Trade and other payables	(26,960)
Bank overdrafts and loans	(42,740)
Other liabilities	(3,496)
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

30 Notes to the cash flow statement

	Year to 31 December 2007 US$'000	Year to 31 December 2006 US$'000
Reconciliation from profit before tax to net cash from operating activities		
Profit before tax	**303,410**	77,648
Less: investment revenues	**(27,101)**	(11,196)
Less: other gains and losses	**(11,700)**	(11,433)
Add: finance costs	**7,566**	6,414
Operating profit	**272,175**	61,433
Adjustments for:		
Depreciation of property, plant and equipment	**18,751**	14,822
Amortisation of intangible assets	**315**	278
Share based payment expense	**12,611**	–
Gain on disposal of property, plant and equipment	**(4,819)**	(435)
Profit on disposal of minority interest	**(213,667)**	–
Profit on disposal of joint venture and associate	**–**	(2,965)
Release of surplus on acquisition of interest in subsidiary	**–**	(1,433)
Share of loss of associate	**–**	51
Increase in provisions	**6,571**	1,596
Operating cash flows before movements in working capital	**91,937**	73,347
Increase in inventories	**(318)**	(392)
Increase in receivables	**(13,915)**	(9,589)
Increase/(decrease) in payables	**18,556**	(43)
Increase in other non-current assets	**(3,312)**	(2,152)
Cash generated by operations	**92,948**	61,171
Income taxes paid	**(30,081)**	(17,508)
Interest paid	**(6,645)**	(6,424)
Net cash from operating activities	**56,222**	37,239

Cash and cash equivalents held in Brazil amount to US$ 72.0 million (2006: US$ 53.6 million).

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

Additions to plant and equipment during the year amounting to US$ 1.2 million (2006: US$ 0.6 million) were financed by new finance leases.

31 Contingent liabilities

In the normal course of business in Brazil, the Group continues to be exposed to numerous local legal claims. It is the Group's policy to vigorously contest such claims, many of which appear to have little substance in merit, and to manage such claims through its legal advisers. There are no material claims outstanding at 31 December 2007 which have not been provided for and which the Group's legal advisers consider are more likely than not to result in a financial settlement against the Group.

Notes to the Accounts

32 Cash-settled share-based payments

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

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

Ocean Wilsons Holdings Limited LTIP

The Company implemented a cash settled phantom option scheme that was approved by shareholders at a Special General Meeting held on 19 April 2007.

The scheme is for selected senior management and the options provide for the option holder to receive on exercise the difference between the option price of US$ 5.66 and the lower of US$ 19.98, being the market capitalisation of the Wilson Sons at the date of the IPO per OWHL share and the market value of Wilson Sons per OWHL share at the time of exercise. The awards vest in four tranches from April 2009 to April 2012 and expire in April 2016.

No further options will be granted under the scheme.

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

	2007 Number of share options	2006 Number of share options
Outstanding at the beginning of the period	**–**	–
Granted during the period	**1,768,151**	–
Forfeited during the period	**(11,000)**	–
Outstanding at the end of the period	**1,757,151**	–

The group has recorded liabilities of US$ 10.013.000 (2006: US$ nil) in respect of this scheme. Fair value is determined by using the Binomial model using the assumptions noted in the table below.

Weighted average option price	$5.66
Expected volatility	25%
Average expected life	10 years
Average risk free rate	3.23%
Expected dividend yield	2.25%

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

Wilson Sons Limited LTIP

On 9 April, 2007, the boards of Ocean Wilsons Holding Limited and Wilson Sons Limited approved a stock option plan which allows for the grant of phantom options to eligible employees selected by the Wilson Sons Limited Board. The options will provide cash payments, on exercise, based on the number of options multiplied by the growth in the price of a Wilson Sons Limited Brazilian Depositary Receipt "BDR" between the date of grant (the Base Price) and the date of exercise (the "Exercise Price"). The plan is a Brazilian Real denominated scheme and options were issued at R$ 23.74 during 2007.

