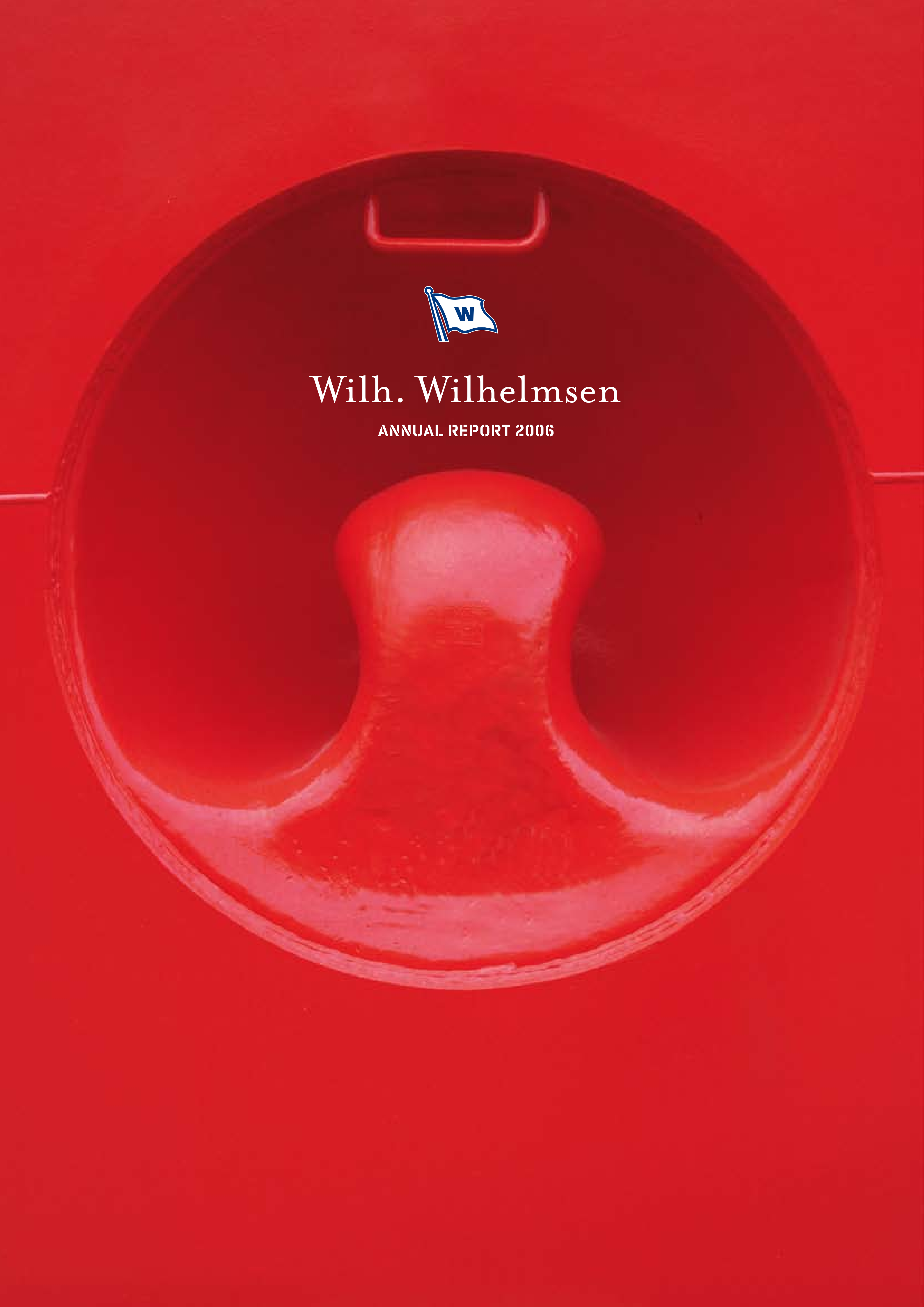
# Wilh. Wilhelmsen

ANNUAL REPORT 2006



WW's VISION:

# WW WILL BE THE LEADING GLOBAL SUPPLIER OF MARITIME SERVICES

## WW'S PHILOSOPHY:

We believe that empowered employees in an innovative, learning organisation are the group's main competitive advantage in meeting the needs and wants of our customers.

## WW'S VALUES:

### CUSTOMER CENTRED

We place our customers in the centre and are concerned with their needs, so that we can deliver optimal solutions which are mutually beneficial at all times.

### EMPOWERMENT

We have the ability to involve our employees in their daily work. That motivates, inspires and generates energy. Our personnel will participate with knowledge, ideas and opportunities, and attention will be given to their contribution.

### STEWARDSHIP

We will manage our resources in an optimum way, and take account of the safety of our employees while showing respect for society and the environment.

### LEARNING AND INNOVATION

When society changes, so must we. New customer expectations, new solutions and not least constant technological progress mean that we must create a learning organisation. Only then can we renew ourselves, see opportunities and find new creative solutions.

### TEAMING AND COLLABORATION

Our most important competitive advantage is our qualified personnel, with their broad expertise. When our employees collaborate to get the best out of each other in pursuing a common goal, we can utilise their whole potential and all their knowledge.

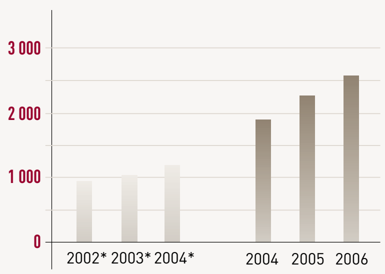
# KEY FIGURES CONSOLIDATED ACCOUNTS

| | | 2006 | 2005 | 2004 | 2004* | 2003* | 2002* |
|---|---|---|---|---|---|---|---|
| **INCOME STATEMENT** | | | | | | | |
| Operating income** | USD mill | **2 511** | 2 207 | 1 831 | 1 128 | 980 | 889 |
| Primary operating income** | USD mill | **538** | 397 | 362 | 231 | 161 | 169 |
| Net operating profit** | USD mill | **368** | 232 | 207 | 158 | 86 | 84 |
| Profit before tax** | USD mill | **268** | 209 | 185 | 154 | 85 | 57 |
| Profit for the period | USD mill | **230** | 191 | 171 | 155 | 78 | 54 |
| **BALANCE SHEET** | | | | | | | |
| Fixed assets | USD mill | **1 877** | 1 644 | 1 239 | 1 168 | 997 | 1 021 |
| Current assets | USD mill | **857** | 619 | 357 | 481 | 443 | 468 |
| Equity | USD mill | **1 037** | 834 | 736 | 666 | 577 | 505 |
| Interest-bearing debt | USD mill | **1 239** | 998 | 625 | 692 | 611 | 730 |
| Total assets | USD mill | **2 735** | 2 263 | 1 596 | 1 649 | 1 440 | 1 489 |
| **KEY FINANCIAL FIGURES**** | | | | | | | |
| Cash flow (1) | USD mill | **423** | 361 | 319 | 216 | 158 | 139 |
| Liquid funds 31 Dec (2) | USD mill | **377** | 349 | 263 | 297 | 258 | 256 |
| Liquidity ratio (3) | | **2.0** | 1.5 | 1.6 | 1.9 | 2.1 | 2.1 |
| Equity ratio (4) | % | **38%** | 37% | 46% | 40% | 40% | 34% |
| **YIELD** | | | | | | | |
| Return on capital employed (5) | % | **16.7%** | 14.7% | 14.5% | 13.9% | 9.0% | 7.5% |
| Return on equity (6) | % | **24.6%** | 24.3% | 25.5% | 25.0% | 14.3% | 11.1% |
| **KEY FIGURES PER SHARE**** | | | | | | | |
| Earnings per share (7) | USD | **4.73** | 3.91 | 3.51 | 3.23 | 1.62 | 1.13 |
| Diluted earnings per share (8) | USD | **4.73** | 3.91 | 3.51 | 3.23 | 1.62 | 1.13 |
| Cash flow per share (9) | USD | **8.85** | 7.52 | 6.66 | 4.51 | 3.30 | 2.92 |
| Average number of shares outstanding | (1 000) | **47 754** | 47 996 | 47 930 | 47 930 | 47 819 | 47 650 |

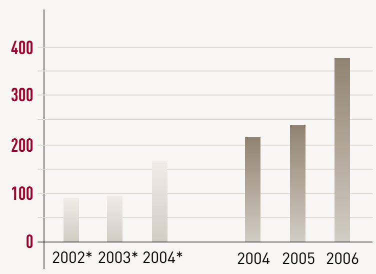
**DEFINITIONS:**

1) Profit for the period adjusted for change in deferred tax, depreciation and write-down of assets.
2) Cash and bank deposits, bonds, certificates and shares (current assets).
3) Current assets divided by current liabilities.
4) Equity in percent of total assets.
5) Profit for the period before taxes plus interest expenses, in percent of average equity and interest-bearing debt.
6) Profit after taxes divided by average equity.
7) Profit for the period after minority interests, divided by average number of shares.
8) Earnings per share taking into consideration the number of potential outstanding shares in the period.
9) Profit for the period adjusted for change in deferred tax, depreciation and write-down of assets, divided by average number of shares.

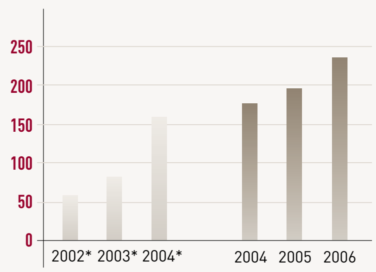
**OPERATING INCOME (USD mill)****




**NET OPERATING PROFIT (USD mill)****




**PROFIT FOR THE PERIOD (USD mill)**




* Figures in accordance with Norwegian accounting standards (not restated to IFRS)

** The results given above are taken from the management report, which reflects the WW group's underlying operations in more detail than the official accounts. The IFRS accounting principles are applied in both management report and official accounts, but the former utilises a different method for consolidating the group's most important joint ventures. The presentation in the management report reflects proportionately the WW group's partnership-based ownership structure.

# WILH. WILHELMSEN – A LEADING GLOBAL MARITIME INDUSTRY GROUP

Wilh. Wilhelmsen (WW) is a leading global maritime industry group. It offers logistics solutions and maritime services through a worldwide network embracing some 13 300 employees at just over 350 offices in roughly 70 countries. When joint ventures are included, the group employs almost 23 000 people at more than 500 offices in some 80 nations.

The WW group has an annual turnover of roughly USD 2.5 billion and is listed on the Oslo Stock Exchange. Founded on 1 October 1861 in Tønsberg, it now ranks among Norway's most global enterprises. The head office at Lysaker outside Oslo is one of the leading Norwegian centres for international maritime expertise.

## SHIPPING AND INTEGRATED LOGISTICS SERVICES

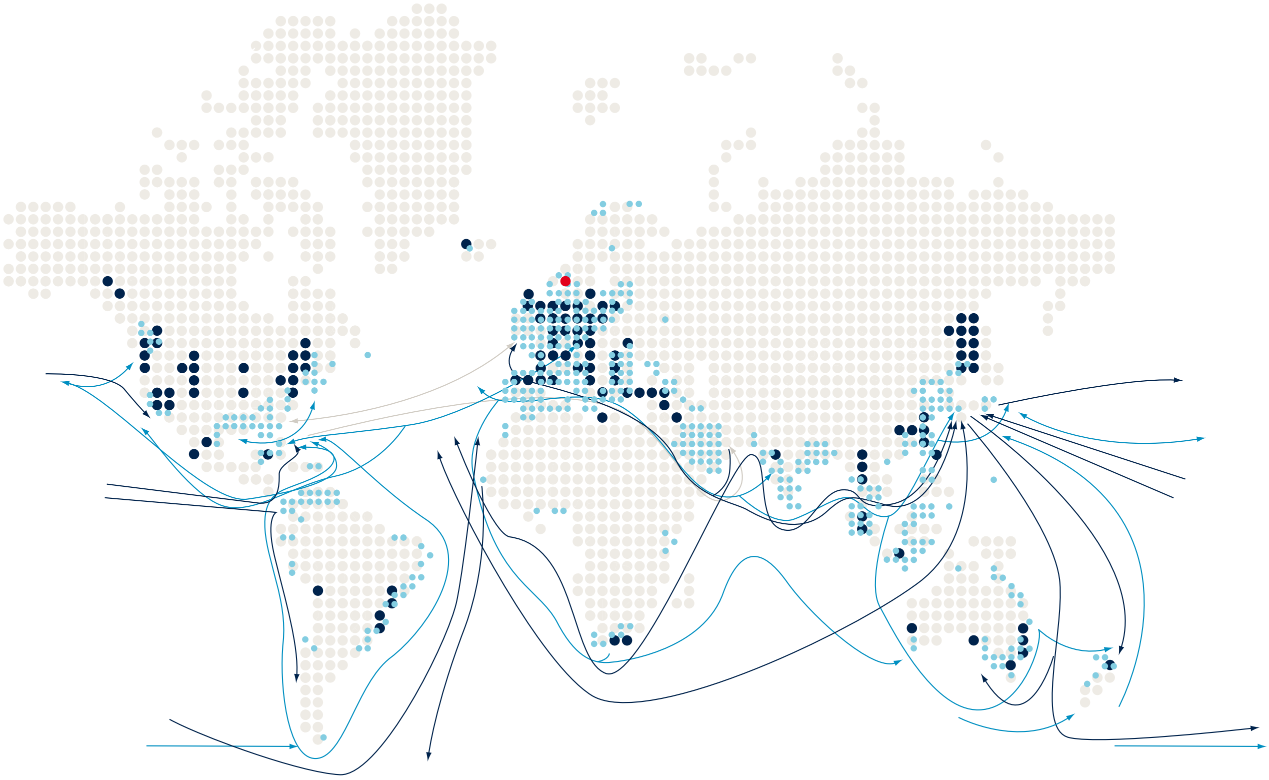
WW conducts advanced industrial shipping activities and is market leader for the transport of rolling cargo. Together with its partners, the group controls 150 car and roll-on, roll-off carriers operating in a global network of trades. Its customers include the world's leading manufacturers of cars as well as construction and agricultural machinery. On an annual basis, WW's shipping companies transport almost five million cars by sea and three million by land. In addition come high and heavy and non-containerised cargoes.

The group both owns and charters ships, which are deployed in the fleets operated by subsidiaries Wallenius Wilhelmsen Logistics (WWL), EUKOR Car Carriers and American Roll-on Roll-off Carrier.

In association with maritime transport, WW offers various types of logistics service on land – terminal and technical services, procurement of inland transport and supply chain management for vehicles. In addition to well-developed logistical services offered through WWL, the WW group has interests in Korea's Glovis, France's Compagnie d'Affrètement et de Transport and the two US companies American Auto Logistics and American Logistics Network.

## MARITIME SERVICES

WW's wholly-owned Wilhelmsen Maritime Services (WMS) subsidiary offers a broad range of products and services to a large proportion of the merchant fleet through a unique global network. WMS also offers services to the shipbuilding industry.



Ships can be served at roughly 2 200 ports in 116 countries through Barwil Unitor Ships Service, which handled 53 000 port calls and 183 000 product deliveries in 2006.

Barber Ship Management, the WMS crewing and management company, manages roughly 300 vessels and has a pool of 8 500 seagoing personnel.

WMS also embraces Unitor Ships Equipment and Maritime Solutions and Financial Services business units. The latter also includes Wilhelmsen Premier Marine Fuels, one of the world's leading bunkers brokers.

## EXPERTISE DEVELOPMENT

WW builds on a values-oriented management philosophy. Employees are offered varied opportunities to develop themselves and to contribute to the development of the group. The goal is to motivate the workforce and to ensure WW's adaptability and market position. The group's own educational institution, the WW Academy, is one of several development tools utilised in-house. It organises business-related programmes and management courses for multicultural groups of participants.

## INNOVATION

Particular attention is focused in WW on developing innovative solutions based on its ambition to be the leading global supplier of maritime services and to be in the forefront of environmentally-adapted vessel operation.

FOR FURTHER INFORMATION,
SEE THE WW GROUP'S WEBSITE AT
WWW.WILHELMSEN.COM

## WW:

- Head office in Oslo, Norway
- WW ASA and Wilhelmsen Maritime Services has 13 300 employees operating out of 352 offices in 71 countries. When including joint ventures, the group has 23 300 employees at 516 offices in 79 countries.
- The global logistics network embraces Wallenius Wilhelmsen Logistics, Glovis, Compagnie d'Affrètement et de Transport, American Auto Logistics and American Logistics Network.

— Wallenius Wilhelmsen Logistics operates 15 trades.

— EUKOR Car Carriers operates 14 trades.

— American Roll-on Roll-off Carrier operates two trades.

# MILESTONES 2006-07

2:06

1:06

3:06

### FIRST QUARTER: 2006

Wallenius Wilhelmsen Lines changed its name to Wallenius Wilhelmsen Logistics (owned 50% by WW). This reflects the company's commitment to integrated logistics services throughout the customer's value chain from factory to dealer. Maritime transport still represents the WW group's core business. This is supplemented by terminal and technical services, inland transport and supply chain management for vehicles.

Express Offshore Transport (owned 50% by WW) became operational on 1 February. The company offers transport of crew and supplies to oil installations in Asia and the Arabian Gulf.

### SECOND QUARTER: 2006

Wilhelmsen Maritime Services launched Barwil Unitor Ships Service in May. This business unit is the world's most extensive global maritime network. Its products and services are available in 2 200 ports in 116 countries.

Barber Ship Management increased its management contracts for vessels in 2006, and opened a new operations office in Singapore during May.

The board of WW wrote down the value of the underlying assets in Global Automotive Logistics (GAL) by USD 25 million. GAL owns French logistics company Compagnie d'Affrètement et de Transport.

WW placed a contract with Mitsubishi Heavy Industries (MHI) for the construction of two carriers with a capacity of 6 500 cars each. They will be the ninth and 10th vessels in this series being built at MHI.

### THIRD QUARTER: 2006

EUKOR's two most important customers, Hyundai Motor Company (HMC) and Kia Motors Corporation, suffered a lengthy strike. The fall in exports was offset by a number of measures to utilise EUKOR's surplus tonnage. The company is in a positive dialogue with HMC and Kia on extending the contract of affreightment.

## 4:06

### FOURTH QUARTER: 2006

WW divested its holding in Dockwise, which was sold to private equity company 3i for about USD 700 million.

The group concluded a long-term charter for a fourth car carrier with a capacity of 6 500 vehicles from Ray Shipping. This vessel is under construction at Gdynia in Poland for delivery in 2008.

Tortugas became the sixth newbuilding of the year to be delivered to WW. A total of 44 new vessels are due to delivery to WW and its partners from April 2007 to 2011. WW is contributing eight of these.

TI Marine Contracting and Unitor Marine Systems, part of Wilhelmsen Maritime Services, focus on the newbuilding market and ship conversions. They opened new production facilities in China during the fourth quarter. The order intake from Chinese yards lay 65% above budget.

## 1:07

### FIRST QUARTER: 2007

New members joined the corporate management team. Nils Petter Dyvik will step down from the job of president for Wallenius Wilhelmsen Logistics (WWL) on 1 April and becomes chief financial officer for WW on 1 August. Arild B Iversen has been appointed president of WWL. Thomas Wilhelmsen becomes group vice president for shipping, while Stephen Cadden takes over a newly-created post as group vice president for logistics. Sjur Galtung remains deputy group chief executive for WW.

Wilhelmsen Bunkers changed its name to Wilhelmsen Premier Marine Fuels on 1 January after the merger with Britain's Premier Marine Fuels. The new company will handle seven-eight million tonnes of bunkers per year, and rank as one of the world's largest companies of its kind.

## GOVERNING BODIES > AT 1 JANUARY 2007

### BOARD OF DIRECTORS
Wilhelm Wilhelmsen, chair
Leif T Løddesøl, deputy chair
Helen Juell
Odd Rune Austgulen
Bettina Banoun
Diderik Schnitler
Ingar Skaug (alternate)
Sjur Galtung (alternate)

### EXECUTIVE COMMITTEE FOR INDUSTRIAL DEMOCRACY IN FOREIGN TRADE SHIPPING
Wilhelm Wilhelmsen, chair
Ingar Skaug
Sjur Galtung
Arild B Iversen
Arne B Normann
(1st alternate Arild Banzon)
Åse K Sætre
(1st alternate Stein Erik Flø)
Dagfinn Aas (observer)
Lars Haug (observer)

### AUDITOR
PricewaterhouseCoopers AS
State authorised accountant
Erling Elsrud

## CORPORATE MANAGEMENT TEAM > AT 1 APRIL 2007

**INGAR SKAUG**
group CEO

**SJUR GALTUNG**
deputy group CEO

**THOMAS WILHELMSEN**
group vice president
shipping

**STEPHEN CADDEN**
group vice president
logistics

**DAG SCHJERVEN**
president and CEO
Wilhelmsen Maritime Services (owned 100%)

**SJUR GALTUNG***
group CFO

**CECILIE STRAY**
group vice president
corporate communications

**HELGE MOTHES**
group vice president
strategy and IT

**KIRSTEN HAUNE**
group vice president
human resources

**MORTEN RAABE**
group vice president
organisational development

**BJØRN BERGGRAV**
group vice president
legal

**WALLENIUS WILHELMSEN LOGISTICS**
Arild B Iversen
president and CEO
(owned50%)

**EUKOR CAR CARRIERS**
Carl-Johan Hagman
president and CEO
(owned 40%)

**AMERICAN ROLL-ON ROLL-OFF CARRIER**
Ray Ebeling
president and CEO
(owned 50%)

* Nils P Dyvik becomes CFO/group vice president finance/control on 1 August.