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

	2007 Number of share options	2006 Number of share options
Outstanding at the beginning of the period	**–**	–
Granted during the period	**3,903,760**	–
Forfeited during the period	**(66,000)**	–
Outstanding at the end of the period	**3,837,760**	–

32 Cash-settled share-based payments (continued)

The group has recorded liabilities of US$ 2,598,000 (2006: US$ nil). Fair value is determined by using the Binomial model using the assumptions noted in the table below.

Weighted average option price	R$ 23,74
Expected volatility	25%
Expected life	10 years
Risk free rate	10.8%
Expected dividend yield	2.00%

Expected volatility was determined with reference to the historical volatility of the OWHL Group share price. The expected life used in the model has been adjusted, based on managements best estimate for exercise restrictions and behavioural considerations.

33 Operating lease arrangements

	2007 US$'000	2006 US$'000
The Group as lessee		
Minimum lease payments under operating leases recognised in income for the year.	**10,666**	8,498

At the balance sheet date, the minimum amount due in 2007 by the Group for future minimum lease payments under cancellable operating leases was US$ 7,753,000 (2006: US$ 6,172,000).

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

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

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

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2007 US$'000	2006 US$'000
Within one year	**1,148**	855
In the Second to fifth year inclusive	**1,531**	1,995
After five years	**–**	–
	2,679	2,850

Non-cancellable lease payments represent rental payments by the Group for the bonded warehouse used by EADI Santo Andre.

The unexpired lease term at 31 December 2007 is 2 years and 4 months and rental payments are corrected by a Brazilian general inflation index.

Notes to the Accounts

34 Commitments and contingencies

At 31 December 2007 the Group had entered into five commitment agreements in five separate trading investments. The details of these commitments are as follows:

	Commitment $'000	**Outstanding At 31 December 2007 US$'000**	Outstanding At 31 December 2006 US$'000
Expiry Date			
*30 June 2010	991	**446**	587
31 October 2012	5,000	**5,000**	–
31 October 2012	3,000	**1,367**	–
8 November 2008	5,000	**4,000**	–
8 November 2008	3,000	**3,000**	–
	16,991	**13,813**	587

*Commitment made in £ Sterling. Total commitment £500,000 with amounts outstanding at 31 December 2007 £225,000 (2006: £300,000).

35 Retirement benefit schemes

Defined contribution schemes

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

The total cost charged to income of US$ 1,729,000 (2006: US$ 836,000) represents contributions payable to the scheme by the Group at rates specified in the rules of the plan.

36 Related party transactions

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

	Dividends received/ Revenue of services		Amounts paid/ Cost of services		Amounts owed by related parties		Amounts owed to related parties	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006
	US$'000	US$'000	**US$'000**	US$'000	**US$'000**	US$'000	**US$'000**	US$'000
Associates								
1. CMA CGM do Brasil Agencia Maritima Ltda	**–**	334	**–**	–	**–**	–	**–**	–
Joint ventures								
2. Allink Transportes Internacionais Limitada	**352**	–	**(1)**	(15)	**–**	–	**(6)**	–
3. Consórcio de Rebocadores Barra de Coqueiros	**62**	–	**(246)**	–	**105**	–	**(137)**	39
4. Consórcio de Rebocadores Baìa de São Marcos	**7,023**	–	**–**	(253)	**1,818**	–	**(3,649)**	–
5. Dragaport Limitada	**297**	11,487	**–**	–	**–**	–	**–**	703
6. Dragaport Engenharia	**–**	–	**(162)**	(11,487)	**378**	689	**(2,220)**	–
Others								
7. Porto Campinas	**–**	–	**–**	–	**814**	5	**–**	–
8. Conyers Dill & Pearman	**–**	–	**(373)**	–	**–**	–	**–**	–
9. Hanseatic Asset Management	**–**	–	**(2,464)**	(2,071)	**–**	–	**(1,359)**	1,374
10. Gouvêa Vieira Addogados	**–**	–	**(144)**	(78)	**–**	–	**–**	–
11 CMMR Intermediacao Comercial Limitada	**–**	–	**(102)**	(160)	**–**	–	**–**	11
12. Codan Services Limited	**–**	–	**(65)**	(60)	**–**	–	**(5)**	5
13. Internacional Financial Corporation	**–**	–	**(2,450)**	(1,709)	**–**	–	**(23,685)**	30,935
14. Jofran services	**–**	–	**(130)**	(81)	**–**	–	**–**	–
15, Frag consulting	**–**	–	**(502)**	(30)	**–**	–	**–**	–

1. 1. CMA CGM do Brasil Agencia Maritima Ltda was 30% owned by the Group. Our interest was sold in June 2006.
2. 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.

3-7. 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.

8. Mr C F A Cooper is a partner in Conyers, Dill and Pearman. Fees were paid to Conyers Dill & Pearman for legal advice.
9. 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.
10. 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.
11. 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.
12. Mr C F A Cooper is a partner in Conyers, Dill and Pearman, the owners of Codan services. Fees were paid to Codan services for company secretarial services.
13. Internacional Financial Corporation is the minority shareholder of Tecon Salvador S.A. The Group has bank loans with this this financial institution.
14. Mr J F Gouvêa Vieira is a Director of Jofran Services. Directors fees and consultancy fees were paid to Jofran Services.
15. 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.

In 2006, Hanseatic Asset Management received US$ 825,000 to manage on behalf of a Director.

Remuneration of key management personnel

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

	Year ended 2007 US$'000	Year ended 2006 US$'000
Short-term employee benefits	**5,448**	3,955
Post-employment benefits	**2,702**	1,412
Share-based payment	**12,611**	212
	20,761	5,579

Notes to the Accounts

37 Financial instruments

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern. The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 22, cash and cash equivalents and equity attributable to equity holders of the parent comprising issued capital, reserves and retained earnings as disclosed in note 28 and the consolidated statement of changes in equity.

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

Externally imposed capital requirement

The Group is not subject to externally imposed capital requirements.

Significant accounting policies

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

Categories of financial instruments

	Year ended 2007 US$'000	Year ended 2006 US$'000
Financial assets		
Designated as fair value through profit or loss	**270,262**	73,192
Receivables (including cash and cash equivalents and other non current assets)	**308,063**	124,821
Available for sale financial assets	**6,466**	5,346
Trading investments held at cost	**2,572**	–
Financial liabilities		
Amortised cost	**(238,165)**	(168,789)

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.

37 Financial instruments (continued)

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

	Liabilities		Assets	
	2007	2006	**2007**	2006
	US$'000	US$'000	**US$'000**	US$'000
Real	**97,911**	70,942	**174,809**	128,854
Sterling	**1,138**	1,711	**39,144**	34,211
Euro	**–**	–	**11,614**	12,510
Yen	**–**	–	**8,176**	8,454
Canadian Dollar	**–**	–	**211**	150
	99,049	72,653	**233,954**	184,179

Foreign currency sensitivity analysis

The Group is primarily exposed to unfavourable movements in the Brazilian Real on its Brazilian liabilities, and to unfavourable movements in the British Pound on its Sterling investments.

The following table details the Group's sensitivity to a 10 per cent increase and decrease in the US Dollar against these respective foreign currencies. 10 per cent is the sensitivity used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonable possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 10 per cent change in foreign currency rates. In the following table a positive number indicates an increase in profit and equity where the US Dollar hypothetically strengthens against the Brazilian Real or where the US Dollar weakens against the British pound. A 10 per cent weakening in the US Dollar against the Brazilian Real and a 10 per cent strengthening against the British pound would give an equal and opposite effect.

	Real impact		Sterling impact	
	2007	2006	**2007**	2006
	US$'000	US$'000	**US$'000**	US$'000
Profit or loss	**14,284**	6,334	**(3,732)**	(3,315)
Other equity	**17,414**	7,895	**(3,732)**	(3,315)

The Brazilian Real foreign currency impact is mainly attributable to the exposure of outstanding Brazilian Real receivables and payables at year end in the Group. The Sterling currency impact is mainly attributable to the exposure of sterling denominated investments.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

Foreign currency contracts

The following table details the forward foreign currency contracts outstanding at the year end.

	Average Exchange rate	Foreign Currency R$000	Contract Value US$'000	Fair value US$'000
Outstanding Contracts				
2007				
Sell Brazilian Real less than 12 months	–	–	–	–
2006				
Sell Brazilian Real less than 12 months	2.19	2,956	1,350	746

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.