FOR A PRESENTATION OF THE COMPANY STRUCTURE > SEE PAGES108-113

# DIRECTORS' REPORT FOR 2006

WW's strategy of developing the group into the leading global provider of maritime services has contributed to record profits for 2006, and results are expected to be at a similar level in 2007.

# DIRECTORS' REPORT FOR 2006

## DIRECTORS' REPORT FOR 2006

The Wilh. Wilhelmsen (WW) group achieved a record net profit in 2006 as a result of good and purposeful work in all parts of its organisation, supported by buoyant markets. Work on optimising the use of available tonnage continued throughout the year. That contributed to the result along with a good growth in sales and the realisation of cost synergies in the maritime services business area. A gain of USD 83.1 million from the sale of the Dockwise heavy transport company also made a solid contribution.

Through systematic work and together with its partners, WW has built up a large, efficient and flexible fleet. This means that the group can transport large volumes. In addition, it can offer integrated logistics services in today's strong markets. Taken together, this reinforces WW's position as a leading global supplier of maritime services.

During 2006, WW laid the foundations for continued growth as a global transport and logistics company. A well-developed worldwide network of trades has been built up. The fleets of the operating companies controlled by WW and its partners totalles 150 vessels.

The logistics segment supports WW's involvement in seagoing transport, and is also intended to yield satisfactory profitability as independent business units. This segment was further developed in 2006.

Substantial work was also done in the maritime services segment through the year on expanding market shares and improving profits.

To meet present and future environmental challenges, an innovation initiative was launched by WW in 2006. This also embraces other measures which will help to make the group even better. Read more about this in the chief executive's comments on page 76.

WW is listed on the Oslo Stock Exchange. Its head office in Norway ranks as one of the country's foremost centres of international maritime expertise. Globally, the group has 13 300 employees in wholly-owned subsidiaries and employs 23 000 people when joint ventures are included. WW's wholly-owned subsidiaries have 352 offices in 71 countries. When joint ventures are added, these figures rise to 516 and 79 respectively.

## GROUP ANNUAL ACCOUNTS

The annual accounts are prepared in accordance with International Financial Reporting Standards (IFRS) and the accounting principles described in this annual report. See page 29.

WW's official accounts for 2006 show a net operating profit of USD 294 million, up by 43% from USD 206 million in 2005. (Comparative figures for 2005 will hereafter be given in brackets.) The high cost of chartered tonnage and extraordinarily high bunkers prices had a negative effect on this result.

When making comparisons with the 2005 accounts, note must be taken of the fact that Unitor's results were first consolidated in the

WW is listed on the Oslo Stock Exchange, and has its head office at Lysaker outside Oslo. The group has 13 300 employees in wholly-owned subsidiaries and employs 23 000 people when joint ventures are included. WW's wholly-owned subsidiaries have 352 offices in 71 countries. When joint ventures are added, these figures rise to 516 and 79 respectively.

THE WW GROUP ACHIEVED
A RECORD NET PROFIT IN 2006.

second half of that year. The underlying asset value of Global Automotive Logistics (GAL), which owns French logistics company Compagnie d'Affrètement et de Transport (CAT), was written down by USD 25.3 million to zero in the second quarter of 2006. CAT ceased to be consolidated in the WW accounts from the third quarter.

The WW group's total operating income according to the official accounts came to USD 975 million (USD 690 million). This income was influenced in part by the gain on the sale of the Dockwise heavy transport company.

Net financial expenses according to the official accounts were USD 21 million (USD 5 million). Larger interest costs as a result of higher US interest rates, an increase in debt and currency fluctuations were the main reasons for the change.

In total, this gave the WW group a profit of USD 273 million before tax (USD 201 million).

Pursuant to section 4, sub-section 5, reference section 3, sub-section 3a, of the Norwegian Accounting Act, confirmation is hereby provided that the annual accounts have been prepared under the assumption that the enterprise is a going concern.

## CAPITAL AND FINANCE

Despite rising interest rates and extremely volatile currency and equity capital markets, 2006 was a good year for WW in financial terms.

In connection with the group's newbuilding programme, a long-term leasing agreement with an overall financing framework in the order of USD 164 million was concluded with a company owned by HSBC in the UK. This agreement covers the delivery of three car carriers in the series under construction at Mitsubishi Heavy Industries, and will be administered by the Wilhelmsen Lines Car Carriers management company in the British port of Southampton.

Delivery of a newbuilding from Hyundai Heavy Industries in Korea, which was funded by normal bank financing, added about USD 50 million to debt.

During the year, Wilhelmsen Maritime Services (WMS) increased its external debt by USD 100 million. This eliminated an intra-group loan of equivalent size.

The group's debt increased by USD 241 million during 2006.

A rise in the average level of interest rates over the year contributed to an increase in total interest costs. The proportion of interest hedging grew to around 60%, and is expected to remain at this level over the next few years. Interest hedge contracts had a positive market value of about USD 9 million at 31 December.

The group has long placed weight on having access to several sources of borrowing, and maintained its activity in the Norwegian certificate and bond market. The group has been given a BBB investment grade rating by key players in this market. WW has a bond portfolio with maturities varying up to 15 years. Outstanding certificates and bonds totalled about USD 400 million at 31 December (USD 350 million).

Cash flow from operating activities came to USD 184 million, while net operating profit was USD 294 million. The main reason for the difference is that settlement for the Dockwise transaction was made in mid-January 2007.

Liquid assets were USD 377 million at 31 December, an increase of USD 28 million from 2005. Undrawn committed drawing rights totalled USD 201 million, of which about USD 83 million function as backstop for existing certificates and bonds with a remaining term of less than 12 months to maturity.

Part of the group's liquidity is managed through investment in shares and bonds and through interest and currency trading. Almost 40% of this portfolio has been placed in shares, of which half are abroad and the rest in the Nordic region and Norway. The group's portfolio of shares was substantially reduced towards the end of 2006. Financial manage-

ment during 2006 yielded as return of just under 17% on the portfolio, corresponding to roughly USD 20 million.

The group's revenues and expenses are largely denominated in USD. About 40% of expenses are incurred in other currencies, primarily EUR, NOK, SEK, JPY and KRW. Parts of this currency exposure are covered by hedge contracts.

It was resolved at the annual general meeting in May 2006 to pay a dividend of NOK 5 per share. An extraordinary general meeting in November resolved to pay a supplementary dividend of NOK 3.50. In total, WW paid NOK 8.50 per share in dividend for 2006.

In line with the group's dividend policy, the board has proposed the payment of NOK 5.50 per share in May 2007.

The group owned 3.78% of its own shares at 31 December, and the management is mandated to buy back up to 10% of the issued stock.

## ALLOCATION OF PROFIT

The board's proposal for allocating the net profit for the year is as follows:

| Parent company accounts | (NOK) |
|---|---|
| Net profit | 177 |
| Dividend | (272) |
| Other equity | 95 |
| Total allocations | (177) |

Distributable equity in the parent company was NOK 1.4 billion at 31 December.

## SEGMENT REPORTING

Figures in the segment presentation below are taken from the management report rather than the official accounts. The management report's figures provide a more representative reflection of the WW group's underlying operations than the official accounts. They give more detailed information on total financial results achieved by the group through its various joint ventures. The accounting principles applied in both management report and official accounts are identical and comply with International Financial Reporting Standards (IFRS). The management report utilises proportional consolidation for group activities pursued through joint ventures, and reflects WW share of these partnerships.

### Shipping and logistics

Efficient cargo composition, improved utilisation of available tonnage and good cargo availability contributed to solid results for the shipping segment. Demand for complete logistics services is growing in the markets in which WW operates. In line with the group's long-term strategy, a global door-to-door transport system has been developed from factory to dealer which includes both maritime transport and land-based services.

Group companies freight cars as well as high and heavy and non-containerised cargoes. WW's subsidiaries moved almost five million cars by sea and three million on land during 2006.

WW will reinforce and further develop its position in shipping and logistics by consolidating its share of mature markets and expanding in less developed ones.

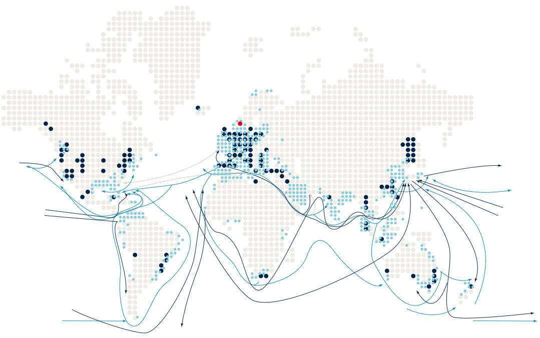
**Maritime transport**

Results for shipping were on a par with 2005. Operating income in 2006 was USD 1.4 billion (USD 1.3 billion), while net operating profit came to USD 241.2 million (USD 237.5 million). Profit before taxes was USD 153.7 million (USD 217.9 million). This fall reflects accounting effects from adjustments to the market value of the group's bunkers hedging contracts. The decline from 2005 and 2006 was roughly USD 80 million.

Shipping activities are primarily pursued through the Wallenius Wilhelmsen Logistics (owned 50% by WW), EUKOR Car Carriers (owned 40% by WW) and American Roll-on Roll-off Carrier (owned 50% by WW) operating companies.

*Wallenius Wilhelmsen Logistics* (WWL) has established a very strong position in the market for maritime transport of cars and other rolling

WW sold its 24% interest in Dutch heavy transport specialist Dockwise to the 3i private equity company in December 2006. This sale made a strong contribution to the group's net profit.



cargo, and has reinforced its involvement in providing other logistics services – including complete supply chain management from factory to dealer.

WWL contributed a result for its partners which was somewhat lower than the 2005 figure. This reflected the fact that increased income during the year was substantially offset by rising costs. WWL had to charter expensive additional tonnage to lift volumes. Higher bunkers costs also affect the result.

The market for WWL is strong. Cargo availability has been good in the most important trades. The market for carrying construction machinery to Australia was particularly buoyant during the year. Very large volumes from Asia to Europe and North America also made their mark.

WWL pursues extensive logistics operations in Europe, North and Central America, Asia and Oceania. This accords with WW's strategy of developing a global network of logistics services in line with the needs of maritime transport customers. New logistics contracts are regularly concluded.

*EUKOR Car Carriers* achieved a record operating income and a very good operating profit in 2006, even though the summer months were affected by a strike in Korea affecting both of the company's most important customers – Hyundai Motor Company (HMC) and Kia Motors Corporation. This dispute had a negative effect on both production and exports from Korea for HMC and Kia. During the stoppage, a number of measures were taken by EUKOR to exploit as much as possible of the tonnage which became surplus. This reduced the negative impact of the strike to some extent.

A total of 3.2 million cars were carried by EUKOR, which represented an increase from 2005. With the exception of the months affected by the strike, capacity utilisation for the company was extremely good. All the vessels operated at full capacity with a minimum of dead time. The displacement of export volumes from Korea led to fluctuations in capacity requirements and substantial extra costs for the hire of additional capacity after the strike.

EUKOR has completed negotiations with HMC and Kia on an extension of the contracts of affreightment, including the introduction of a clause on a bunkers adjustment factor (BAF). It is not possible at present to say when the agreement will be considered by the management of the HMC group. In the meantime, the existing contracts remain in force .

*American Roll-on Roll-off Carrier* (ARC) also achieved good results in 2006. The year was characterised by high volumes for the company, which operates eight ships under the US flag. Primarily engaged in transporting equipment for the American government, these vessels are deployed in two trades between North America and Europe and between North America and the Middle East.

With effect from 1 January 2007, American Shipping & Logistics (ASL) has unified management of the US companies ARC, American Auto Logistics (AAL) and American Logistics Network (ALN).

**Tonnage position**

To secure further new and modern tonnage, WW and its partners will continue to be active in the newbuilding market. Forty-four new car carriers are due for delivery from April 2007 to 2011, including eight for WW. Two vessels will be delivered from Ray Shipping, two from Daewoo and four from Mitsubishi Heavy Industries.

WW both owns and charters tonnage. The three large operating companies controlles a total of 150 ships.

Of the 39 (33) ships owned by WW at 31 December, 13 (12) were wholly owned, 13 (13) partly owned and 13 (eight) held under various forms of charter.

The vessels wholly or partly owned by WW are legally organised in the wholly owned shipowning companies Wilhelmsen Shipping,

## TO SECURE FURTHER NEW AND MODERN TONNAGE, WW AND ITS PARTNERS WILL CONTINUE TO BE ACTIVE IN THE NEWBUILDING MARKET.

Wilhelmsen Lines, Wilhelmsen Lines Shipowning and Wilhelmsen Lines Car Carriers, and in Mark 1 Shipping owned 50% by WW.

Six new ships were delivered to WW during 2006. All have joined the WWL and EUKOR fleets:

Hyundai Heavy Industries, South Korea:
*Morning Concert* delivered in April
Mitsubishi Heavy Industries, Japan:
*Topeka* delivered in June
*Tombarra* delivered in September
*Tortugas* delivered in December
Stocznia Gdynia, Poland:
*Talia* delivered in August
*Taipan* delivered in December

**Other shipping activities**

WW sold its 24% interest in the *Dockwise* heavy transport operator to the 3i private equity company in the fourth quarter. The contract had an overall value of just over USD 700 million, depending on whether and how soon the Dockwise vessel *Mighty Servant 3*, which sank off Angola in December 2006, could be returned to operation.

As a result of the strong offshore market, Dockwise contributed a pre-tax profit of USD 12.9 million up to 22 December 2006 (USD 9.6 million), and a pre-tax profit of USD 2.4 million for the fourth quarter (USD 3.4 million).

Wilhelmsen Offshore & Chartering embraces *Sea Launch* and *Express Offshore Transport* (EOT). These businesses delivered results in line with expectations.

EOT (owned 50% by WW) was established in 2005 and became operational in February 2006. It offers transport of crews and supplies to oil installations in Asia and the Arabian Gulf. WW's operating profit benefited from an accounting gain of roughly USD 9.5 million as a result of establishing the company.

### Integrated logistics services

Complete logistics services provide shipping customers with an improved overall transport solution, while allowing WW to offer a product which distinguishes it from the competition. Logistics services are also a means of obtaining long-term and profitable marine transport contracts.

Logistics services in the WW group embrace:
› terminal services
› technical services
› procurement of inland transport
› supply chain management for vehicles.

These services support the group's maritime transport, while also being required to show satisfactory profitability as independent business units.

WW's network of logistics activities are being developed in line with the requirements of its shipping customers. This means that investments in the logistics area are made in activities which relate directly to maritime transport - primarily terminals and technical services.

The logistics segment showed a net operating loss of USD 5.6 million (profit of USD 14.5 million). This is a consequence of writing down the underlying asset value of *Global Automotive Logistics* (GAL), which owns French logistics company *Compagnie d'Affrètement et de Transport* (CAT), by USD 25.3 million to zero from the second quarter of 2006. The net operating result for the logistics segment improved by USD 5.3 million in the second half, since CAT ceased to be consolidated in the WW accounts from 1 July. Adjusted for special items, the net operating result of the logistics segment declined by USD 7.5 million from 2005.

Operating income in 2006 totalled USD 386.2 million (USD 531 million). The decline reflects the exclusion of income from CAT in the second half of 2006. For the year as a whole, the loss before tax was USD 7.3 million (profit of USD 9.8 million).

With the exception of CAT, WW's logistics activities delivered the expected results.

The land-based logistics services provided through WWL are supplied by several operating

WILHELMSEN MARITIME SERVICES **PLAYS A LEADING ROLE** IN THE MARITIME SERVICE INDUSTRY.

companies. The most important are *Vehicle Services Americas* (VSA) and *Vehicle Services Europe*, in addition to six owned terminals. These are located in Baltimore and Brunswick on the US east coast, Port Hueneme on the US west coast, Zeebrugge in Belgium, Southampton in the UK and Kotka in Finland.

WWL also has long-term contracts to use a number of strategically important terminals: Port Elizabeth (South Africa), Auckland (New Zealand), Laem Chabang (Thailand), Pyungtaek (South Korea), Singapore, Manzanillo (Mexico), Los Angeles (US west coast), Savannah, Galveston, Tampa and Jacksonville (all US east coast), Santos, Rio Grande (both Brazil), Liverpool (UK), Bremerhaven (Germany), and Vancouver-Annacis and Halifax (Canada).

In addition, WW has access to terminals through EUKOR's interest in Wallhamn in Sweden and Pyongtaek in South Korea, which are under construction.

WWL secured a number of new logistics contracts in 2006 which integrate inland distribution with the company's maritime transport. Results from terminals and technical services were good as a result of high capacity utilisation. As expected, results from purchasing inland transport and supply chain management were marginal. These low operating margins reflect the fact that WWL only charges commission for these services.

Korea's *Glovis* logistics company (owned 20% by WW) delivered a rather lower result than in 2005, thanks in part to a strengthening of the KRW. The strikes mentioned above at HMC and Kia also contributed to the decline.

Glovis is the exclusive supplier of global logistics services to EUKOR's principal customers, HMC and Kia. Thanks to the establishment of car factories by these two companies outside Korea, Glovis continued its global expansion in 2006 to embrace such areas as the USA and Europe.

Daily operations at Glovis were not significantly affected in 2006 by the investigation into financial irregularities at HMC.

WW owns 50% of *American Auto Logistics* (AAL) and *American Logistics Network* (ALN). These US companies deliver door-to-door logistics services, including storage of private vehicles and other property of American military personnel and government employees stationed abroad. About 60 000 cars were transported by AAL in 2006. AAL and ALN delivered good results, roughly on a par with 2005.

### Maritime services

Maritime services are a priority area for WW, where the group has acquired a leading role through its wholly-owned *Wilhelmsen Maritime Services* subsidiary. This accords with the WW group's previously expressed strategy.

WMS was further developed in 2006 through an extensive integration programme launched in the wake of the Unitor acquisition in the summer of 2005. This has yielded substantial synergies and contributed to the creation of a unique global network for the world fleet. Synergy gains totalling just over USD 30 million were identified through the integration programme. These were realised on a continuous basis during 2006 and will yield their full effect from 2007. As a result of substantial volume growth and harmonisation of the organisation, the synergies were offset to some extent by the general development of costs.

WMS offers a broad range of products and services, and concentrates on the merchant fleet, newbuildings and vessel conversions. It has around 4 700 land-based employees at 352 offices in 71 countries, and can offer assistance to vessels in more than 2 200 ports in 116 countries.

With its head office at Lysaker outside Oslo, WMS has four business units:

› Barwil Unitor Ships Service
› Barber Ship Management
› Unitor Ships Equipment
› Maritime Solutions and Financial Services.

Net operating profit for 2006 came to NOK 49 million (loss of USD 9.6 million). Operating

income was USD 587.8 million (USD 339.2 million). Profit before tax came to USD 42 million (loss of USD 9.8 million). The loss in 2005 was related to a provision of USD 28 million for integration costs following the acquisition of Unitor that summer.

**Barwil Unitor Ships Service**
The *Barwil Unitor Ships Service* business unit has the world's largest global maritime network, which is able to deliver in 2 200 ports in 116 countries and offers products and services to the merchant fleet.

With some 3 700 employees on land, Barwil Unitor has its head office at Lysaker and is divided operationally into eight regions.

Barwil Unitor handled 53 000 port calls (51 000) in 2006 and made 183 000 product deliveries (175 000) to 17 700 ships (16 400).

The good growth experienced in 2005 continued throughout 2006. This big increase primarily reflected new products, a broader range of services and the expansion of the world fleet. Margins for some products are under pressure, but results are good in all product and service areas. The biggest sales increase was experienced in the north-east Asia region, at 35%.

**Barber Ship Management**
The Ship Management business unit embraces Barber Ship Management and Wilhelmsen Technical & Operational Solutions.

*Barber Ship Management* (BSM) is one of the leading players in the market for ship management and crewing. It has 308 (300) vessels under management, including full technical management of 175 (156). Results for BSM were rather lower than expected because of pressure on margins as well as increased costs as a result of the restructuring of the organisation.

Qualified maritime personnel are in short supply generally and especially for officers. This applies in particular when account is taken of the number of newbuildings due to enter the market over the next few years, and competition over crew is increasing. To meet future competition over qualified seagoing personnel, BSM is giving priority to facilitating a maritime career and to ensuring that crew have close ties to the WW organisation. BSM had a pool of 8 500 seagoing personnel in 2006 (8 300).

The company's international maritime training centre at Mumbai in India plays an important role in education and recruitment. Since its establishment five years ago, the centre has issued just over 24 000 course certificates and educated some 3 500 students.

*Wilhelmsen Technical & Operational Solutions* specialises in inspection, auditing, training, accident investigation and technical services on ships. With its head office in Singapore, the company's most important growth markets are in inspection, consultancy and training of seagoing personnel.

**Unitor Ships Equipment**
The Unitor Ships Equipment business unit embraces Unitor Marine Systems and TI Marine Contracting, and focuses on the market for newbuildings and ship conversions.

*Unitor Marine Systems* (UMS) offers a broad range of systems and products in two segments – firefighting and safety, and systems for nitrogen inert gas. Its solutions are installed on about 25% of the world fleet. UMS manages the bulk of its activities and production from Shanghai, and supports its European market from a base in Poland. Order intake and margin development at UMS are promising with a view to 2007.

*TI Marine Contracting* has specialised in low-temperature insulation of cargo tanks on gas carriers and terminal piping, as well as fire and comfort insulation of naval vessels. With its head office in Lier outside Oslo, the majority of its activities are located in Asia and the UK. The company's results for 2006 were very satisfactory.

Barwil Unitor has the world's largest global maritime network. It operates through eight regions, each with a regional head office:

1: Northern Europe: Oslo, Norway

2: Central Europe: Rotterdam, Netherlands

3: Southern Europe and north Africa: Genoa, Italy

4: Eastern Mediterranean: Piraeus, Greece

5: Africa, the Middle East and the Black Sea: Dubai, UAE

6: South-east Asia and Oceania: Singapore

7: North-east Asia Shanghai, China

8: South and North America: Houston, USA

## WW IS CONCERNED TO DEVELOP A GOOD AND INSPIRING WORKING ENVIRONMENT BOTH AT SEA AND ON LAND.

**Maritime Solutions and Financial Services**
Maritime Solutions and Financial Services forms the fourth business unit at WMS, and embraces the Wilhelmsen Premier Marine Fuels, Wilhelmsen Insurance Services and Marine Transaction Services companies.

Wilhelmsen Bunkers changed its name to *Wilhelmsen Premier Marine Fuels* (owned 60% by WMS) on 1 January 2007 after merging with Britain's Premier Marine Fuels. It handles seven-eight million tonnes of bunker oil per annum and ranks as one of the world's largest companies of its kind. Long-term bunkers contracts are also arranged, and the company developed popular market analyses during 2006 which attract much public attention. Wilhelmsen Bunkers achieved a very good result in 2006. Wilhelmsen Premier Marine Fuels has its head office at Lysaker outside Oslo and divisional offices in London, Singapore and Cape Town.

*Wilhelmsen Insurance Services* (WIS) embraces WW's insurance expertise. It is a wholly-owned subsidiary of parent company WW ASA, but operationally forms part of WMS. WIS is licensed as an insurance broker by the Financial Supervisory Authority of Norway.

*Marine Transaction Services* (MTS) works in the maritime e-business market, where it offers tailored e-commerce solutions for procurement. More than 1 100 ships currently use the MTS technology in this area, and the company enjoyed a strong growth in customers and transaction volume during 2006.

### WORKING ENVIRONMENT AND OCCUPATIONAL HEALTH

The group started 2006 with two working environment committees – one for parent company WW ASA with wholly-owned subsidiaries, and the other for Unitor AS.

A reorganisation implemented in 2006 resulted in a single committee with 10 members and the same number of alternates. These members represent all the wholly-owned companies at the Lysaker offices. In addition to the appointed and elected members, meetings are attended by the company medical officer and a representative from the human resources department who have the right to speak but not to vote.

The working environment committee held four meetings during the year.

Four meetings were held during 2006 by the executive committee for industrial democracy in foreign trade shipping, on which the employees are represented.

WW is concerned to develop a good and inspiring working environment both at sea and on land.

The group actively pursues training and organisational development. Job reviews and climate surveys to measure job satisfaction among employees are conducted regularly. In addition, 360-degree performance assessments were conducted with senior executives in 2006. Both individuals and teams have taken advantage of an offer of coaching.

A strong commitment is made by the group to expertise development. Its own educational institution, the WW Academy, organises business-related programmes and management courses for multicultural groups of learners. This gives employees the freedom and opportunity to develop both themselves and the group. The aim is to motivate personnel and to secure the group's adaptability and market position. Support is given to individual expertise development. More than 300 employees completed courses organised by the WW Academy in 2006.

WW wants to be an attractive place to work for both women and men. No gender-based discrimination is permitted on such matters as pay, promotion and recruitment. Working hours in the company are gender-independent. Including women and men on equal terms is a clear policy.

As previously reported, the nature of the industry means that the group is often compelled

to draw on a recruitment base where women and men are unequally represented. However, a positive trend is now being recorded in recruiting more women to the group.

The group had 556 employees in Norway at 31 December, of whom 40% were female. WWL also had 143 employees in Norway, of whom 35% were women.

The proportion of women in senior positions continues to rise.

Parent company WW ASA has two female directors.

WW practised a system for performance-related bonuses in the group for the fifth year in a row. This is intended to be one of several instruments for focusing attention on the group's strategies, in which innovation, motivation and profitability are key elements.

Average sickness absence among employees in wholly-owned subsidiaries located at head office was 3% (2.08%). One injury was reported on land during the year.

Occupational injuries on the ships are recorded in accordance with an international standard for the maritime industry. An injury which keeps the victim off work on the following day is registered as an incident and measured per million working hours. In 2006, WW recorded a total of 22 incidents on its own ships. This yielded a lost-time injury frequency (LTIF) of 3.5. The target for 2007 is a frequency of less than 1.0.

WW works continuously on safety and has, as part of these efforts, developed a programme on the ships called Aim for Number One. Its object is to increase the focus on shipboard safety and safety culture.

Four operational fatalities where recorded in the Ship Management business unit of WMS. WMS is reviewing its routines and those of its suppliers to prevent recurrences.

## THE NATURAL ENVIRONMENT

Regulations for international maritime activities are provided by the UN's International Maritime Organisation (IMO). This agency's environmental work is influenced through active contact with international organisations, shipping associations and national government bodies represented in it. WW supports international regulation in preference to the growth of regional and national requirements.

The group works actively on preventive environmental measures. Studies concerning the environmental impact of the group's operations are carried out regularly in order to identify measures which can reduce negative effects.

BSM and Unitor Chemicals, whose activities include the production of chemicals and refrigerants, are certified to the ISO 14001 environmental management standard. This helps to ensure continuous improvement and supervision of work on the environment.

Extensive contingency planning is pursued by WW to handle possible pollution incidents. This includes training, preventive measures, crisis management and regular exercises.

Maritime transport is environment-friendly compared with other modes of transport. However, a ship consumes a lot of energy and thereby generates environmentally-harmful emissions. The WW group is working to reduce energy consumption and harmful emissions. New ships being ordered will consume less energy than existing vessels and are being equipped with modern environment-friendly solutions.

WW launched a programme to promote innovation in 2006, and a number of long-term environment-related targets have also been set through this initiative. The most significant is a 10% reduction in bunkers consumption before 2010.

In cooperation with its partners, WW is devoting substantial resources to reducing emissions of sulphurous exhaust fumes from ship's engines. Using low-sulphur bunkers is the simplest way to reduce such emissions. BSM

Wilhelmsen Premier Marine Fuels handles seven-eight million tonnes of bunker oil per annum, and is the world's largest independent bunkers broker. Its head office is at Lysaker outside Oslo, with divisional offices in London, Singapore and Cape Town.

is working continuously to overcome the technical and operational challenges posed by the supply of low-sulphur bunkers with inadequate quality.

The average sulphur content in bunkers used by the WW fleet was 1.61% in 2006. The IMO's general international requirement is 4.5%. Stricter regulations are increasingly being introduced in specific geographical areas. As further restrictions come into force in 2007, the availability of low-sulphur bunkers could be a source of uncertainty in certain trades - initially in the Baltic. However, the WW fleet has the necessary tank configuration to meet both the IMO's requirements and local provisions.

The IMO will introduce new regulations on tin-free antifouling from 2008. All ships in the WW fleet are already coated in this way. WW is involved in a Norwegian research project on the further development of other alternative antifoulings. Additional analyses have been initiated on the group's own vessels by applying products such as silicon-based coatings to test areas.

During 2006, WW initiated investigations into recycling of waste as well as a life-cycle analysis of ships with a view to improving the environmental impact of the overall activities of the shipowning companies. Two vessels received a "Green Passport" in 2006 which lists the materials used in their construction. A further five ships are budgeted to receive such documentation in 2007.

Unitor Chemicals developed and began producing three new environmentally-adapted marine chemicals in 2006 for cleaning chemical tanks and cargo holds.

The European Union's detergent directive was implemented in 2006, with 1 January 2007 as the final date for implementation. These regulations set new and stricter environmental standards for the composition and labelling of washing and cleaning products which are produced, imported or sold in the EU. All Unitor Chemicals' products meet the new standard in terms of both content and labelling

For further details, see WW's separate environmental report.

## SECURITY

The picture for global threats presents a challenge to companies operating internationally. In cooperation with Wallenius/Soya Group in Stockholm, WW has developed plans to prevent serious criminal activity directed at the companies and their jointly-owned subsidiaries.

Security preparedness on ships owned by WW is based on the International Ship and Port Facility Security code and the Safety of Life at Sea (Solas) convention. WW's operating systems at sea and on land satisfy international requirements and have been subject to the necessary certification processes.

## SOCIAL RESPONSIBILITY

The WW group's most important contribution to accepting social responsibility is to conduct its business well in accordance with the international and national regulations which govern its operations. That creates value for society.

WW is concerned to contribute to sustainable development. A review of the group's guidelines on social responsibility has been launched. The group has a strong desire to contribute to a more environment-friendly society, and pursues this in several areas - both with its partners and on its own.

Attention is focused on important environmental areas in part through a collaboration with Norway's Bellona foundation, which was established in the spring of 2006. This was WW's first agreement of its kind with an environmental organisation, and aims to achieve real improvements to the environment. The two sides discuss environmental challenges and areas where improvement is needed, and develop proposals for new and innovative solutions.

## WW WORKS ACTIVELY ON PREVENTIVE ENVIRONMENTAL MEASURES, AND AIMS TO BE AHEAD OF DEVELOPMENTS IN LEGISLATION AND REGULATIONS.

The WW group is also actively involved in many local communities through collaboration agreements with a number of voluntary organisations.

A continuous focus is maintained by WW on ethics and business morals in all parts of its business. Ethical guidelines have been drawn up. A number of subsidiaries also have or are establishing their own guidelines for ethics, social responsibility and environmental protection. WWL, for instance, has become a member of the UN's Global Compact, which promotes 10 general principles on human rights, labour conditions, the environment and efforts to combat corruption.

The group's companies and employees must comply at all times with national and international regulations. Corruption or unethical behaviour is unacceptable and will have consequences.

### POLITICAL FRAMEWORK

The WW board has noted with disappointment that shipping companies in Norway still lack competitive terms comparable with those enjoyed by their competitors in the EU. Future frame conditions for Norwegian shipowners remain unclear, despite a number of years of public debate on the issue.

In March 2006, the majority report from the official Schjelderup commission appointed to assess policies for the shipping industry proposed that all special tax provisions for Norwegian shipowners should be abolished. This proposal is highly controversial and has been sharply criticised by the chair of WW, among others.

A very important difference between the EU and Norwegian tonnage tax regimes is that the EU model provides full freedom to organise operations and companies in terms of which assets can be owned and which activities can be pursued in the respective companies. The Norwegian scheme imposes unfortunate lock-in effects, while breaches of the many formal conditions also have major consequences. This model has particularly negative consequences for the type of shipping in which WW is engaged.

While the group's competitors in most EU countries have full freedom from taxation when withdrawing assets from the shipping companies, Norwegian shipowners are taxed at 28% on such withdrawals. In addition comes tonnage tax. The latter amounts to the sole and final tax on shipping income for WW's competitors in Europe. Dividend received by personal shareholders from shipping activities is included in the shareholders' taxable income in both Norway and the EU, so that the Norwegian shipping tax regime is primarily uncompetitive at the company level.

As a consequence of today's Norwegian policies and the uncertainty over future frame conditions for the maritime industry, WW is now registering all its ships outside Norway. Most of the newbuildings are owned and registered in the UK. There are no plans to move the head office.

Transferring tonnage abroad forms part of the adaptation to tough international competition which WW and its subsidiaries face every day. Functions associated with accounting, procurement and other administrative tasks, including those for the Norwegian-owned ships, have been moved to other countries. Even though the transfer primarily applies to the shipping part of the group, other parts of the business will be affected.

WW's board emphasises how important it is for the Norwegian government, after many years of uncertainty, to provide the country's shipowners with competitive terms on a par with those enjoyed by their competitors in the EU. This will be crucial for opportunities to conduct significant shipping activities from Norway in the future.

### PROSPECTS

WW will continue to concentrate on growth in industrial shipping and logistics for

## AFTER ORDINARY FINANCIAL ITEMS, AND ADJUSTED FOR SPECIAL ITEMS, WW EXPECTS TO ACHIEVE A PROFIT FOR 2007 ON A PAR WITH 2006.

rolling cargo, and in maritime services. To secure and safeguard its position as one of the three largest players in its markets, the aim is to pursue further development of:

› an efficient global organisation
› new products and expertise
› market synergies and cross sales.

Continued growth is expected in all cargo categories. This expansion will primarily occur in Asia and eastern Europe. With the tonnage position set to remain tight, WW will pursue an active newbuilding programme.

The group is making a strategic and long-term commitment to logistics, and these activities will be further developed.

A high level of activity in the world's merchant fleet and the newbuilding market is expected to yield good results in the maritime services sector. WMS has completed the integration programme launched in the wake of the Unitor acquisition. A good and effective organisational foundation has been laid for continued growth in volume and market shares.

The board would express its thanks to customers and employees who have contributed to substantial value creation by WW.

After ordinary financial items, and adjusted for special items, WW expects to achieve a profit for 2007 on a par with 2006.

***Lysaker, 17 March 2007***
The board of directors of Wilh. Wilhelmsen ASA

Wilhelm Wilhelmsen
chair

Leif T Løddesøl
deputy chair

Helen Juell

Odd Rune Austgulen

Bettina Banoun

Diderik Schnitler

Ingar Skaug
group CEO

**FROM LEFT:**
Bettina Banoun
Diderik Schnitler
Helen Juell
Wilhelm Wilhelmsen (chair )
Leif T Løddesøl (deputy chair)
Odd Rune Austgulen

# ACCOUNTS AND NOTES 2006

The WW group achieved a record net profit in 2006 as a result of good and purposeful work in all parts of its organisation, supported by buoyant markets.

# INCOME STATEMENT > GROUP

| USD mill | Note | 2006 | 2005 | 2004 |
|---|---|---|---|---|
| **Operating income** | | | | |
| Freight revenue | | **246** | 239 | 229 |
| Other operating revenue | 1 | **585** | 338 | 147 |
| Share of profits from associates and joint ventures | 2/3 | **59** | 104 | 66 |
| Gain on sale of assets | 1 | **85** | 10 | 3 |
| **Total operating income** | | **975** | 690 | 445 |
| **Operating expenses** | | | | |
| Voyage expenses | | | (3) | (3) |
| Vessel expenses | 1 | **(39)** | (35) | (31) |
| Charter expenses | | **(4)** | (5) | (9) |
| Material cost | | **(247)** | (104) | |
| Wages and remunerations | 4 | **(229)** | (188) | (118) |
| Other expenses | 1 | **(107)** | (94) | (64) |
| Depreciation and amortisation | 5 | **(54)** | (56) | (57) |
| **Total operating expenses** | | **(681)** | (485) | (282) |
| **Net operating profit** | | **294** | 206 | 163 |
| Net financials | 1 | **(21)** | (5) | 1 |
| **Profit / (loss) before tax** | | **273** | 201 | 164 |
| Tax | 6 | **(43)** | (10) | 7 |
| **Profit / (loss) for the period** | | **230** | 191 | 171 |
| Of which: minority interests | | **3** | 3 | 3 |
| majority interest | | **227** | 188 | 168 |
| Earnings per share (USD) | | **4.73** | 3.91 | 3.51 |
| Diluted earnings per share (USD) | | **4.73** | 3.92 | 3.52 |

Restatement of 2004 figures due to change in consolidation method for 29 entities in Maritime Services segment (Barwil) – separate explanatory sheet presented (note 17).

# BALANCE SHEET > GROUP

| USD mill | Note | 30.12.2006 | 31.12.2005 | 31.12.2004 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Fixed assets** | | | | |
| Deferred tax asset | 6 | **44** | 56 | 22 |
| Goodwill and intangible assets | 5 | **171** | 155 | 25 |
| Vessels, property, fixtures | 5 | **1 098** | 842 | 701 |
| Pension assets | 7 | **5** | 5 | 5 |
| Investments in associates and joint ventures | 2/3 | **532** | 512 | 424 |
| Other long-term assets | 8 | **27** | 73 | 63 |
| **Total fixed assets** | | **1 877** | 1 644 | 1 239 |
| **Current assets** | | | | |
| Other current assets | 8 | **389** | 197 | 94 |
| Inventory | 9 | **91** | 73 | |
| Short-term financial investments | 10 | **174** | 164 | 121 |
| Cash and bank deposits | 11 | **203** | 185 | 143 |
| **Total current assets** | | **857** | 619 | 357 |
| **Total assets** | | **2 735** | 2 263 | 1 596 |
| **EQUITY AND LIABILITIES** | | | | |
| **Equity** | | | | |
| Paid-in capital | | **125** | 125 | 125 |
| Retained earnings | | **904** | 702 | 607 |
| Minority interests | | **8** | 6 | 4 |
| **Total equity** | | **1 037** | 834 | 736 |
| **Provisions for liabilities** | | | | |
| Pension liabilities | 7 | **78** | 71 | 70 |
| Deferred tax | 6 | **62** | 43 | 11 |
| **Total provision for liabilities** | | **140** | 113 | 81 |
| **Long-term liabilities** | | | | |
| Long-term interest-bearing debt | 12/13 | **1 075** | 758 | 544 |
| Other long-term liabilities | | **59** | 50 | 10 |
| **Total long-term liabilities** | | **1 134** | 808 | 554 |
| **Current liabilities** | | | | |
| Tax payable | 6 | **3** | 3 | 1 |
| Public duties payable | | **15** | 14 | 14 |
| Other current liabilities | 8/12 | **405** | 491 | 210 |
| **Total current liabilities** | | **423** | 508 | 225 |
| **Total equity and liabilities** | | **2 735** | 2 263 | 1 596 |

**Lysaker 17 March 2007**
The board of directors of Wilh. Wilhelmsen ASA

Wilhelm Wilhelmsen, chair — Leif T. Løddesøl, deputy chair — Helen Juell — Odd Rune Austgulen — Bettina Banoun — Diderik Schnitler — Ingar Skaug, group CEO

# CASH FLOW STATEMENT > GROUP

| USD mill | 2006 | 2005 | 2004 |
|---|---|---|---|
| **Cash flow from operating activities** | | | |
| Income before taxes | **273** | 201 | 164 |
| Taxes paid in the period | **(3)** | (3) | (7) |
| Unrealised part of financial instruments | **(36)** | (42) | |
| Loss/(gain) on sale of fixed assets | **(1)** | (10) | |
| Loss/(gain) from sale of subsidiaries and other companies | **(93)** | | |
| Depreciation and write-down | **54** | 56 | 57 |
| Share of net result from associates | **(6)** | (49) | (34) |
| Difference expensed pension and premium paid | **7** | (2) | 3 |
| Changes in receivables/liabilities/bunkers | **(15)** | 18 | (13) |
| Change in inventories | **(18)** | | |
| Changes in market value - trading portfolio | **(10)** | (40) | (54) |
| Change in other periodic accruals | **28** | 30 | 28 |
| **Net cash provided by/(used in) operating activities** | **180** | 159 | 144 |
| **Cash flow from investing activities** | | | |
| Proceeds from sale of fixed assets | **7** | 89 | 5 |
| Proceeds from sale of subsidiaries and other companies | **5** | | |
| Investments in fixed assets and goodwill | **(334)** | (181) | (114) |
| Investments in subsidiaries and other companies | **(49)** | (240) | (100) |
| Changes in other investments | **35** | (10) | 2 |
| **Net cash flow provided by/(used in) investing activities** | **(336)** | (342) | (207) |
| **Cash flow from financing activities** | | | |
| Proceeds from issuance of debt | **583** | 374 | 175 |
| Repayment of debt | **(333)** | (93) | (85) |
| Purchase own shares | **(14)** | | (2) |
| Dividends paid | **(64)** | (58) | (36) |
| **Net cash flow provided by/(used in) financing activities** | **172** | 223 | 52 |
| Net increase/(decrease) in cash and cash equivalents | **16** | 40 | (11) |
| Cash and cash equivalents at 01.01 | **185** | 143 | 151 |
| **Cash and cash equivalents at 31.12** | **201** | 183 | 140 |
| **Restricted bank deposits at 31.12** | | | |
| Employee tax withholding account | **2** | 2 | 3 |
| **Total cash and cash equivalents at 31.12** | **203** | 185 | 143 |