Notes to the Accounts

37 Financial instruments (continued)

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 31 December 2007 the Company had no outstanding interest rate swap contracts.

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the balance sheet date.

For floating rate liabilities and investments, the analysis is prepared assuming the amount of the liability outstanding or cash invested at balance sheet date was outstanding or invested for the whole year.

A 1 per cent increase or decrease is used when reporting US dollar interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If US Dollar interest rates had been 1% lower and all other variables held constant, the Group's profit for the year ended 31 December 2007 would decrease by US$ 3.2 million (2006: decrease by US$ 0.1 million). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings and cash investments. If US Dollar interest rates had been 1 per cent higher this would give an equal and opposite effect.

A 3 per cent increase or decrease is used when reporting Brazilian interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If Brazilian Real interest rates had been 3 per cent higher and all other variables held constant, the Group's profit for the year ended 31 December 2007 would increase by US$ 1.6 million (2006: increase by US$ 1.4 million). This is mainly attributable to the Group's exposure to interest rates on its cash investments. If Brazilian Real interest rates had been 3 per cent lower this would give an equal and opposite effect.

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

Market price sensitivity

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

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

The portfolio as a whole does not correlate specifically to any individual Stock Exchange Index as its investments are quoted in a range of markets. The Investment Manager and the Board monitor the portfolio valuation on a regular basis and consideration is given to hedging the portfolio against large market movements.

The sensitivity analysis below has been determined based on the exposure t market price risks at the year end and shows what the impact would be if equity prices had been 10 per cent higher or lower at the end of the financial year. The table below indicates the resulting increase in profit or loss and total equity where market price increase by 10 per cent. A fall in market prices of 10 per cent would give rise to an equal fall in profit or loss and total equity.

	2007 **US$'000**	2006 US4'000
Profit or loss	**27,283**	7,319
Total equity	**27,283**	7,319

37 Financial instruments (continued)

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 per cent 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.

Liquidity and interest risk tables

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Weighted average effective interest rate %	Less than 12 months US$'000	1-5 years US$'000	5+ years US$'000	Total US$'000
2007					
Non-interest bearing	**–**	**86,391**	**–**	**–**	**86,391**
Finance lease liability	**14.0%**	**1,240**	**1,994**	**–**	**3,234**
Variable interest rate instruments	**7.9%**	**7,295**	**11,223**	**193**	**18,711**
Fixed interest rate instruments	**3.9%**	**13,025**	**57,046**	**95,841**	**165,912**
	–	**107,951**	**70,263**	**96,034**	**274,248**
2006					
Non-interest bearing	–	54,223	–	–	54,223
Finance lease liability	21.0%	619	1,328	–	1,947
Variable interest rate instruments	8.3%	7,352	17,403	1,308	26,063
Fixed interest rate instruments	4.5%	12,252	56,303	109,609	178,164
	–	74,446	75,034	110,917	260,397

The Group has access to financing facilities, the total unused amount which is US$ 11.0 million at the balance sheet date. The Group expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets.

Notes to the Accounts

37 Financial instruments (continued)

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.

Statistical Statement 2003-2007 (Unaudited)

(in US$'000)