# EQUITY > GROUP

| USD mill | Share capital | Own shares | Total paid-in capital | Other reserves | Retained earnings | Minority interests | Total equity |
|---|---|---|---|---|---|---|---|
| | ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY | | | | | | |
| **Balance at 01.01.2004** | 130 | (5) | 125 | | 480 | 1 | 606 |
| **Current year's change in equity:** | | | | | | | |
| Currency translation adjustments | | | | | (3) | | (3) |
| Acquisition of own shares | | (1) | (1) | | (2) | | (3) |
| Dividends to shareholders, paid | | | | | (36) | | (36) |
| Options, employees | | 1 | 1 | | | | 1 |
| Net income | | | | | 168 | 3 | 171 |
| **Balance at 31.12.2004** | 130 | (5) | 125 | | 607 | 4 | 736 |

Own shares represented 3.4 per cent of the share capital in nominal value at 31 December 2004.

| USD mill | Share capital | Own shares | Total paid-in capital | Other reserves | Retained earnings | Minority interests | Total equity |
|---|---|---|---|---|---|---|---|
| | ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY | | | | | | |
| **Balance at 31.12.2004** | 130 | (5) | 125 | | 607 | 4 | 736 |
| 01.01.05 Implementation effect of IAS 39 | | | | | 1 | | 1 |
| **Current year's change in equity:** | | | | | | | |
| Valuation of financial instruments | | | | 2 | | | 2 |
| Currency translation adjustments | | | | | (41) | | (41) |
| Dividends to shareholders, paid | | | | | (58) | | (58) |
| Costs of options | | | | | 3 | | 3 |
| Net income | | | | | 189 | 3 | 192 |
| **Balance at 31.12.2005** | 130 | (5) | 125 | 2 | 702 | 6 | 834 |

Own shares represented 3.2 per cent of the share capital in nominal value at 31 December 2005.

| USD mill | Share capital | Own shares | Total paid-in capital | Other reserves | Retained earnings | Minority interests | Total equity |
|---|---|---|---|---|---|---|---|
| | ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY | | | | | | |
| **Balance at 01.01.2006** | **130** | **(5)** | **125** | **2** | **702** | **6** | **834** |
| **Current year's change in equity:** | | | | | | | |
| Valuation of financial instruments | | | | **10** | | | **10** |
| Currency translation adjustments | | | | | **40** | | **40** |
| Acquisition of own shares | | **(3)** | **(3)** | | **(11)** | | **(14)** |
| Dividends to shareholders, paid | | | | | **(64)** | | **(64)** |
| Witholding tax | | | | | **(1)** | | **(1)** |
| Options, employees | | **2** | **2** | | | | **2** |
| Net income | | | | | **227** | **3** | **230** |
| **Balance at 31.12.2006** | **130** | **(6)** | **124** | **12** | **893** | **8** | **1 037** |

Own shares represented 3.8 per cent of the share capital in nominal value at 31 December 2006.

Dividend paid in 2004 was NOK 1 per share in May and NOK 4 per share in October. The 2005 payments were NOK 4 per share in May and NOK 4 per share in November. Dividend paid in 2006 was NOK 5 per share in May and NOK 3.50 per share in October.
The proposed dividend for fiscal 2006 is NOK 5.50 per share, payable in May 2007. A decision on this proposal will be taken by the general meeting on 7 May 2007. Proposed dividend is not included in the year end balance sheet.

## ACCOUNTING PRINCIPLES

Wilh. Wilhelmsen ASA (the company) is domiciled in Norway. The company's consolidated accounts for fiscal 2006 embrace the company and its subsidiaries (referred to collectively as the group) and the group's share of associated companies and joint ventures.

The annual accounts were adopted by the board of directors on 17 March 2007.

## BASIC PRINCIPLES

The consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS), as specified by the European Union.

The group accounts are presented in US dollars (USD), rounded off to the nearest whole million. This is because the bulk of transactions in the group's international operations are denominated in USD. In addition, the bulk of the group's financing is in USD and the required rate of return is stated in this currency.

The consolidated accounts have been prepared under the historical cost convention as modified by the revaluation of financial assets and liabilities (including financial derivatives) at fair value through the income statement.

Preparing financial statements in conformity with International Financial Reporting Standards requires the management to make use of estimates and assumptions which affect the application of the accounting principles and the reported amounts of assets and liabilities, revenues and expenses. Estimates and associated assumptions are based on historical experience and other factors regarded as reasonable in the circumstances. These calculations form the basis for assessing the capitalised value of assets and liabilities which do not find clear expression from other sources. The actual result can vary from these estimates. Areas which contain a number of these assessments or are complex, or areas where assumptions and estimates are significant for the consolidated accounts, are described in more detail below in the section on important accounting estimates and assumptions.

The accounting principles outlined below have been applied consistently for all the periods presented in the consolidated accounts, and in the IFRS opening balance sheet at 1 January 2004 in connection with the conversion to the IFRS.

## CONSOLIDATION PRINCIPLES

### Subsidiaries

Subsidiaries are all entities over which the group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than half of the voting rights. Subsidiaries are consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries which fall within the definition of business pursuant to IFRS 3. Subsidiaries not covered by IFRS 3 are attributed proportionally to the cost of acquisition in accordance with the fair value of the individual assets without regard to deferred tax. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued, liabilities in-curred or assumed at the date of exchange, and costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the date of acquisition, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the group's share of net identifiable assets in the subsidiary is capitalised as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated.

The income statements and balance sheets for group companies with a functional currency which differs from the presentational currency (USD) are translated as follows:

- the balance sheet is translated at the closing exchange rate on the balance sheet date
- the income statement is translated at the average exchange rate
- the translation difference is recognised directly in group equity/minority interests

Goodwill and the fair value of assets and liabilities related to the acquisition of entities which have a functional currency other than the USD are attributed in the acquired entity's functional currency and translated at the exchange rate prevailing on the balance sheet date.

### Associates and joint ventures

Associates and joint ventures are entities over which the group has significant influence or joint control respectively but does not control alone. Significant influence generally accompanies investments where the group has 20-50% of the voting rights. Investments in associates and joint ventures are accounted for by the equity method. Such investments are recognised at the date of acquisition at their acquisition cost, including possible goodwill.

The group's share of the income statement in associates and joint ventures is recognised in the income statement, and is added to the capitalised value of the investments together with its share of equity movements not recognised in the income statement. Dilution of the share of associate companies is recognised in the income statement when the transactions occur for the group.

Unrealised gains on transactions between the group and its associates/ joint ventures are eliminated.

### Minority interests

Minority interests have been disclosed separately from the equity and liabilities. Minority interests include the minority's share of the carrying amount of subsidiaries, including the share of identified additional value at the time of acquisition. Gain on dilution of minority interests is recognised in equity.

## SEGMENT REPORTING

A business segment is a part of the business engaged in providing services or products which are subject to risks and returns that differ from those of other business segments. A geographical segment is engaged in providing products or services within a particular geographical area which is subject to risks and returns that differ from those of segments operating in other geographical markets.

The shipping segment offers a global service covering major global trade routes and ports. Revenue is allocated to geographical segments on the basis of the cargo's loading port. The group does not provide other data broken down geographically apart from revenue, since the reliability measurement criterion cannot be met.

The group has three core business segments;

**Shipping**
This segment is engaged in deepsea transport of cars, roll-on roll-off cargo, high and heavy and non-containerised cargo. Its main customers are global car manufacturers and manufacturers of construction and agriculture equipment. The customer's cargo is carried in a worldwide transport network. This is the group's capital-intensive segment.

**Logistics**
This segment has much the same customer groups as shipping. Customers operating globally are offered sophisticated logistics services. The segment's primary assets are human capital (expertise and systems) and customer contacts reflected in long-term relationships.

**Maritime services**
Wilhelmsen Maritime Services offers ship management, crewing, ships equipment, port agency and related services through a worldwide network of more than 350 offices in 71 countries.

**Holding**
This segment includes shipping activities which fail to meet the definition for other core activities. This includes the group's interest in Express Offshore Transport Pte Ltd, which operates small offshore crew vessels in south-east Asia and the Middle East, as well as the Dockwise Transport NV heavy transport company (both consolidated by the equity method). Corporate WW activities and expenses, and the effect of eliminating intercompany transactions between the segments, are also included in this segment.

## FOREIGN CURRENCY TRANSLATION

**Functional and presentation currency**
The financial statements of the group's entities are measured in the primary currency of the entity (the functional currency). The consolidated financial statements are presented in USD.

**Transactions and balances**
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the transaction at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. If the currency position is regarded as cash flow hedging, gains and losses are recognised directly in equity.

Translation differences on other non-monetary items (both assets and liabilities) are reported as part of the fair-value gain or loss when assessing fair value. Translation differences on non-monetary items, such as equities held at fair value through the income statement, are reported as part of the fair-value gain or loss when assessing fair value. Translation differences on non-monetary items are included in equity as part of the fair value reserve.

**Group companies**
The results and financial position of all the group entities with a functional currency different from the presentation currency are translated into USD. The balance sheet is translated at the closing rate on the balance sheet date for each period. Income and expenses for each income statement are translated at average exchange rates, and all resulting exchange differences related to translation of the balance sheet and the income statement are recognised as a separate equity component.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

## TANGIBLE FIXED ASSETS

Property, fixtures and vessels acquired by group companies are stated at historical cost. Depreciation is calculated on a straight-line basis. A scrap value is calculated for ships which reduces the deprecation base.

The carrying value of fixed assets equals the historical cost less accumulated depreciation and any impairment charges.

The group capitalises loan costs related to ships on the basis of the group's average borrowing rate on interest-bearing debt. Shipbuilder instalments paid, other direct vessel costs and the group's interest costs related to financing the acquisition cost of ships are capitalised on a continuous basis.

Land is not depreciated. Other tangible fixed assets are depreciated over the following expected useful lives;

| | |
|---|---|
| Property | 10-50 years |
| Fixtures | 3-10 years |
| Vessels | 30-35 years (crew vessels 20 years) |

Each part of a fixed asset which is significant for the total cost of the item will be depreciated separately. Components with similar useful lives will be included in a single component.

An analysis of the group's fleet concluded that vessels based on a pure car truck carrier/roll-on roll-off design do not need to be decomposed, since there is no significant difference in the expected useful life for the various components of these vessels over and above docking costs. Costs related to docking and periodic maintenance will normally be depreciated over the period until the next docking.

The estimated residual value and expected useful life of long-lived assets are reviewed at each balance sheet date and, where they differ significantly from previous estimates, depreciation charges will be changed accordingly. Changes are recorded from the quarter after the estimates are changed.

## INTANGIBLE FIXED ASSETS

Amortisation of intangible fixed assets is based on the following expected useful lives;

| | |
|---|---|
| Goodwill | Indefinite life |
| Computer software | 3-5 years |
| Other intangible assets | 5-10 years |

**Goodwill**
Goodwill represents the excess of the cost of acquisition over the fair value of acquired assets less liabilities of the acquired subsidiary, joint venture or associate at the date of acquisition.

Details concerning the accounting treatment of goodwill are provided in the section on consolidation principles above.

### Computer software

Computer software and start-up licences are capitalised in the balance sheet. Costs related to software licences, development or maintenance are expensed as incurred. Costs directly associated with the development of identifiable software owned by the group, with an expected useful life of more than one year, are capitalised. Direct costs embrace software development personnel and a share of relevant overheads. Capitalised computer software developed in-house is amortised using the straight-line method over its expected useful life.

### Other intangible assets

Capitalised expenses related to other intangible fixed assets are amortised over the expected useful lives in accordance with the straight-line method.

## LEASES

Leases for property, equipment and vessels where the group carries substantially all the risks and rewards of ownership are classified as finance leases.

Finance leases are capitalised at the inception of the lease at the lower of fair value of the leased item or the present value of agreed lease payments. Each lease payment is allocated between liability and finance charges. The corresponding rental obligations are included in other long-term liabilities. The associated interest element is charged to the income statement over the lease period so as to produce a periodic rate of interest on the remaining balance of the liability for each period.

Finance leases are depreciated over the shorter of useful life of the asset or the lease term.

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases, net of any financial incentives from the lessor, are charged to the income statement on a straight-line basis over the period of the lease.

## IMPAIRMENT OF NON-FINANCIAL ASSETS

Property, fixtures, vessels and intangible assets are reviewed for potential impairment whenever changes in circumstances or events indicate that the book value of assets may not be recoverable. For the purposes of assessing impairment, assets are grouped at the lowest level for which identifiable independent cash inflows exist (cash-generating units). Impairment testing of vessels with a similar design, organised and operated as a fleet, are evaluated for impairment on the basis that the whole fleet is the lowest cash-generating unit. An impairment loss is the amount by which the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of its fair value less sales costs and its value in use. The value in use is the present value of the future cash inflows expected to be derived from the asset.

An impairment loss recognised in prior periods will be reversed if a change has occurred in the estimates used to determine the recoverable amount of the asset. A loss in the event of a change in value is only reversed to the extent that the asset's carrying amount does not exceed the carrying value which would have been determined, net of depreciation or amortisation. Impairment losses related to goodwill cannot be reversed.

## FINANCIAL ASSETS

The group classifies its financial assets in the following categories: trading financial assets at fair value through the income statement and loans and receivables. The classification depends on the purpose of the asset. Management determines the classification of financial assets at their initial recognition.

### Trading financial assets at fair value through the income statement

This category consists of financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of profit from short-term price gains. Derivatives are also placed in this category unless designated as hedges. Assets in this category are classified as current.

### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivable are classified as other current assets or other long-term assets in the balance sheet.

### Transactions costs

All financial assets are initially recognised at fair value plus transaction costs. Financial assets carried at fair value through the profit and loss are initially recognised at fair value and transaction costs. Realised gains and losses are recognised in the income statement in the period they arise.

## BUNKERS AND INVENTORIES

Bunkers are stated at cost, which is attributed using the first-in, first-out (Fifo) method.

Other inventories are stated at the lower of historical cost determined by the Fifo method or market value. Historical cost for goods in progress and goods of own manufacture are direct production costs plus a share of production overheads. Other inventories are written down for estimated obsolescence.

## RECEIVABLES

Receivables are recognised at face value less provision for bad debts. Provision for bad debts is made on the basis of significant uncertainty related to specified outstanding items.

## CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly-liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown under borrowings in current liabilities on the balance sheet.

## SHARE CAPITAL AND TREASURY SHARES

When the company purchases its own shares (treasury shares), the consideration paid – including any attributable transaction costs net of income tax – is deducted from the equity attributable to the parent company's shareholders until the shares are cancelled or sold. Should such shares subsequently be sold, any consideration received is included in shareholders' equity.

## DIVIDEND

Dividend payments to the parent company's shareholders are recognised as a liability in the group's financial statements from the date when the dividend are approved by the general meeting.

## LOANS

Loans are recognised at fair value when the proceeds are received, net of transaction costs. In subsequent periods, loans are stated at amortised cost using the effective yield method. Any difference between proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the term of the loan.

Loans are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

## DEFERRED TAX

Deferred tax is calculated using the liability method on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates and laws which have been substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available, and that the temporary differences can be deducted from this profit.

Deferred income tax is calculated on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the group.

For group companies subject to the Norwegian tonnage tax regime, the tonnage tax is recognised as an operating cost. A provision for income tax will be made when the annual general meeting has resolved to pay a dividend or that the company should withdraw from the regime.

For companies which are separately liable for tax and which are consolidated using the equity method, the value recognised in the income statement and balance sheet will already be net of tax.

## PROVISIONS

The group makes provisions for restructuring costs and legal claims when a legal or constructive obligation exists as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount can be estimated with a sufficient degree of reliability. Provisions are not made for future operating losses.

## REVENUE RECOGNITION

Revenue from the sale of goods and services is recognised at fair value, net of VAT, returns and discounts. Intragroup sales are eliminated. Sales of goods and services are recognised in the accounting period in which the services are rendered, based on the degree of completion of the relevant transaction. The degree of completion is based on the actual services provided as a proportion of the total services to be provided.

**Freight revenue on time charter basis:**

Freight revenue and expenses relating to vessel voyages are accrued on the basis of the number of days that the voyage lasts before and after the end of the accounting period.

**Contracts of affreightment:**

Revenue and expenses related to voyages under contracts of affreightment are calculated on the basis of the length of the contractual delivery, based on the number of days before and after the end of the accounting period.

## SHARE-BASED COMPENSATION

The group has an option programme for employees at a specified level of management. The granting date was 1 January 2005 and the options were then fully earned. The option scheme is expensed at the earning date. The counterpart entry is an increase in equity.

Participants in the programme can elect to exercise the options granted unconditionally, provided they remain employed by the group, at any time up to 31 December 2007.

## FINANCIAL INSTRUMENTS

Derivatives are usually recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured on a continuous basis at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The group designates certain derivatives as either hedges of fair value of recognised assets and liabilities (fair value hedge), or hedges of highly probable forecast transactions (cash-flow hedges).

At the date of the hedging transaction, the group documents the relationship between hedging instruments and hedged items, as well as the object of its risk management and the strategy underlying the various hedge transactions. The group also documents the extent to which the derivatives used are effective in smoothing the changes in real value or cash flow associated with the hedge items. Such assessments are documented both initially and on an ongoing basis.

The fair value of derivatives used for hedging is shown in note 13. Changes in the hedging equity item are shown in the equity reconciliation.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The fair value of financial instruments not traded in an active market is determined using valuation techniques, such as the discounted value of future cash flows. Independent experts verify the value determination for instruments which are considered material.

**Fair value hedges**

Changes in the fair value of derivatives which are designated and qualify as fair value hedges are recognised in the income statement, together with any changes in fair value which can be attributed to the hedged asset or liability.

**Cash-flow hedge**

The effective portion of changes in the fair value of derivatives designated as cash-flow hedges are recognised directly in equity together with the deferred tax effect. Gain and loss on the ineffective portion is recognised in the income statement. Amounts recognised directly in equity are recognised as income or expense in the income statement in the period when the hedged liability or planned transaction will affect the income statement.

**Derivatives which do not qualify for hedge accounting**
Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instruments which do not qualify for hedge accounting are recognised in the income statement.

## PENSION OBLIGATIONS

Group companies have various pension schemes, and all the employees are covered by a pension plan. These schemes are generally funded through payments to insurance companies or pension funds on the basis of periodic actuarial calculations. The group has both defined contribution and defined benefit plans.

A defined contribution plan is one under which the group pays fixed contributions to a separate legal entity. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

A defined benefit plan is one which is not a defined contribution plan. This type of plan typically defines an amount of pension benefit an employee will receive on retirement, normally dependent on one or more factors such as age, years of service and pay.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, adjusted for unrecognised actuarial gains or losses and unrecognised costs related to pension earnings in earlier periods. The pension obligation is calculated annually by independent actuaries using a straight-line earnings method. The recommendation on pension assumptions made in the Norwegian Accounting Standards Board is applied.

Actuarial gains and losses arising from new information or changes to actuarial assumptions in excess of the higher of 10 per cent of the value of the pension assets or 10 per cent of the pension obligations are recognised in the income statement over the expected average remaining working lives of the employees.

Changes in pension plan benefits are recognised immediately in the income statement unless rights in the new pension plan are conditional on the employee remaining in service for a specific period of time (the vesting period). In that case, the costs associated with the change in benefit are amortised on a straight-line basis over the vesting period.

For defined contribution plans, the group pays contribution to publicly- or privately administered pension insurance plans on an obligatory, contractual or voluntary basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as a payroll expense when they fall due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

## IMPORTANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

When preparing the financial statements the group must make assumptions and estimates. These estimates are based on the actual underlying business, its present and forecast profitability over time, and expectations about external factors, such as interest rates, foreign exchange rates and oil prices, which are outside the group's control. This presents a substantial risk that actual conditions will vary from the estimates.

**Estimated value of goodwill**
The group performs annual tests to ensure that the stated value can be justified. Goodwill is allocated to units which generate cash flows and the value in the balance sheet must as a minimum reflect the fair value of these cash flows. The group has financial models which calculate and determine the fair value through a combination of actual and expected cash-flow generation discounted to present value. The expected future cash-flow generation and models are based on assumptions and estimated.

The calculation of net present value includes the following assumptions:
USD/NOK = 6.35
USD interest rates = 3.5%

**Income tax**
The group is subject to income tax in many jurisdictions. Variant tax systems have required some use of judgement for certain countries in determining income tax for all countries taken together in the consolidated accounts. The final tax liability for some transactions and calculations will be uncertain. The group recognised tax liabilities associated with future decisions in tax cases/disputes, based on estimates of the likelihood that additional income tax will fall due. Should the final outcome of these cases vary from the amount of the original provision, this variance will affect the stated tax expense and provision for deferred tax in the period when the final outcome is determined.

**Revenue recognition**
Revenues and costs associated with vessel voyages are accrued on the basis of the number of days that the voyage lasts before and after the end of the accounting period. Sales of goods and maritime services are recognised in the accounting period in which the services are rendered, based on the degree of completion of the relevant transaction. The degree of completion is based on the actual services provided as a proportion of the total services to be provided. This method requires the group to exercise its judgement in assessing how large a share of the total service has been delivered on the balance sheet date.

## RELATED PARTIES

The company has transactions with its associated companies and joint ventures. These contracts are based on commercial market terms. They relate to the chartering of vessels on long-term charters.

See note 8 for loans to associated companies and joint ventures.

See note 4 to the group accounts concerning remuneration of senior executives in the group, and note 2 in the parent company accounts for information concerning loans and guarantees for employees.

## COMPARATIVE FIGURES

When necessary, comparative figures have been adjusted to conform to changes in presentation for the current year.

# Note 1 > GROSS REVENUE

| USD mill | 2006 | 2005 | 2004 |
|---|---|---|---|
| **Gain on sales of assets** | | | |
| Gain on sales of vessels | | 9 | 1 |
| Gain on sales of associates | **83** | | |
| Gain on sales of other assets | **2** | 1 | 2 |
| **Total gain on sales of assets** | **85** | 10 | 3 |
| | | | |
| **Other operating revenue** | | | |
| Ship Service revenue | **434** | 265 | 97 |
| Ships equipment revenue | **102** | 20 | |
| Manning | **32** | 7 | 7 |
| Ship management | **4** | 16 | 14 |
| Consultancy revenue | **3** | 7 | 6 |
| Other revenue | **10** | 22 | 23 |
| **Total other operating revenue** | **585** | 338 | 147 |
| | | | |
| **Vessel expenses** | | | |
| Luboil | **(5)** | (4) | (4) |
| Stores (water, safety, chemcials, ropes etc.) | **(3)** | (3) | (3) |
| Maintenance of the vessel | **(14** | (14) | (13) |
| Insurance | **(5)** | (5) | (5) |
| Others | **(12)** | (7) | (7) |
| **Total vessel expenses** | **(39)** | (35) | (31) |
| | | | |
| **Other expenses** | | | |
| Bad debt | **(1)** | (2) | (1) |
| Rent expenditures | **(28)** | (14) | (7) |
| Communication and IT expenses | **(19)** | (21) | (20) |
| Outside services | **(14)** | (9) | (5) |
| Travel and meeting expenses | **(16)** | (12) | (6) |
| Marketing expenses | **(9)** | (6) | (4) |
| Other administration expenses | **(19)** | (31) | (22) |
| **Total other expenses** | **(107)** | (94) | (64) |
| | | | |
| **Financial income** | | | |
| Interest income | **17** | 13 | 5 |
| Return on short-term financial investments | **13** | 22 | 13 |
| Net currency gain | | 36 | |
| Other financial income | **4** | 1 | 1 |
| **Total financial income** | **34** | 72 | 19 |
| | | | |
| **Financial expenses** | | | |
| Interest expenses | **(48)** | (34) | (17) |
| Net currency loss | **(52)** | | |
| Other financial expenses | **(2)** | (2) | (1) |
| **Total financial expenses** | **(102)** | (36) | (18) |
| | | | |
| **Financial instruments** | | | |
| Realised (loss)/gain related to currency hedging | **6** | 1 | |
| Realised (loss)/gain related to interest rate hedges | **7** | | |
| Unrealised (loss)/gain related of interest rate hedges | **32** | (49) | |
| Unrealised (loss)/gain related of currency and interest rate hedges | **4** | 6 | |
| **Total financial instruments** | **48** | (41) | |
| **Net financial items** | **(21)** | (5) | 1 |

The group's financial instruments hedge liabilities and assets which do not qualify for hedge accounting.
Changes in the fair value of derivatives which do not qualify for hedge accounting are recognised in the income statement.

## Note 2 > INVESTMENTS IN JOINT VENTURES

USD mill

**The following companies are jointly controlled:**

| | Business office, country | Voting share/ownership 2006 | 2005 | 2004 |
|---|---|---|---|---|
| **Shipping** | | | | |
| Wallenius Wilhelmsen Logistics AS | Lysaker, Norway | **50.0%** | 50.0% | 50.0% |
| Mark I Shipping Pte Ltd | Singapore | **50.0%** | 50.0% | 50.0% |
| American Roll-on Roll-off Carrier LLC | New Jersey, USA | **50.0%** | 50.0% | 50.0% |
| Fidelio Inc | New Jersey, USA | **50.0%** | 50.0% | 50.0% |
| Fidelio Limited Partnership | New Jersey, USA | **50.0%** | 50.0% | 50.0% |
| EUKOR Car Carriers Inc | Seoul, Republic of Korea | **40.0%** | 40.0% | 40.0% |
| EUKOR Car Carriers Singapore Pte Ltd | Singapore | **40.0%** | 40.0% | 40.0% |
| EUKOR Shipowning Singapore Pte Ltd | Singapore | **40.0%** | 40.0% | 40.0% |
| **Logistics** | | | | |
| American Shipping & Logistics Inc (former American Auto Logistics Inc) | New Jersey, USA | **49.9%** | 49.9% | 49.9% |
| American Logistics Network LLC | New Jersey, USA | **49.9%** | 49.9% | 49.9% |
| **Holding** | | | | |
| Express Offshore Transport Pte Ltd | Singapore | **50.0%** | 100.0% | 100.0% |

| **Summarised financial information:** | 2006 | 2005 | 2004 |
|---|---|---|---|
| Share of operating income | **1 568** | 1 591 | 1 439 |
| Share of operating expenses | **(1 462)** | (1 491) | (1 342) |
| Share of net financial items | **(78)** | (18) | (23) |
| Share of tax | **5** | (8) | (21) |
| **Share of profit/(loss) for the period** | **33** | 74 | 53 |
| | | | |
| Share of fixed assets | **831** | 858 | 863 |
| Share of current assets | **328** | 448 | 361 |
| **Total assets** | **1 159** | 1 306 | 1 224 |
| | | | |
| Share of equity 01.01 | **341** | 264 | 224 |
| Share of profit/(loss) for the period | **33** | 74 | 53 |
| Change in equity | **54** | 47 | |
| Receive dividend | **(39)** | (22) | (22) |
| Currency translation adjustments | **6** | (22) | 9 |
| **Share of equity 31.12** | **396** | 341 | 264 |
| | | | |
| Share of long-term liabilities | **557** | 653 | 676 |
| Share of current liabilities | **206** | 312 | 285 |
| **Total liabilities** | **763** | 964 | 961 |
| | | | |
| **Total equity and liabilities** | **1 159** | 1 306 | 1 224 |
| | | | |
| **Share of the equity** | | | |
| Book Value | **385** | 331 | 253 |
| Added value | **11** | 11 | 11 |
| | | | |
| **Added value include** | | | |
| Goodwill | **11** | 11 | 11 |
| | | | |
| Share of profit/(loss) from joint ventures | **33** | 74 | 53 |
| Share of profit/(loss) from associates, see note 3 | **26** | 30 | 13 |
| **Share of profit/(loss) from joint ventures and associates** | **59** | 104 | 66 |
| | | | |
| Share of equity from joint ventures | **396** | 341 | 264 |
| Share of equity from associates, see note 3 | **135** | 171 | 161 |
| **Share of equity from joint ventures and associates** | **532** | 512 | 424 |

The value related to the underlying assets in the French joint venture company Global Automotive Logistics (owner of French logistics company Compagnie d'Affrètement et de Transport), was written down by USD 25.3 million to zero in the second quarter of 2006.
The establishment of Express Offshore Transport Pte Ltd as a joint venture on 1 February 2006 had a positive effect on net operating income through an accounting gain of roughly USD 9.5 million.

## Note 3 > INVESTMENTS IN ASSOCIATES

USD mill

Equity method is applied for consolidation of associates.

| | Business office/country | | Voting/control share | |
|---|---|---|---|---|
| **Logistics segment** | | 2006 | 2005 | 2004 |
| Glovis Co Ltd | Republic of Korea | **20.0%** | 20.0% | 25.0% |
| | | | | |
| **Holding** | | | | |
| Dockwise Transport NV | Netherlands Antilles | **0%** | 21.3% | 21.3% |
| | | | | |
| **Maritime services - companies with significant shares of profits** | | | Profit sharing agreements* | |
| Almoayed Barwil Ltd | Bahrain | **50.0%** | 50.0% | 50.0% |
| Barwil - QC Agencies Ltd | Bangladesh | **50.0%** | 50.0% | |
| Barwil Unimasters Ltd | Bulgaria | **50.0%** | 50.0% | 50.0% |
| Barwil Huayang Shipping Service Co Ltd | China | **50.0%** | 50.0% | 50.0% |
| Shanghai Barwil Huayang Shipping Agencies Co Ltd | China | **50.0%** | 50.0% | 50.0% |
| Transocean OY AB | Finland | | 50.0% | 50.0% |
| Barwil Georgia Ltd | Georgia | **50.0%** | 50.0% | 50.0% |
| Denholm Barwil Ltd | Great Britain | **40.0%** | 40.0% | 40.0% |
| Barklav (HK) Ltd | Hong Kong | **50.0%** | 50.0% | 50.0% |
| Seawilh Limited | Hong Kong | | 50.0% | 50.0% |
| Barwil Forbes Shipping Services Ltd | India | **50.0%** | 50.0% | 50.0% |
| Barwil Pars Ltd | Iran | **50.0%** | 50.0% | 50.0% |
| Barwil Tehran Co Ltd | Iran | **50.0%** | 50.0% | 50.0% |
| Barwil Si.Mar Srl | Italy | **49.0%** | 49.0% | 49.0% |
| Barwil Zaatarah Agencies Ltd | Jordan | **48.8%** | 48.7% | 48.7% |
| Alghanim Barwil Shipping Co WLL | Kuwait | **49.0%** | 40.0% | 40.0% |
| Barwil S&K Shipping Agencies SAL | Lebanon | **49.0%** | 49.0% | 49.0% |
| Barber Moss Ship Management AS | Norway | **50.0%** | 50.0% | 50.0% |
| CMA CGM Scandinavia AS | Norway | **49.0%** | 49.0% | 49.0% |
| Towell Barwil Co LLC | Oman | **30.0%** | 30.0% | 30.0% |
| Barwil Agencies SA | Panama | **47.0%** | 35.0% | 35.0% |
| Lonemar SA | Panama | **47.0%** | 47.0% | 47.0% |
| Barwil-Smith Bell Shipping Inc | Philippines | **40.0%** | 40.0% | 40.0% |
| Barwil Hyop Woon Agencies Ltd | Republic of Korea | **50.0%** | 50.0% | 50.0% |
| Haeyoung Maritime Services Co Ltd | Republic of Korea | **20.0%** | 20.0% | |
| Barwil Star Agencies SRL | Romania | **50.0%** | 50.0% | 50.0% |
| Binzagr Barwil Maritime Transport Co Ltd | Saudi Arabia | **50.0%** | 50.0% | 50.0% |
| Nagliyat Al Saudia Company Ltd | Saudi Arabia | **49.6%** | 49.6% | 49.6% |
| Barber-CS Marine (Singapore) Pte Ltd | Singapore | | 50.0% | 50.0% |
| Baasher Barwil Agencies Ltd | Sudan | **50.0%** | 50.0% | 50.0% |
| Barwil - National Maritime Shipping Services Ltd | Syrian Arab Republic | **50.0%** | 50.0% | 50.0% |
| CMA CGM & ANL (Taiwan) Ltd | Taiwan | **40.0%** | 40.0% | 40.0% |
| Barwil Universal Denizcilik Tasimacilik Ticaret AS | Turkey | **50.0%** | 50.0% | 50.0% |
| Barwil Abu Dhabi Ruwais LLC | United Arab Emirates | **50.0%** | 50.0% | 50.0% |
| Barwil Dubai LLC | United Arab Emirates | **50.0%** | 50.0% | 49.0% |
| Barwil Ship Services LLC | United Arab Emirates | **42.5%** | 42.5% | 42.5% |
| Knight Transport LLC | USA | **50.0%** | 50.0% | 50.0% |

* Takes account of agreements on profit sharing which is additional to the equity share.
An overview of actual equity holdings can be found in the presentation of company structure further on in this report.

USD mill

**Summary financial information on associates - acording to the Group's ownership:**

| | 2006 | 2005 | 2004 |
|---|---|---|---|
| Assets | **248** | 373 | 327 |
| Liabilities | **112** | 202 | 166 |
| Equity | **135** | 171 | 161 |
| | | | |
| Operating income | **490** | 526 | 153 |
| Profit/(loss) | **26** | 30 | 13 |
| | | | |
| **Share of profit/(loss) in material associates** | | | |
| Glovis Co Ltd | **6** | 12 | |
| Dockwise Transport NV (up to 23 December 2006) | **13** | 10 | 8 |

Dockwise Transport NV was sold on 22 December 2006. This sale contributed a gain corresponding to USD 83.1 million in net profit. Glovis Co Ltd acquired a stock market listing on 23 December 2005, and the group's equity interest had a stock market value at 31 December 2006 of USD 226 million.

| **Specification of share of equity and profit/loss:** | | | |
|---|---|---|---|
| Share of equity 01.01 | **171** | 161 | 58 |
| Share of profit/(loss) for the period | **26** | 30 | 13 |
| Additions maritime service | **1** | 1 | 105 |
| Additions holding | **11** | | |
| Disposal logistics | **(1)** | (1) | |
| Disposal maritime services | **(8)** | (6) | (7) |
| Disposal holding | **(68)** | (7) | (8) |
| Currency translation / equity adjustments | **3** | (7) | |
| **Share of equity 31.12** | **135** | 171 | 161 |
| | | | |
| **Share of the equity** | | | |
| Book Value | **105** | 130 | 91 |
| Added value | **30** | 42 | 70 |
| | | | |
| **Added value include** | | | |
| Goodwill | **30** | 30 | 49 |
| Intangible assets | | 8 | 17 |
| Tangible assets – added value | | 4 | 4 |

# Note 4 > WAGES AND REMUNERATION

| USD mill | 2006 | 2005 | 2004 |
|---|---|---|---|
| Wages | **138** | 107 | 71 |
| Payroll tax | **15** | 17 | 6 |
| Pension cost | **18** | 13 | 10 |
| Wages and remuneration seagoing personnel | **27** | 23 | 21 |
| Other remuneration | **31** | 28 | 10 |
| **Total wages and remuneration** | **229** | 188 | 118 |

**2006**

| Remuneration (USD 1 000) | Chair | Deputy chair | Group CEO | Deputy group CEO/ CFO | Group senior vice president shipping & logistics | President & CEO WMS |
|---|---|---|---|---|---|---|
| Wages/fees/pensions | **461** | **280** | **510** | **318** | **254** | **368** |
| Bonus | | | **181** | **60** | **50** | **67** |
| Pension premium | | | **253** | **35** | **29** | **19** |
| Other remuneration | **17** | **23** | **299** | **94** | **38** | **38** |
| **Total** | **479** | **303** | **1 242** | **507** | **371** | **491** |

**2005**

| Remuneration (USD 1 000) | Chair | Deputy chair | Group CEO | Deputy group CEO/ CFO | Group senior vice president shipping & logistics | President & CEO WMS |
|---|---|---|---|---|---|---|
| Wages/fees/pensions | 442 | 242 | 468 | 304 | 235 | 291 |
| Bonus | 213 | | 213 | 71 | 58 | 18 |
| Pension premium | | | 352 | 44 | 35 | 17 |
| Other remuneration | 17 | 17 | 32 | 124 | 20 | 27 |
| **Total** | 673 | 259 | 1 064 | 544 | 348 | 354 |

**2004**

| Remuneration (USD 1 000) | Chair | Deputy chair | Group CEO | Deputy group CEO/ CFO | Group senior vice president shipping & logistics |
|---|---|---|---|---|---|
| Wages/fees/pensions | 367 | 222 | 405 | 225 | 182 |
| Bonus | | | 126 | 8 | 7 |
| Pension premium | | | 720* | 25 | 18 |
| Other remuneration | 18 | 16 | 263 | 17 | 148 |
| **Total** | 385 | 238 | 1 513 | 274 | 335 |

* In connection with the transition to linear earning of pension entitlements, a one-off premium of USD 393 000 was allocated for the group CEO in 2004, which is reflected in the pension premium for the year.

**Board of directors**
Wilhelm Wilhelmsen - chair
Leif T Løddesøl - deputy chair (remuneration consist of director's fee and pension)
Remuneration of the other four directors totalled USD 155 000 in both 2006 and 2005, and USD 80 000 in 2004.

**Senior executives**
Ingar Skaug - group CEO
Sjur Galtung - deputy group CEO/ CFO
Arild B Iversen - group senior vice president shipping & logistics
Dag Schjerven - president & CEO Wilhelmsen Maritime Services AS (from 2005)

| Number of employees | 2006 | 2005 | 2004 |
|---|---|---|---|
| Group companies in Norway | **556** | 623 | 250 |
| Group companies abroad | **4 212** | 4 163 | 3 213 |
| Seagoing personnel Barber International | **8 675** | 8 700 | 6 414 |
| **Total employees** | **13 443** | 13 486 | 9 877 |
| | | | |
| Average number of employees | **13 465** | 11 682 | 10 016 |

| **AUDIT** (USD mill) | | | |
|---|---|---|---|
| Audit fees | **1.0** | 0.9 | 0.7 |
| Consultants fee to auditors - Agreed upon services | **0.2** | 0.1 | 0.2 |
| Consultants fee to auditors - Tax services | **0.8** | 0.4 | 0.2 |
| Consultants fee to auditors - Other | **0.5** | 0.2 | 0.2 |
| **Total** | **2.5** | 1.6 | 1.3 |

See note 2, wages and remuneration, for the parent company.

### OPTION PROGRAMME FOR EMPLOYEES AT A SPECIFIED LEVEL OF MANAGEMENT

The Board of Directors of Wilh. Wilhelmsen ASA (WW) resolved in a Board Meeting 28 October 2004 to renew the Stock Option Programme for employees at a specified level of management in the company, and in its associated subsidiaries. This programme was originally introduced in February 2000 and expired in 31 December 2004.

At the same time, the Board decided to allocate 335 000 shares of Class A shares in WW, currently owned by the company, to the programme, and authorised the group CEO to decide who should be offered an option to purchase shares under the programme. The group CEO has decided to use the authority granted, and, in a letter 3 December 2004, offered a select group of employees the opportunity to participate in the programme.

The options must be exercised in the period from 1 January 2005 - 31 December 2007. The strike price will be the average market price for shares of Class A on the Oslo Stock Exchange in the month of December 2004, which was NOK 148 per share. A new average market price closer to the option grant date will be established for personnel who join the programme at a later date.

**Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:**

| | 2006 | | 2005 | |
|---|---|---|---|---|
| | Average exercise price NOK per share | Number of options granted | Average exercise price NOK per share | Number of options granted |
| At 01.01 | | **239 000** | | |
| Granted | | **15 000** | | 320 000 |
| Repealed | | **(5 000)** | | |
| Exercised | **229.00** | **(105 000)** | 203.50 | (81 000) |
| **Outstanding options 31.12** | | **144 000** | | 239 000 |

The real value of the options granted during the period has been calculated with aid of the Black-Scholes option pricing model. This calculation assumes that the options will be exercised after 12 months. Volatility measured by the standard deviation for the expected share yield is based on a statistical analysis of the average daily share price over the next three years.

The cost will be allocated over the earning period. Since the options granted can be exercised from day one, USD 1.9 million was recognised directly in the accounts as the total cost for 2005. For options granted in 2006 USD 50 000 has been recognised directly in the accounts.

A provision of USD 0.4 million has been made at 31 December for payroll tax on the difference between the fair value and the strike price of outstanding options.