	Year to 31 December 2007 US$'000	Year to 31 December 2006 US$'000	Year to 31 December 2005 US$'000	Year to 31 December 2004 US$'000	Year to 31 December 2003 US$'000
Closing rates of exchange – RS to US$	**1.77**	2.14	2.34	2.66	2.89
Income Statement					
Group revenue	**404,046**	334,109	285,227	217,713	160,952
Group operating profit	**58,508**	61,433	33,548	35,756	31,879
Profit before tax	**303,410**	61,433	33,548	35,756	51,845
Income tax expense	**(25,723)**	(20,765)	(14,865)	(13,926)	(19,132)
Profit for the year	**277,687**	56,883	34,657	34,262	32.713
Attributable to:					
Equity holders of parent	**258,065**	56,077	33,086	31,599	29,665
Minority interests	**19,622**	806	1,571	2,663	3,048
	277,687	56,883	34,657	34,262	32.713
	US$'000	US$'000	US$'000	US$'000	US$'000
Balance Sheet					
Net assets					
Brazilian interests	**195,907**	146,135	107,150	92,297	68,322
Investments held for trading	**272,834**	73,192	64,563	57,938	42,901
Other net assets	**144,317**	6,314	(343)	(2,808)	3,365
	613,058	225,641	171,370	147,427	114,588
Attributable net assets – per share					
Brazilian interests – book amount	**554c**	413c	303c	261c	193c
Other assets – book and market amount	**1,180c**	225c	182c	156c	131c
	1,734c	638c	485c	417c	324c
Key Statistics					
Earnings per share	**729.8c**	158.6c	93.6c	89.4c	83.9c
Cash dividends per share paid	**24.0c**	20.0c	20.0c	18.0c	9.8c
Mid-market quotation at end of period	**792p**	548p	352p	285p	154p
	1,570c	1,073c	606c	545c	274c

Notes

1. The amounts disclosed for 2003 is stated on the basis of UK GAAP because it is not practicable to restate amounts for periods prior to the date of transition to IFRSs.
2. Group turnover for 2003 is Group turnover and share of joint ventures turnover.

Notice of Annual General Meeting

Notice is hereby given that the 16th Annual General Meeting of the company will be held at the Washington Mayfair Hotel, 5 Curzon Street, London W15 5HE on 30 April 2008 at 12.00 pm for the following purposes:

1. To receive and, if approved adopt the Director´s Report and Accounts for the year ended 31 December 2007.
2. To declare a dividend.
3. To determine the number of Directors for the ensuing year.
4. To re-elect Mr C F A Cooper as a Director.
5. To appoint the Auditors, and authorise the directors to fix the remuneration of the Auditors.
6. To give the Board authority to purchase its own shares up to a maximum of 15% of the issued share capital as at 30 April 2008. This authority shall continue until further notice.
7. Ratification and confirmation of all and any actions taken by the Company's Board of Directors and the persons entrusted with Company's management in the year ended 31 December 2007.

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

18 March 2008

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

A proxy need not be a Member of the Company.

Form of Proxy

*I/We ____________________

*of ____________________

*of ____________________

being a Member of Ocean Wilsons Holdings Limited, hereby appoint Jose Francisco Gouvêa Vieira, or failing him W H Salomon both Directors of the Company.

†of ____________________

as my/our proxy to vote for me/us and on my/our behalf at the Annual General meeting of the company to be held on Friday 30 April 2008 and at any adjournment thereof. The proxy will vote on the Resolutions as indicated opposite.

	For	**Against**
1 To receive and, if approved adopt the Director´s Report and Accounts for the year ended 31 December 2007.		
2 To declare a dividend.		
3 To determine the number of Directors for the ensuing year.		
4 To re-elect Mr C F A Cooper as a Director.		
5 To appoint the Auditors, and authorise the directors to fix the remuneration of the Auditors.		
6 To give the Board authority to purchase its own shares up to a maximum of 15% of the issued share capital as at 30 April 2008. This authority shall continue until further notice.		
7. Ratification and confirmation of all and any actions taken by the Company's Board of Directors and the persons entrusted with Company's management in the year ended 31 December 2007.		

Signature ____________________ Dated ____________________ 2008

Notes

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

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

3 To be valid, the proxy should be deposited at the Transfer Agents of the Company, Capita Registrars, Proxy Processing Centre, Telford Road, Bicester OX26 4LD, no less than 48 hours before the time for the Meeting.

4 In the case of a corporation, this proxy must be under its Common Seal or under the and of an Officer or Attorney duly authorised in writing.

5 In the case of joint holders the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members, in respect of the joint holding.

* Please insert your full name and address in BLOCK CAPITALS.

Third Fold and Tuck in

BUSINESS REPLY SERVICE
Licence No. RRHB-RSXJ-GKCY

The Transfer Agent
Ocean Wilsons Holdings Limited
Capita Registrars
Proxy Processing Centre
Telford Road
Bicester
OX26 4LD

Second Fold

First Fold