## Note 5 > GOODWILL, INTANGIBLE ASSETS AND FIXED ASSETS

| USD mill | Property | Fixtures | Vessels | Newbuilding contracts | Total fixed assets |
|---|---|---|---|---|---|
| Cost price 01.01.2004 | 75 | 31 | 990 | 23 | 1 119 |
| Additions | 2 | 4 | 63 | 49 | 119 |
| Disposals | (7) | (3) | (5) | (20) | (34) |
| Currency translation adjustments | 6 | 1 | | | 6 |
| Cost price 31.12.2004 | 76 | 33 | 1 048 | 53 | 1 209 |
| Accumulated depreciation and impairment losses 01.01.2004 | (18) | (20) | (421) | | (459) |
| Depreciation | (3) | (3) | (48) | | (54) |
| Reversal on disposal | 3 | 2 | 1 | | 6 |
| Currency translation adjustments | | (1) | | | (1) |
| Accumulated depreciation and impairment losses 31.12.2004 | (19) | (22) | (468) | | (509) |
| **Carrying amounts 31.12.2004** | 57 | 11 | 580 | 53 | 701 |
| Economic lifetime | Up to 50 years | 3-10 years | 25-35 years | | |
| Depreciation schedule | Straight line | Straight line | Straight line | | |
| Cost price 01.01.2005 | 76 | 33 | 1 048 | 53 | 1 209 |
| Additions | | 4 | 165 | 40 | 209 |
| Acquisitions through business combination | 51 | 101 | | | 151 |
| Disposals | | (5) | (125) | (32) | (162) |
| Currency translation adjustments | (1) | (4) | | | (5) |
| Cost price 31.12.2005 | 125 | 128 | 1 088 | 61 | 1 402 |
| Accumulated depreciation and impairment losses 01.01.2005 | (19) | (22) | (468) | | (509) |
| Depreciation | (2) | (5) | (41) | | (49) |
| Acquisitions through business combination | (13) | (48) | | | (61) |
| Reversal on disposal | | 4 | 48 | | 52 |
| Currency translation adjustments | 3 | 3 | | | 6 |
| Accumulated depreciation and impairment losses 31.12.2005 | (31) | (69) | (461) | | (561) |
| **Carrying amounts 31.12.2005** | 94 | 60 | 627 | 61 | 842 |
| Economic lifetime | Up to 50 years | 3-10 years | 25-35 years | | |
| Depreciation schedule | Straight line | Straight line | Straight line | | |
| Cost price 01.01.2006 | **125** | **128** | **1 088** | **61** | **1 402** |
| Additions | **5** | **33** | **233** | **85** | **357** |
| Disposals | **(2)** | **(22)** | | **(46)** | **(70)** |
| Reversal on disposal of subsidiaries | | | **(34)** | | **(34)** |
| Currency translation adjustments | **10** | **10** | | | **20** |
| Cost price 31.12.2006 | **138** | **149** | **1 288** | **101** | **1 676** |
| Accumulated depreciation and impairment losses 01.01.2006 | **(31)** | **(69)** | **(461)** | | **(561)** |
| Depreciation | **(3)** | **(13)** | **(33)** | | **(49)** |
| Reversal on disposal | | **18** | | | **18** |
| Reversal on disposal of subsidiaries | | | **23** | | **23** |
| Currency translation adjustments | **(2)** | **(5)** | | | **(8)** |
| Accumulated depreciation and impairment losses 31.12.2006 | **(37)** | **(70)** | **(471)** | | **(578)** |
| **Carrying amounts 31.12.2006** | **101** | **80** | **817** | **101** | **1 098** |
| Economic lifetime | Up to 50 years | 3-10 years | 30-35 years | | |
| Depreciation schedule | Straight line | Straight line | Straight line | | |

> The group has a leaseback agreement for eleven vessels in the shipping segment. Those car carriers covered by the lease had a book value at 31 December of USD 385.6 million (2005: USD 228.6 million), and depreciation for the year came to USD 11 (2005: USD 13.6 million). The leasing commitment is classified as a long-term liability. See note 12.

> Finacial expenses of USD 4.8 million relating to newbuilding contracts were capitalised in 2006 (2005: USD 1.8 million).

> To secure further new and modern tonnage, WW and its partners will continue to be active in the newbuilding market. Forty-four new car carriers are due for delivery from February 2007 to 2011, including eight for WW. Two vessels will be delivered from Ray Shipping (time charters), two from Daewoo and four from Mitsubishi Heavy Industries.

| USD mill | Goodwill | Software licences | Total |
|---|---|---|---|
| **INTANGIBLE ASSETS** | | | |
| **2004** | | | |
| Cost price 01.01.2004 | 14 | 7 | 21 |
| Accumulated depreciation and impairment losses | | (3) | (3) |
| Balance 01.01.2004 | 14 | 4 | 18 |
| Acquisition / Disposal | 4 | 5 | 9 |
| Amortisation for the year | | (2) | (2) |
| Balance 31.12.2004 | 18 | 7 | 25 |
| Cost price 31.12.2004 | 18 | 12 | 30 |
| Accumulated depreciation and impairment losses | | (5) | (5) |
| **Carrying amounts 31.12.2004** | 18 | 7 | 25 |
| **2005** | | | |
| Acquisition / Disposal | (6) | 4 | (1) |
| Acquisition through business combinations | 121 | 17 | 138 |
| Amortisation and impairment losses for the year | (2) | (4) | (6) |
| Balance 31.12.2005 | 131 | 24 | 155 |
| Cost price 31.12.2005 | 133 | 33 | 166 |
| Accumulated depreciation and impairment losses | (2) | (9) | (11) |
| **Carrying amounts 31.12.2005** | 131 | 24 | 155 |
| **2006** | | | |
| Acquisition / Disposal | **2** | **16** | **18** |
| Reversal on disposal | **2** | | **2** |
| Amortisation and impairment losses for the year | | **(5)** | **(5)** |
| Currency translation adjustments | **4** | **(4)** | |
| **Balance 31.12.2006** | **139** | **32** | **171** |
| Cost 31.12.2006 | **135** | **49** | **185** |
| Accumulated amortisation and impairment losses | | **(14)** | **(14)** |
| Currency translation adjustments | **4** | **(4)** | |
| **Carrying amounts 31.12.2006** | **139** | **32** | **171** |

**Impairment testing of goodwill**
Goodwill is allocated to the lowest identifiable level for which identifiable independent cash inflows exist (cash-generating units).
No impairment was necessary for goodwill at 31 December.

**A segment-level summary of the goodwill allocation:**

| | 2006 | 2005 | 2004 |
|---|---|---|---|
| Wilhelmsen Maritime Services - Barwil Unitor Ships Service | **133** | 125 | 12 |
| Shipping | **6** | 6 | 6 |
| **Total** | **139** | 131 | 18 |

# Note 6 > TAXES

USD mill

| | 2006 | 2005 | 2004 |
|---|---|---|---|
| **Distribution of tax expenses for the year** | | | |
| Payable taxes | **21** | 5 | 3 |
| Change in deferred tax | **22** | 5 | (10) |
| **Total taxes** | **43** | 10 | (7) |
| | | | |
| Payable taxes in Norway | **13** | | |
| Payable taxes foreign | **8** | | |

**Reconciliation of actual tax cost against expected tax cost in accordance with the ordinary Norwegian income tax rate of 28%:**

| | 2006 | 2005 | 2004 |
|---|---|---|---|
| Income before taxes | **268** | 201 | 164 |
| 28% tax | **75** | 56 | 46 |
| | | | |
| **Tax effect from:** | | | |
| Permanent differences | **2** | 3 | 1 |
| Non-taxable income | **(44)** | (29) | (26) |
| Share of profits from associates and joint ventures | **(17)** | (29) | (21) |
| Departure from the tonnage tax scheme | **28** | 12 | |
| Translation adjustment effect | **(3)** | | (4) |
| Other | **1** | (3) | (2) |
| **Calculated tax for the group** | **43** | 10 | (7) |
| | | | |
| **Effective tax rate for the group** | **15.94%** | 5.19% | (4.0%) |

Norwegian limited companies are subject to the exemption method for taxation of income from shares. With this method, dividend and gain on shares are exempt from tax for shareholders. Similarly, losses on shares are not tax deductible. Income on shares from low-tax countries outside the European Economic Area (EEA) is excluded from the exemption method. So is income of less than 10% from assets outside the EEA.

Part of the shipping business in the group is subject to the special Norwegian tonnage tax regime for shipping companies through wholly-owned subsidiaries. For fiscal 2006, this applied to Wilhelmsen Shipping AS and Wilhelmsen Lines Shipowning AS. Abeer AS withdrew from the tonnage tax regime on 1 January 2006 in connection with the acquisition of Unitor ASA in the autumn of 2005 and the consequent delisting of that company from the Oslo Stock Exchange.

Under Norway's tonnage tax regime, operating income is first taxed when dividend is paid by the shipping company or on departure from the regime. As a general rule, financial income is subject to ordinary tax. Currency gains and losses on receivables and liabilities in foreign currencies are liable for/deductible from tax in accordance with the relationship between the carrying amount of financial capital and total capital. Deductions are only allowed for the proportion of interest costs which accords with the relationship between the carrying amount of financial capital and total capital. At 31 December, untaxed capitalised equity in the companies subject to the tonnage tax regime amounted to USD 920 million (2005: USD 1 138 million, 2004: USD 1 005 million). The deferred tax liability is not capitalised, since no plans exist for any of the companies to pay dividend or depart from the tonnage tax regime.

In addition to tax on dividend paid, companies covered by the tonnage tax regime are subject to a tax based on the net tonnage of vessels owned and chartered from abroad. This amounted to USD 0.2 million for 2006 (2005: USD 0.2 million, 2004: USD 0.7 million) and is classified as an operating cost.

Profit/loss from associated companies is recognised after tax, and accordingly has no effect on tax expense at group level.

**Deferred tax**

Deferred income tax assets and liabilities are offset when there is a legal enforceable right to offset current tax assets against current liabilities and when the deferred income taxes relates to the same fiscal authority.

| USD mill | 2006 | 2005 | 2004 |
|---|---|---|---|
| Deferred tax assets to be recovered after more than 12 month | **33** | 51 | 16 |
| Deferred tax assets to be recovered within 12 month | **11** | 5 | 6 |
| **Total deferred tax assets** | **44** | 56 | 22 |
| | | | |
| Deferred tax to be recovered after more than 12 month | **(48)** | (40) | (9) |
| Deferred tax to be recovered within 12 month | **(14)** | (3) | (2) |
| **Total deferred tax** | **(62)** | (43) | (11) |
| | | | |
| Net | **(18)** | 13 | 11 |
| | | | |
| Net deferred tax assets/(deferred tax) at 01.01 | **13** | 11 | (9) |
| Translation adjustment effect | **(8)** | 1 | 5 |
| Acquisition of subsidiary | | 8 | 4 |
| Tax charged to equity | **(1)** | (1) | 1 |
| Income statement charge | **(22)** | (5) | 10 |
| **Net deferred tax assets/(deferred tax) at 31.12** | **(18)** | 13 | 11 |

| | 2006 | | 2005 | | 2004 | |
|---|---|---|---|---|---|---|
| | Deferred tax assets | Deferred tax | Deferred tax assets | Deferred tax | Deferred tax assets | Deferred tax |
| Fixed assets | | **(24)** | | (10) | | (16) |
| Other items | | **(45)** | | (11) | | (3) |
| Long-term assets and liabilities | **14** | | 24 | | 11 | |
| **Total long-term items** | **14** | **(68)** | 24 | (21) | 11 | (19) |
| Current assets and liabilities | **10** | | 2 | (4) | 5 | |
| Tax losses carried forward | **26** | | 12 | | 14 | |
| **Total deferred tax assets/(deferred tax)** | **51** | **(68)** | 38 | (25) | 30 | (19) |
| | | | | | | |
| Net | **(18)** | | 13 | | 11 | |

Deferred income tax assets are recognised for tax loss carried-forward to the extent that the realisation of the related tax benefit through the future taxable profits is probable.

## Note 7 > PENSIONS

**Description of the pension scheme**

- The WW group has always had a good defined benefit plan for its employees in Norway. For many years, this plan was organised as a collective policy in a life insurance company.
- At 1 January 1993, WW established its own pension fund – Wilh. Wilhelmsen Pensjonskasse. Pension benefits include coverage for old age, disability, spouse and children, and supplement payments by the Norwegian National Insurance system. The full pension entitlement is earned after 30 years of service and gives the right to an old age pension at a level of 66% of gross salary, including National Insurance and other social security payments.
- It was resolved in the first quarter of 2005 that WW would convert to a defined contribution pension scheme. All employees were given full freedom of choice. WW Pensjonskasse was then closed and a contract for a defined contribution pension plan was established with Vital Forsikring. Contributions paid by the employer are the maximum permitted by law. Unitor ASA was acquired in the second quarter of 2005. Unitor with associated companies had a defined benefit plan for its employees. A harmonisation process has been pursued in a number of areas, but the existing arrangements were maintained unchanged up to 31 December 2006.
- It was resolved in November that former Unitor employees would be offered a free choice of whether to continue with the defined benefit scheme, which would mean the termination of collective pension provision with the issue of paid-up policies followed by entry into WW Pensjonskasse, or to transfer to the defined contribution scheme. The information and election process has been completed, and the change occurred on 1 January 2007.
- The group also has obligations related to salaries in excess of 12 times the Norwegian National Insurance base amount (G) and agreements on early retirement. Pension obligations related to salaries in excess of 12G and early retirement are financed from operations, with the exeption of one senior executive until 1 January 2007.
- Pension costs and obligations include payroll taxes. No provision has been made for payroll tax in pension plans where the plan assets exceed the plan obligations.
- Subsidiaries outside Norway have separate schemes for their employees which accord with local rules.

| | Funded | | | Unfunded | | |
|---|---|---|---|---|---|---|
| **Numbers of persons covered by pension schemes 31.12** | 2006 | 2005 | 2004 | 2006 | 2005 | 2004 |
| In employment | **869** | 722 | 553 | **270** | 293 | 321 |
| On retirement (inclusive disability pensions) | **561** | 547 | 469 | **733** | 704 | 681 |
| **Total** | **1 430** | 1 269 | 1 022 | **1 003** | 997 | 1 002 |

| | Expenses | | | Commitments | | |
|---|---|---|---|---|---|---|
| **Financial assumptions for the pension calculations:** | 2006 | 2005 | 2004 | 31.12.06 | 31.12.05 | 31.12.04 |
| Expected return on plan assets | **5.0%** | 5.5% | 6.35% | **5.5%** | 5.0% | 5.5% |
| Discount rate | **4.0%** | 4.5% | 5.35% | **4.5%** | 4.0% | 4.5% |
| Anticipated inflation | **2.0%** | 2.0% | 2.0% | **4.0%** | 2.0% | 2.0% |
| Anticipated salary regulation | **3.0%** | 3.0% | 3.0% | **4.5%** | 3.0% | 3.0% |
| Anticipated increase in National base amount | **3.0%** | 3.0% | 3.0% | **4.2%** | 3.0% | 3.0% |
| Anticipated regulations of pension | **2.0%** | 2.0% | 2.0% | **1.6%** | 2.0% | 2.0% |

The discount rate is determined by reference to market yields at the balance sheet date on 10-years government bonds, plus an addition that takes into account that the terms of the commitments are longer than 10 years. The addition equals the yield differential between 10 and 30-years government bonds in the international markets. The type of pensions fund investment and historical returns determine the expected return on risk on pension funds. In the past, the average return on pension funds had been higher than the risk-free rate of interest as part of the pension funds have normally been placed in securities with higher risk than government bonds. In the long term, the return on pension funds is estimated to be one percentage point above the risk-free rate of interest. See breakdown of pension funds as at 31 December.

| **Pension funds investments (in %)** | 31.12.06 | 31.12.05 | 31.12.04 |
|---|---|---|---|
| Short-term bonds | **14.7%** | 16.0% | 15.0% |
| Bonds held in maturity | **43.2%** | 43.4% | 43.4% |
| Monay market | **12.5%** | 9.8% | 8.5% |
| Equities | **24.8%** | 27.4% | 29.5% |
| Other | **4.8%** | 3.4% | 3.7% |
| **Total** | **100.0%** | 100.0% | 100.0% |

The table shows how pension funds including derivatives administered by Storebrand Kapitalforvaltning AS were invested at year-end. The recorded return on assets administered by Storebrand Kapitalforvaltning AS was 7.17 per cent for 2006. The recorded return amounted to 9.04 per cent for 2005 and 9.09 per cent for 2004.

USD mill

**Pensions expenses**

| | 2006 | | | 2005 | | | 2004 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Funded | Unfunded | Total | Funded | Unfunded | Total | Funded | Unfunded | Total |
| Net present value of pension entitlements | **8** | **1** | **9** | 6 | 1 | 7 | 5 | 1 | 6 |
| Interest expenses on pension commitments | **5** | **3** | **8** | 5 | 3 | 8 | 4 | 2 | 6 |
| Anticipated return on pension fund | **(6)** | | **(6)** | (5) | | (5) | (3) | | (3) |
| Amortisation of changes in estimates not recorded in the accounts | | **1** | **1** | 1 | | 1 | 1 | | 1 |
| Accrued payroll tax | **1** | | **1** | 1 | | 1 | | | |
| Cost of defined contribution plan | **4** | | **4** | 1 | | 1 | | | |
| **Net pension expenses** | **13** | **5** | **18** | 9 | 4 | 13 | 8 | 3 | 10 |

**Total pension obligations**

| | 2006 | | | 2005 | | | 2004 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Funded | Unfunded | Total | Funded | Unfunded | Total | Funded | Unfunded | Total |
| Accrued pension obligations | **117** | **72** | **189** | 96 | 60 | 156 | 75 | 60 | 135 |
| Estimated effect of future salary regulation | **13** | **15** | **28** | 22 | 12 | 34 | 24 | 8 | 32 |
| **Total pension obligations** | **130** | **87** | **217** | 117 | 72 | 189 | 99 | 68 | 167 |
| Value of pension funds | **118** | | **118** | 107 | | 107 | 86 | | 86 |
| **Net pension obligations** | **(12)** | **(87)** | **(99)** | (10) | (72) | (82) | (12) | (68) | (81) |
| Changes in the estimates not recorded in the accounts | **10** | **23** | **33** | 10 | 12 | 22 | 13 | 9 | 21 |
| Accrued payroll tax | **(1)** | **(6)** | **(7)** | | (6) | (6) | | (6) | (6) |
| **Recorded pension obligations** | **(3)** | **(70)** | **(73)** | | (65) | (66) | 1 | (66) | (65) |

| **Benefit obligations** | 2006 | 2005 | 2004 |
|---|---|---|---|
| Opening balance | **189** | 167 | 145 |
| Currency | **15** | (17) | |
| Accumulated pension entitlements | **9** | 7 | 5 |
| Interest expenses | **8** | 7 | 8 |
| Pension payments | **(11)** | (9) | (9) |
| Buying and selling | | 16 | |
| Changes in estimates not recorded in the accounts | **7** | 18 | 19 |
| **Balance 31.12** | **217** | 189 | 167 |

| **Fair value of plan assets** | 2006 | 2005 | 2004 |
|---|---|---|---|
| Opening balance | **107** | 86 | 82 |
| Currency | **(8)** | (8) | |
| Returns | **6** | 5 | 5 |
| Premium transfers | **6** | 5 | 4 |
| Pension payments | **(5)** | (4) | (4) |
| Buying and selling | | 15 | |
| Changes in estimates not recorded in the accounts | **(4)** | 8 | (1) |
| **Balance at 31.12** | **118** | 107 | 86 |

Premium transfers in 2007 are expected to be USD 4,5 million. Payments through operations are estimated at USD 5,8 million.

| **Historic developments** | 31.12.06 | 31.12.05 | 31.12.04 | 01.01.04 |
|---|---|---|---|---|
| | IFRS | IFRS | IFRS | IFRS |
| Gross pension commitments, incl payroll tax | **(224)** | (195) | (173) | (159) |
| Fair value of plan assets | **118** | 107 | 86 | 79 |
| Commitments not recorded in the accounts | **33** | 22 | 21 | 18 |
| **Net recorded pension commitments** | **(73)** | (66) | (65) | (62) |

# Note 8 > COMBINED ITEMS, BALANCE SHEET

USD mill

| | 2006 | 2005 | 2004 |
|---|---|---|---|
| **OTHER LONG-TERM ASSETS** | | | |
| Loans to joint ventures | **8** | 45 | 41 |
| Loans to associates | | 8 | 8 |
| Long-term share investment | **3** | 4 | 1 |
| Other long-term asstes | **16** | 16 | 13 |
| **Total other long-term assets** | **27** | 73 | 63 |

| | | | |
|---|---|---|---|
| **Of which long-term debtors falling due for payment later than one year** | | | |
| Loans to joint ventures | **6** | 43 | 39 |
| Loans to associates | | | 8 |
| Long-term share investment | **3** | 4 | 1 |
| Other long-term assets | **16** | 16 | 13 |
| **Total other long-term assets due after one year** | **25** | 62 | 61 |

| | | | |
|---|---|---|---|
| **OTHER CURRENT ASSETS** | | | |
| Bunkers | **2** | 2 | 1 |
| Accounts receivable | **173** | 128 | 49 |
| Financial instuments | **29** | 8 | |
| Outstanding settlement from sale of associate | **141** | | |
| Other current receivables | **44** | 60 | 45 |
| **Total other current assets** | **389** | 197 | 94 |

| | | | |
|---|---|---|---|
| **OTHER CURRENT LIABILITIES** | | | |
| Accounts payable | **134** | 100 | 59 |
| Next years instalment on interest-bearing debt | **164** | 151 | 81 |
| Long-term debt - reclassifed due to breach of covenant 31.12 | | 89 | |
| Financial instruments | **3** | 24 | |
| Other current liabilities | **104** | 127 | 70 |
| **Total other current liabilities** | **405** | 491 | 210 |

## Note 9 > INVENTORIES

USD mill

**Inventories**

| | 2006 | 2005 | 2004 |
|---|---|---|---|
| Raw materials | **4** | 4 | |
| Goods / projects in process | **8** | 4 | |
| Finished goods/products for onward sale | **78** | 65 | |
| **Total inventories** | **91** | 73 | |
| Accrual obsolete inventory | **1** | 1 | |
| | | | |
| Bunkers | **3** | 2 | 1 |

## Note 10 > SHORT-TERM FINANCIAL INVESTMENTS

USD mill

| | 2006 | 2005 | 2004 |
|---|---|---|---|
| Norwegian listed stocks | **7** | 14 | 37 |
| Foreign listed stocks | | | 13 |
| Bonds NOK | **51** | 32 | 43 |
| Bonds USD | **101** | 97 | 7 |
| Structured products NOK | **2** | 4 | 17 |
| Structured products USD | **11** | 11 | 1 |
| Other financial instruments | **2** | 6 | 3 |
| **Total short-terms financial investments** | **174** | 164 | 121 |

## Note 11 > RESTRICTED BANK DEPOSITS AND UNDRAWN COMMITTED DRAWING RIGHTS

USD mill

| | 2006 | 2005 | 2004 |
|---|---|---|---|
| Payroll tax withholding account | **2** | 2 | 3 |

Wilhelmsen Maritime Services AS, Unitor Chemicals AS and Marine Contracting AS do not have an payroll tax withholding account, but a bank guarantee for USD 1.4 million.

| | | | |
|---|---|---|---|
| Undrawn committed drawing rights | **201** | 248 | 130 |

## Note 12 > LONG-TERM INTEREST-BEARING DEBT

USD mill

| | 2006 | 2005 | 2004 |
|---|---|---|---|
| **Long-term interest-bearing debt** | | | |
| Mortgage debt | **221** | 201 | 241 |
| Leasing commitments | **382** | 231 | 111 |
| Bonds | **370** | 325 | 208 |
| Certificate loans | **32** | 25 | 10 |
| Other long-term interest-bearing debt | **234** | 216 | 55 |
| **Total long-term interest-bearing debt** | **1 239** | 998 | 625 |
| | | | |
| **Book value of mortgaged assets** | | | |
| Property | | | 1 |
| Vessels | **804** | 609 | 494 |
| **Total value mortgaged assets** | **804** | 609 | 495 |
| | | | |
| **Repayment schedule for long-term interest-bearing debt** | | | |
| Due in year 1 | **164** | 151 | 81 |
| Due in year 2 | **148** | 103 | 250 |
| Due in year 3 | **47** | 145 | 80 |
| Due in year 4 | **110** | 137 | 67 |
| Due in year 5 and later | **770** | 462 | 147 |
| **Total long-term interest-bearing debt** | **1 239** | 998 | 625 |

The overview above shows the actual maturity structure, with the amount due in year one as the first year's instalment classified under other current liabilities.

Bank loans accounted for roughly 40 per cent of total interest-bearing debt in the group in 2006. Leasing obligations and borrowing in the Norwegian certificate market accounted for about 60 per cent. A key part of the liquidity reserve takes the form of committed drawing rights, which amounted to USD 201 million at 31 December.

Of the group's total leasing commitments, USD 381.1 million relates to a sale/leaseback agreement for eleven car carriers, while the remaining commitments cover office rental and leasing of equipment. The leasing agreement for two car carriers runs until 2008 with options for repurchase/extensions, the leasing agreement for six car carriers runs until 2011 (1), 2012 (2) and 2013 (3) with an option for extension. The charter for five car carriers has a fixed interest rate (fixed annual nominal charter rate), while the charter for a further six carriers has a floating interest rate (varying annual nominal charter rate).

Loan agreements entered into by the group contain financial covenants relating to value-adjusted equity, free liquidity and cash flow. The group was in compliance with these covenants at 31 December 2006 (analogous for 2004).

Unitor AS was in breach of certain of its loan covenants at 31 December 2005. This means that USD 89 million was reclassified in the balance sheet from long-term liabilities to other current liabilities. The company received a waiver from the banks in early 2006 so that the term/maturity date and other terms of the loan were unaffected. As a result, the reclassification has only been made in the balance sheet.

| **Guarantee commitments** | 2006 | 2005 | 2004 |
|---|---|---|---|
| Guarantees for group companies | **371** | 147 | 5 |
| | | | |
| **The carrying amounts of the Group's borrowings are denominated in the following currencies** | | | |
| USD | **547** | 496 | 364 |
| NOK | **403** | 353 | 218 |
| GBP | **289** | 123 | 43 |
| Other currencies | | 26 | |
| **Total** | **1 239** | 998 | 625 |
| | | | |
| **The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates at the balance sheet date are as follows:** | | | |
| 12 month or less | **1 148** | 893 | 560 |

See otherwise note 13 for information on financial instruments (interest rate and currency hedges) relating to interest-bearing debt.

## Note 13 > FINANCIAL RISK

The group's ordinary operations expose the company to risks associated with fluctuations in exchange rates, interest rates and the price of bunkers. Hedging strategies have been established to reduce the effect on results of fluctuations in these markets.

Companies owned 50% or less by WW hedge their own activities. These are recorded in the accounts in accordance with the equity method, so that financial instruments in these companies appear on a separate line in the accounts.

### FOREIGN EXCHANGE RISK

**Cash flow hedging**

The group's foreign exchange strategy is to hedge 25-75% of its net transaction risk on a four-year rolling basis. The hedging will gradually reduce over the four-year period. The bulk of the group's foreign exchange exposure is to NOK, but exposure also exists to other currencies such as the SEK, the EUR, the GBP, the JPY and the KRW. Group accounts are compiled in USD. The foreign exchange exposure is primarily hedged through forward contracts and option structures, but weight is also given to balancing revenues and expenses in each currency.

The group realised a gain of USD 1.4 million on these hedging contracts in 2006 because of a falling USD during the period. The whole exposure was hedged at 31 December, when the hedging portfolio had a positive market value of USD 0.5 million. Of this, USD 0.4 million related to currencies other than the NOK. Wholly-owned subsidiaries hedge a large part of their exposure against the parent company, primarily in NOK. Contracts between the parent company and subsidiaries are recorded net in the consolidated accounts.

At 31 December, the hedge portfolio in Wilhelmsen Maritime Services AS (WMS) comprised the sale of USD against the NOK. These contracts had a positive market value of just under USD 1 million at 31 December.

**Balance sheet hedging**

The parent company has met a significant part of its financial requirements in the Norwegian bond market (just over USD 400 million). Since the parent company has the USD as its functional currency, the bulk of this debt has been hedged in USD. The weaker USD exchange rate has meant a positive change in value of just under USD 20 million on these currency contracts. At 31 December, the contracts had a positive market value of USD 3.8 million. Furthermore, Wilhelmsen Lines Car Carriers Ltd contains currency hedges (GBP/USD) tied to the USD-denominated tax leases for six car carriers. Collectively, these contracts had a positive market value of USD 12 million at 31 December, compared with a negative USD 6.8 million at 31 December 2005 (a positive change in value for the year of USD 18.8 million).

The group has opted for the moment not to hedge its investments in Korean won (KRW).

### INTEREST RATE RISK

The group's long-term interest rate strategy is to ensure that at a minimum of 30% and a maximum of 67% of the interest-bearing debt reflecting the average maturity of existing loan portfolio. Interest hedge contracts held by the group corresponded to about 60% of its outstanding long-term liabilities at 31 December 2006. This is expected to remain stable over the next couple of years.

At 31 December, the overall portfolio of loan hedging instruments had an additional value of USD 8.1 million.

USD 10 million in hedging instruments fall due in 2007, USD 148 million in 2008, USD 6 million in 2009, USD 24 million in 2010, USD 155 million in 2011 and USD 165 million in 2012. To replace interest hedge contracts falling due, the group has secured about USD 140 million in such instruments which commence at a future date. These instruments commence in 2008, and run to the period from 2011 and 2015. This means that the group expects to maintain its hedged proportion at today's level over the next few years. The average remaining term of the existing loan portfolio is just over four years.

At 31 December, WMS had an interest-hedging portfolio with a positive market value of USD 0.9 million.

### CREDIT RISK

The shipping segment is considered to have a low credit risk. No special hedging was undertaken for this type of risk during 2006.

In WMS, the customer risk relates primarily to the ship's service, ship's gear and bunkers activities. The companies have strict credit routines which reduce the risk. Continuous provisions are made for bad debts, and the proportion of bad debts has historically been low. No special hedging was undertaken for this type of risk in 2006.

The proportion of bad debts has historically been low because of good follow-up routines and the strong remedy provided by the ability to arrest ships.

### BUNKERS EXPOSURE

The group's strategy for bunkers is to hedge 20-80% of its requirement for the coming 24 months. Just under 45% of the roughly 900 000 tonnes of bunkers consumed annually by the WW group is hedged for 2007, and about 35% for 2008.

This is done through a combination of various bunkers adjustment clauses (BAF/EFAF) in contracts of affreightment held by Wallenius Wilhelmsen Logistics (WWL) and EUKOR Car Carriers (EUKOR). WWL has various derivatives (futures, options and so forth) in the commodity market. Bunkers consumption in WWL has been hedged during 2007 through options and forward contracts totalling 198 000 tonnes. The WW group's share of these contracts will be about 50%, corresponding to its share of earnings in WWL. The WW group's share of the capitalised value relating to bunkers contracts held by WWL came to a negative USD 2 million at 31 December.

## Cont note 13 > FINANCIAL RISK

### FINANCIAL MANAGEMENT

The group has centralised its financial management in the parent company. Management of funds contained in the shipowning companies has been split off into a separate management area with a low risk profile. The portfolio in the parent company will be managed with a higher risk profile, with shares and bonds accounting for the bulk of its holdings. A maximum of 60% of the portfolio can be invested in shares. The company also takes positions in the currency and interest rate markets through the use of derivatives. Through correct positioning in financial markets, the group achieved a total yield of just under 17% in 2006, with a standard deviation of just over 6%.

### MARKET VALUE OF CAPITALISED FINANCIAL INSTRUMENTS

| USD mill | 2006 | |
|---|---|---|
| | Assets | Liabilities |
| **Interest rate hedges** | | |
| Wilh. Wilhelmsen ASA | 1.1 | |
| Wilhelmsen Lines Shipowning AS | 3.5 | |
| Wilhelmsen Lines AS | 4.6 | |
| Wilhelmsen Lines Car Carriers Ltd | | 1.1 |
| Wilhelmsen Maritime Services AS | 0.9 | |
| **Total interest rate hedges** | 10.1 | 1.1 |
| | | |
| **Currency cash flow hedges** | | |
| Wilh. Wilhelmsen ASA | 0.5 | 1.7 |
| Wilhelmsen Maritime Services AS | 2.4 | |
| **Total currency cash flow hedges** | 2.9 | 1.7 |
| | | |
| **Currency real value hedges (basis swaps)** | | |
| Wilh. Wilhelmsen ASA | 3.8 | |
| Wilhelmsen Lines Car Carriers Ltd | 12.0 | |
| **Total currency real value hedges (basis swaps)** | 15.8 | |
| | | |
| **Total** | 28.8 | 2.8 |

## Note 14 > PROVISIONS

**Restructuring costs**

As a result of the acquisition of Unitor in 2005, a provision of USD 28 million was made in the third quarter for restructuring costs. The estimated costs are based on a specific plan. This restructuring is due to be effectuated by the end of 2006. The remaining provision at 31 December 2006 was USD 1.5 million (2005: USD 13.7 million).

## Note 15 > INVESTMENT HELD FOR SALE

TeamTec AS was sold per 31.01.2006.

**The Group accounts include the following amounts related to Team Tec AS:**

| USD mill | 31.12.2005 |
|---|---|
| Total assets | 11 |
| Total liabilities | 6 |
| Profit/(loss) for det period | 2 |

In addition BASS Group and Wilh. Wilhelmsen terminal in Riga was disposed of in 2005. Net result was USD 1 million.

## Note 16 > EVENTS AFTER THE BALANCE SHEET DATE

No additional events occurred between the balance sheet date and the date when the accounts were presented which provide new information about conditions prevailing on the balance sheet date.

The size and global activities of the WW group dictate that companies in the group will be involved from time to time in disputes and legal actions. However, the group is not aware of any financial risk associated with disputes and legal actions which are not largely covered through insurance arrangements. Any such disputes/actions which might exist are of such a nature that they will not significantly affect the group's financial position.

## Note 17 > KEY FIGURES BUSINESS AREAS

| USD mill | Total | | | Shipping (1) | | | Logistics | | | Maritime services (2) | | | Holding (3) | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 01.01 – 31.12 | 2006 | 2005 | 2004 | 2006 | 2005 | 2004 | 2006 | 2005 | 2004 | 2006 | 2005 | 2004 | 2006 | 2005 | 2004 |
| **INCOME STATEMENT** | | | | | | | | | | | | | | | |
| Operating income other business areas | | | | | | | | | | 6 | 10 | 3 | | (10) | (3) |
| Operating income external customers | **916** | 586 | 378 | **245** | 239 | 208 | | | | **574** | 321 | 130 | **90** | 26 | 41 |
| Share of profits of associates and JVs | **59** | 104 | 66 | **40** | 83 | 47 | **(13)** | 3 | 6 | **8** | 8 | 6 | **25** | 10 | 8 |
| **Total operating income** | **975** | 690 | 445 | **285** | 322 | 255 | **(13)** | 3 | 6 | **588** | 339 | 138 | **115** | 26 | 46 |
| | | | | | | | | | | | | | | | |
| Primary operating profit | **348** | 261 | 219 | **209** | 262 | 200 | **(13)** | 3 | 6 | **67** | 2 | 26 | **84** | (6) | (13) |
| Depreciation & amortisation | **(54)** | (56) | (57) | **(34)** | (40) | (46) | | | | **(18)** | (11) | (6) | **(1)** | (5) | (5) |
| **Net operating profit** | **294** | 206 | 163 | **175** | 222 | 154 | **(13)** | 3 | 6 | **49** | (10) | 20 | **83** | (10) | (17) |
| Net financials | **(21)** | (5) | 1 | **(11)** | (6) | (11) | | | | **(7)** | | 1 | **(4)** | 1 | 12 |
| **Profit / (loss) before tax** | **273** | 201 | 164 | **165** | 216 | 143 | **(13)** | 3 | 6 | **42** | (10) | 21 | **80** | (9) | (5) |
| Tax | **(43)** | (10) | 7 | **7** | (11) | (3) | | | | **(17)** | 4 | (3) | **(34)** | (3) | 13 |
| **Profit / (loss) for the period** | **230** | 191 | 171 | **172** | 205 | 140 | **(13)** | 3 | 6 | **25** | (6) | 18 | **46** | (12) | 8 |
| Minorities | **3** | 3 | 3 | | | | | | | **3** | 3 | 3 | | | |
| | | | | | | | | | | | | | | | |
| **BALANCE SHEET** | 31.12.06 | 31.12.05 | 31.12.04 | 31.12.06 | 31.12.05 | 31.12.04 | 31.12.06 | 31.12.05 | 31.12.04 | 31.12.06 | 31.12.05 | 31.12.04 | 31.12.06 | 31.12.05 | 31.12.04 |
| Fixed assets | **1 269** | 997 | 725 | **1 000** | 683 | 625 | | | | **301** | 264 | 44 | **(32)** | 50 | 56 |
| Investments in associates and JVs | **532** | 512 | 424 | **310** | 269 | 173 | **174** | 183 | 190 | **20** | 16 | 20 | **29** | 44 | 41 |
| Long-term receivables/investments | **76** | 134 | 90 | **36** | 186 | 45 | | | | **42** | 52 | 34 | **(2)** | (103) | 11 |
| Current assets | **857** | 619 | 357 | **157** | 132 | 107 | | | | **410** | 333 | 140 | **291** | 153 | 110 |
| **Total assets** | **2 735** | 2 263 | 1 596 | **1 502** | 1 270 | 951 | **174** | 183 | 190 | **773** | 665 | 238 | **285** | 144 | 217 |
| | | | | | | | | | | | | | | | |
| Equity | **1 037** | 834 | 736 | **756** | 621 | 459 | **174** | 183 | 190 | **207** | 35 | 84 | **(100)** | (6) | 3 |
| Long-term liabilities | **1 274** | 1 010 | 635 | **674** | 551 | 410 | | | | **318** | 378 | 24 | **283** | 81 | 201 |
| Short-term liabilities | **424** | 419 | 225 | **72** | 98 | 82 | | | | **249** | 252 | 130 | **102** | 69 | 13 |
| **Total equity and liabilities** | **2 735** | 2 263 | 1 596 | **1 502** | 1 270 | 951 | **174** | 183 | 190 | **773** | 665 | 238 | **285** | 144 | 217 |
| | | | | | | | | | | | | | | | |
| Investments in fixed assets | **357** | 369 | 128 | **319** | 154 | 109 | | | | **33** | 213 | 16 | **5** | 1 | 3 |

**1)** Sales gains related to vessels of USD 8.2 million in third quarter 2005 from the sale of Resolve (former Tanabata) from Wilhelmsen Lines AS (100%) and Takasago from Wilhelmsen Lines Shipowning AS (100%) to Fidelio Limited Partnership (50% ownership).

**2)** Sales gains of USD 1.2 million related to sale of office building in first quarter 2006. Sales gains related to the operations of terminals are included with USD 1.4 million in forth quarter 2004.

**3)** Sales gains of USD 83.1 million related to sale of Dockwise Transport NV in forth quarter 2006. The establishment of Express Offshore Transport Pte Ltd (as a joint venture with Switzer Wijsmuller) had a positive effect on net operating income through an accounting gain of roughly USD 9.5 million for 2006. Sales gains related to crew vessels are included with USD 0.9 million in forth quarter 2004, and USD 0.7 million in forth quater 2005.

## RESTATEMENT

Change in consolidation method from equity method to proportional method applied to subsidiaries for 29 reporting units in Maritime Services segment (Barwil). This change is the result of a revision of all joint ventures in the Barwil group that has identified changes in the group's actual controlling interests of 29 JVs. As a result of changed consolidation method during third quarter 2005 for these 29 Barwil JVs, the previously reported figures for 2004 have been restated. Changes from reported 2004 figures to recalculated figures are shown here for the full year 2004 and at 31 December 2004.

| USD mill | |
|---|---|
| Balance | 31.12.2004 |
| Fixed asstes | (3) |
| Current assets | 21 |
| **Total assets** | 18 |
| | |
| Equity - minority interests | 3 |
| Other current liabilities | 15 |
| **Total equity and liablities** | 18 |
| | |
| Income statement | 2004 |
| Total operating income | 20 |
| Wages and remunerations | (11) |
| Other expenses | (6) |
| Depreciation & amortisation | (1) |
| **Net operating profit** | 2 |
| Net Financials | |
| **Profit / (loss) before tax** | 2 |
| | |
| Minorities | (2) |

## KEY FIGURES BUSINESS AREAS

| | Europe | | | America | | | Asia & Africa | | | Oceania | | | Other | | | Total | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| USD mill | 2006 | 2005 | 2004 | 2006 | 2005 | 2004 | 2006 | 2005 | 2004 | 2006 | 2005 | 2004 | 2006 | 2005 | 2004 | 2006 | 2005 | 2004 |
| Operating income | **369** | 135 | 86 | **112** | 69 | 28 | **235** | 235 | 114 | **12** | 13 | 10 | **248** | 239 | 208 | **975** | 690 | 445 |
| Total assets | **953** | 339 | 325 | **31** | 407 | 166 | **535** | 200 | 145 | **22** | 46 | 5 | **1 193** | 1 270 | 956 | **2 735** | 2 263 | 1 596 |
| Investments in fixed assets | **20** | 198 | 13 | **1** | 5 | | **16** | 12 | 6 | **1** | | | **319** | 154 | 109 | **357** | 369 | 128 |

Assets and investments for shipping-related activities are not allocated to geographical segments, since these assets constantly move between the geographical segments and a breakdown would not provide a sensible picture.

Russia is defined as Europe.

**Operating income**
Segment operating income is based on the geographical location of the company and includes sales gains.

Charter hire income received by shipowning companies cannot be allocated to any geographical area. This is consequently allocated under geographical area "Other".

The share of income from associates and joint ventures is allocated in accordance with the location of the relevant company's head office. This does not necessarily reflect the geographical distribution of the underlying operations, but it would be difficult to give a correct picture when consolidating in accordance with the equity method.

**Total Assets**
Segment assets are based on the geographical location of the assets.

**Investments in fixed assets**
Segment investments are based on the geographical location of the assets.

## Note 18 > BUSINESS COMBINATIONS

WW ASA reached agreement on 19 June 2005 on acquiring 90.4% of the shares in Unitor ASA. WW has secured the remainder of the shares in the company. The purchase price for all the Unitor shares was about USD 209 million.

Unitor was a leading global provider of services and products for the maritime industry. The company comprised of two divisions. Unitor Ships Service delivers services and products to ships in service through a network of 70 offices of its own and 154 agents in 75 countries. Unitor Ships Equipment supplies equipment and systems for fire protection, safety equipment, incinerators and insulation materials to the global shipbuilding industry. At 31 December 2004, the company had 1 439 employees. Unitor complemented the range of services in WMS through its leading position in the chemicals, safety, maintenance and repair product areas.

Unitor ASA contributed sales of USD 185 million and a net profit of USD 3 million for the period from 15 July 2005 to 31 December 2005. If the shares had been acquired with effect from 1 January 2005, the group would have secured a total gross operating income of USD 392 million and a net profit of USD 3 million.

**Assets and liabilities related to the acquisition:**

| USD mill | Fair value | Acquiree's carrying amounts |
|---|---|---|
| Deferred tax assets | 9 | 9 |
| Goodwill and intangible assets | 11 | 26 |
| Vessels, property, fixtures | 90 | 84 |
| Other long-term assets | 9 | 9 |
| Other current assets | 76 | 76 |
| Inventories | 66 | 66 |
| Cash and bank deposits | 20 | 20 |
| Other provisions | (3) | |
| Other long-term debt | (97) | (97) |
| Other long-term liabilities | (87) | (87) |
| **Net identifiable assets** | 94 | 106 |
| | | |
| Minority interest (9 %) | 5 | |
| Net assets acquired | 89 | |
| Goodwill on aquisition | 116 | |
| **Consideration paid, satisfied in cash*** | 209 | |
| | | |
| Cash and cash equivalents in subsidiary acquired | 15 | |
| **Net cash outflow** | 194 | |

* Including legal fees amounting to USD 0.3 million

**Financing**

| | |
|---|---|
| Interest bearing debt | 100 |
| Drawn on liquid resources | 109 |
| Total | 209 |

There were no other material acquisitions in the period 1 January 2005 to 31 December 2006.

## Note 19 > PROPORTIONATE METHOD PER BUSNIESS AREA*

To present a more complete picture of activities in the group, joint ventures in the shipping and logistics segments are shown with proportional consolidation.

| USD mill | Total | | | Shipping (1) | | | Logistics | | | Maritime services (2) | | | Holding (3) | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 01.01 – 31.12 | 2006 | 2005 | 2004 | 2006 | 2005 | 2004 | 2006 | 2005 | 2004 | 2006 | 2005 | 2004 | 2006 | 2005 | 2004 |
| **INCOME STATEMENT** | | | | | | | | | | | | | | | |
| Total operating income | **2 511** | 2 207 | 1 831 | **1 436** | 1 330 | 1 137 | **386** | 531 | 526 | **588** | 339 | 138 | **101** | 7 | 30 |
| Primary operating profit** | **539** | 397 | 362 | **357** | 357 | 312 | **28** | 43 | 37 | **67** | 2 | 26 | **87** | (6) | (13) |
| Depreciation & amortisation | **(171)** | (165) | (155) | **(116)** | (120) | (129) | **(34)** | (29) | (15) | **(18)** | (11) | (6) | **(4)** | (4) | (5) |
| **Net operating profit** | **368** | 232 | 207 | **241** | 238 | 183 | **(6)** | 15 | 22 | **49** | (10) | 20 | **83** | (10) | (17) |
| Net financials | **(100)** | (23) | (22) | **(87)** | (20) | (27) | **(2)** | (5) | (8) | **(7)** | | 1 | **(3)** | 2 | 12 |
| **Profit / (loss) before tax** | **268** | 209 | 185 | **154** | 218 | 156 | **(7)** | 10 | 14 | **42** | (10) | 21 | **80** | (9) | (5) |
| Tax | **(38)** | (18) | (14) | **18** | (13) | (16) | **(6)** | (7) | (8) | **(17)** | 4 | (3) | **(34)** | (3) | 13 |
| **Profit / (loss) for the period** | **230** | 191 | 171 | **172** | 205 | 140 | **(13)** | 3 | 6 | **25** | (6) | 18 | **46** | (12) | 8 |
| Minorities | **3** | 3 | 3 | | | | | | | **3** | 3 | 3 | | | |

**1)** Sales gains related to vessels of USD 8.2 million in third quarter 2005 from the sale of Resolve (former Tanabata) from Wilhelmsen Lines AS (100%) and Takasago from Wilhelmsen Lines Shipowning AS (100%) to Fidelio Limited Partnership (50% ownership).

**2)** Sales gains of USD 1.2 million related to sale of office building in first quarter 2006. Sales gains related to the operations of terminals are included with USD 1.4 million in forth quarter 2004.

**3)** Sales gains of USD 83.1 million related to sale of Dockwise Transport NV in forth quarter 2006. The establishment of Express Offshore Transport Pte Ltd (as a joint venture with Switzer Wijsmuller) had a positive effect on net operating income through an accounting gain of roughly USD 9.5 million for 2006. Sales gains related to crew vessels are included with USD 0.9 million in forth quarter 2004, and USD 0.7 million in forth quater 2005.

* Proportionate method used for joint ventures in the shipping and logistics segments
** Cash setteled portion of bunker hedge swaps is included in primary operating profit

# INCOME STATEMENT > WILH. WILHELMSEN ASA

| NOK mill | Note | 2006 | 2005 | 2004 |
|---|---|---|---|---|
| Operating income | 1 | **24** | 55 | 71 |
| **Operating expenses** | | | | |
| Wages and remunerations | 2 | **(110)** | (117) | (156) |
| Depreciation | 3 | **(3)** | (5) | (6) |
| Other operating expenses | 4 | **(80)** | (91) | (151) |
| **Total operating expenses** | | **(193)** | (213) | (313) |
| **Net operating profit/(loss)** | | **(169)** | (158) | (242) |
| **Financial income and expenses** | | | | |
| Financial income | 4 | **634** | 376 | 386 |
| Financial expenses | 4 | **(266)** | (88) | (203) |
| **Net financials** | | **367** | 288 | 183 |
| **Profit/(loss) before tax** | | **198** | 130 | (59) |
| Tax | 5 | **(21)** | (9) | 88 |
| **Profit/(loss) for the period** | | **177** | 121 | 29 |
| **Transfers and allocations** | | | | |
| (To)/from equity | | **95** | 127 | 361 |
| Dividends | | **(272)** | (248) | (390) |
| **Total transfers and allocations** | | **(177)** | (121) | (29) |

# BALANCE SHEET > WILH. WILHELMSEN ASA

| NOK mill | Note | 30.12.2006 | 31.12.2005 | 31.12.2004 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Fixed assets** | | | | |
| Deferred tax asset | 5 | **116** | 137 | 146 |
| Intangible assets | 3 | **1** | 1 | 1 |
| Fixtures | 3 | **10** | 9 | 13 |
| Investments in subsidiaries | 6 | **2 646** | 1 958 | 1 911 |
| Investments in joint ventures and associates | 7 | **1 571** | 1 571 | 1 571 |
| Other long-term assets | 8 | **744** | 1 226 | 1 026 |
| **Total fixed assets** | | **5 088** | 4 902 | 4 668 |
| | | | | |
| **Current assets** | | | | |
| Other current assets | 8 | **283** | 188 | 119 |
| Short-term financial investments | 9 | **641** | 507 | 649 |
| Cash and bank deposits | 10 | **205** | 359 | 128 |
| **Total current assets** | | **1 129** | 1 054 | 896 |
| **Total assets** | | **6 217** | 5 956 | 5 564 |
| | | | | |
| **EQUITY AND LIABILITIES** | | | | |
| **Equity** | | | | |
| Paid-in capital | 11 | **993** | 993 | 993 |
| Own shares | 11 | **(38)** | (32) | (33) |
| Retained earnings | 11 | **1 374** | 1 656 | 2 019 |
| **Total equity** | | **2 329** | 2 617 | 2 979 |
| | | | | |
| **Provisions for liabilities** | | | | |
| Pension liabilities | 12 | **337** | 320 | 326 |
| **Total provisions for liabilities** | | **337** | 320 | 326 |
| | | | | |
| **Long-term liabilities** | | | | |
| Long-term interest-bearing debt | 13 | **1 988** | 2 546 | 1 798 |
| Other long-term liabilities | 8 | **533** | 93 | 176 |
| **Total long-term liabilities** | | **2 521** | 2 639 | 1 974 |
| | | | | |
| **Current liabilities** | | | | |
| Tax payable | 5 | | | |
| Public duties payable | | **13** | 16 | 15 |
| Other current liabilities | 8 / 13 | **1 019** | 364 | 270 |
| **Total current liabilities** | | **1 031** | 380 | 285 |
| **Total equity and liabilities** | | **6 217** | 5 956 | 5 564 |

**Lysaker 17 March 2007**

| Wilhelm Wilhelmsen | Leif T. Løddesøl | Helen Juell | Odd Rune Austgulen | Bettina Banoun | Diderik Schnitler | Ingar Skaug |
|---|---|---|---|---|---|---|
| chair | deputy chair | | | | | group CEO |

# CASH FLOW STATEMENT > WILH. WILHELMSEN ASA

| NOK mill | 2006 | 2005 | 2004 |
|---|---|---|---|
| **Cash flow from operating activities** | | | |
| Income before taxes | **198** | 130 | (59) |
| Taxes paid in the period | | | (15) |
| Loss/(gain) on sale of fixed assets | | | 12 |
| Depreciation and write-down | **3** | 5 | 6 |
| Changes in market value - trading portfolio | **(109)** | (37) | (107) |
| Changes in receivables/liabilities | **(98)** | (73) | (36) |
| Difference expensed pension and premium paid | **17** | (6) | 4 |
| Change in other periodic accruals | **933** | (176) | 129 |
| **Net cash provided by/(used in) operating activities** | **944** | (157) | (66) |
| | | | |
| **Cash flow from investing activities** | | | |
| Proceeds from sale of fixed assets | **1** | 7 | 3 |
| Investments in fixed assets | **(6)** | (8) | (6) |
| Proceeds from investment in subsidiaries and other companies | **264** | | 370 |
| Payment to investment in subsidiaries and other companies | **(1 003)** | (23) | (611) |
| **Net cash flow provided by/(used in) investing activities** | **(744)** | (24) | (244) |
| | | | |
| **Cash flow from financing activities** | | | |
| Proceeds from issuance/(repayment) of debt | **76** | 819 | 583 |
| Purchase of own shares | **(25)** | (24) | (23) |
| Paid-in equity | **15** | | 10 |
| Dividends paid | **(424)** | (390) | (251) |
| **Net cash flow provided by/(used in) financing activities** | **(358)** | 405 | 319 |
| | | | |
| Net increase/(decrease) in cash and cash equivalents | **(158)** | 224 | 9 |
| Cash and cash equivalents at 01.01 | **359** | 128 | 111 |
| **Cash and cash equivalents at 31.12** | **201** | 352 | 120 |
| | | | |
| **Restricted bank deposits at 31.12** | | | |
| Employee tax withholding account | **4** | 7 | 8 |
| **Total cash and cash equivalents at 31.12** | **205** | 359 | 128 |

Wilh. Wilhelmsen ASA (the company) is domiciled in Norway. The functional currency is USD, and the presentational currency is NOK.

The annual accounts were adopted by the board of directors on 17 March 2007.

The annual accounts have been prepared in accordance with the Norwegian Accounting Act and Norwegian generally-accepted accounting principles (NGAAP).

The accounts have been prepared under the historical cost convention as modified by the revaluation of financial assets and liabilities (including financial derivatives) at fair value through the income statement.

Preparing financial statements in conformity with NGAAP requires the management to make use of estimates and assumptions which affect the application of the accounting principles and the reported amounts of assets and liabilities, revenues and expenses. Estimates and associated assumptions are based on historical experience and other factors regarded as reasonable in the circumstances. These calculations form the basis for assessing the capitalised value of assets and liabilities which do not find clear expression from other sources. The actual result can vary from these estimates.

The accounting principles outlined below have been applied consistently for all the periods presented in the accounts.

## FOREIGN CURRENCY TRANSLATION

**Transactions and balance sheet items**

Monetary items and market-based financial current assets are stated at the current rate of exchange, and fixed assets are translated at the exchange rate prevailing on the transaction date. The average exchange rate for the period is used for translating revenues and expenses. Unrealised and realised currency gain or loss is recognised in the income statement.

## TANGIBLE FIXED ASSETS

Fixtures are stated at historical cost. Depreciation is calculated on a straight-line basis.
The depreciation charge will reflect expected residual value.

Other tangible fixed assets are depreciated over the following expected useful lives;

| | |
|---|---|
| Fixtures | 3 - 10 years |

The carrying value of fixed assets equals the historical loss less accumulated depreciation and any impairment charges.

## INTANGIBLE FIXED ASSETS

Amortisation of intangible fixed assets is based on the following expected useful lives;

| | |
|---|---|
| Computer software | 3 - 5 years |
| Other intangible assets | 5 - 10 years |

**Computer software**

Computer software and start-up licences are capitalised in the balance sheet. Costs related to software licences, development or maintenance are expensed as incurred. Costs directly associated with the development of identifiable software owned by the company, with an expected useful life of more than one year, are capitalised. Direct costs embrace software development personnel and a share of relevant overheads. Capitalised computer software developed in-house is amortised using the straight-line method over its expected useful life.

**Other intangible assets**

Capitalised expenses related to other intangible fixed assets are amortised over the expected useful lives in accordance with the straight-line method.

## IMPAIRMENT OF NON-FINANCIAL ASSETS

Fixtures and intangible assets are reviewed for potential impairment whenever changes in circumstances or events indicate that the book value of assets may not be recoverable. For the purposes of assessing impairment, assets are grouped at the lowest level for which identifiable independent cash inflows exist (cash-generating units). An impairment loss is the amount by which the carrying amount of an asset exceeds its recoverable amount.

The recoverable amount is the higher of its fair value less transaction costs and its value in use. The value in use is the present value of the future cash inflows expected to be derived from the asset.

An impairment loss recognised in prior periods will be reversed if a change has occurred in the estimates used to determine the recoverable amount of the asset. A loss in the event of a change in value is only reversed to the extent that the asset's carrying amount does not exceed the carrying value which would have been determined, net of depreciation or amortisation, had no impairment charge been recognised in prior periods. Impairment losses related to goodwill can not be reversed.

## FINANCIAL ASSETS

The company classifies its financial assets in the following categories: investments in group companies, trading financial assets at fair value through the income statement and loans and receivables. The classification depends on the purpose of the asset. Management determines the classification of financial assets at their initial recognition.

**Group companies**

The category consists of subsidiaries and associated companies. This type of investment is stated at the lower of historical cost and fair value. Dividends and group contribution received are classified as financial income, unless the payment in reality represents a reduction in and repayment of previously paid-in equity.

**Trading financial assets at fair value through the income statement**

This category consists of financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of profit from short-term price gains. Derivatives are also placed in this category. Assets in this category are classified as current.

**Loans and receivables**
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivable are classified as other current assets or other long-term assets in the balance sheet.

Financial assets carried at fair value including transaction costs are recognised at the date of acquisition, and changes in value (including transaction costs) are recognised in the income statements as financial income.

## RECEIVABLES
Receivables are recognised at face value less provision for bad debts. Non-interest-bearing long-term receivables are measured at net present value.

## CASH AND CASH EQUIVALENTS
Cash and cash equivalents include cash in hand and deposits held at call with banks.

## SHARE CAPITAL AND TREASURY SHARES
When the company purchases its own shares (treasury shares), the consideration paid – including any attributable transaction costs net of income tax – is deducted from the equity attributable to the company's shareholders until the shares are cancelled or sold. Should such shares subsequently be sold, any consideration received is included in shareholders' equity.

## DIVIDEND
Proposed dividend to the shareholders are recognised as a liability in the financial statements from 31 December.

## LOANS
Loans are recognised at fair value when the proceeds are received, net of transaction costs. In subsequent periods, loans are stated at amortised cost using the effective yield method. Any difference between proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the term of the loan.

Loans are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

## DEFERRED TAX
Deferred tax is calculated using the liability method on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates and laws which have been substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available, and that the temporary differences can be deducted from this profit.

## PROVISIONS
The company makes provisions for restructuring costs and legal claims when a legal or constructive obligation exists as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount can be estimated with a sufficient degree of reliability. Provisions are not made for future operating losses.

## REVENUE RECOGNITION
Income is recognised when it has been earned.

## SHARE-BASED COMPENSATION
The company has an option programme for employees at a specified level of management. The granting date was 1 January 2005. The total amount expensed over the earning period is calculated on the basis of the fair value of the options granted. The counterpart entry is an increase in equity. Participants in the programme can elect to exercise the options granted unconditionally, provided they remain employed by the group, at any time up to 31 December 2007.

## FINANCIAL INSTRUMENTS
Derivatives are usually recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured on a continuous basis at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The group classifies derivatives as current financial assets.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The fair value of financial instruments not traded in an active market is determined using valuation techniques, such as the discounted value of future cash flows. Independent experts verify the value determination for instruments which are considered material.

**Fair value hedges**
Changes in the fair value of derivatives which are designated and qualify as fair value hedges are recognised in the income statement, together with any changes in fair value which can be attributed to the hedged asset or liability.

**Derivatives which do not qualify for hedge accounting**
Certain derivative instruments do not qualify for hedge accounting.

Changes in the fair value of any derivative instruments which do not qualify for hedge accounting are recognised in the income statement.

## PENSION OBLIGATIONS

Pension schemes are generally funded through payments to insurance companies or pension funds on the basis of periodic actuarial calculations. The company has both defined contribution and defined benefit plans.

A defined contribution plan is one under which the company pays fixed contributions to a separate legal entity. The company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

A defined benefit plan is one which is not a defined contribution plan. This type of plan typically defines an amount of pension benefit an employee will receive on retirement, normally dependent on one or more factors such as age, years of service and pay.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, adjusted for unrecognised actuarial gains or losses and unrecognised costs related to pension earnings in earlier periods. The pension obligation is calculated annually by independent actuaries using a straight-line earnings method. The present value of the defined benefit obligations is determined by discounting the estimated future cash outflows using interest rates for high-quality corporate bonds which are denominated in the currency in which the benefits will be paid, and which have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from new information or changes to actuarial assumptions in excess of the higher of 10 per cent of the value of the pension assets or 10 per cent of the pension obligations are recognised in the income statement over the expected average remaining working lives of the employees.

Changes in pension plan benefits are recognised immediately in the income statement unless rights in the new pension plan are conditional on the employee remaining in service for a specific period of time (the vesting period). In that case, the costs associated with the change in benefit are amortised on a straight-line basis over the vesting period.

For defined contribution plans, the company pays contribution to publicly or privately administered pension insurance plans on an obligatory, contractual or voluntary basis. The company has no further payment obligations once the contributions have been paid. The contributions are recognised as a payroll expense when they fall due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

## IMPORTANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The company prepares estimates and makes assumptions about the future. By definition, the accounting estimates derived from these will seldom accord fully with the final outcome. Estimates and assumptions which represent a substantial risk for significant changes in the stated value of assets in the balance sheet during the next fiscal year are discussed below.

### Income tax

Tax is recognised as an expense when it falls due. In other words, the tax expense is related to the accounting profit/loss before tax. The tax expense comprises tax payable and change in net deferred tax. Deferred tax and deferred tax assets are presented net in the balance sheet.

## RELATED PARTIES

The company has transactions with its associated companies and joint ventures. These contracts are based on commercial market terms.

See note 2 for information relating to remuneration for the directors, the working chair and the group CEO, as well as loans and security provided to employees.

## COMPARATIVE FIGURES

Where necessary, comparative figures have been adjusted to conform with the presentation for the present year.

## Note 1 > GROSS REVENUE

| NOK mill | 2006 | 2005 | 2004 |
|---|---|---|---|
| **Operating income** | | | |
| Intercompany income | **22** | 54 | 58 |
| Other external income | **2** | 1 | 13 |
| **Total other operating income** | **24** | 55 | 71 |

## Note 2 > WAGES AND REMUNERATION

| NOK mill | 2006 | 2005 | 2004 |
|---|---|---|---|
| Wages | **53** | 56 | 72 |
| Payroll tax | **7** | 18 | 11 |
| Pension cost | **29** | 26 | 36 |
| Other remuneration | **21** | 17 | 37 |
| **Total wages and remuneration** | **110** | 117 | 156 |
| | | | |
| Average number of employees | **67** | 54 | 61 |

**2006**

| Remuneration (NOK 1 000) | Chair | Deputy chair * | Group CEO | Deputy group CEO/CFO | Group senior vice president shipping & logistics |
|---|---|---|---|---|---|
| Wages/fees | **2 956** | **1 792** | **3 266** | **2 038** | **1 625** |
| Bonus | | | **1 160** | **383** | **322** |
| Pension premium | | | **1 619** | **227** | **183** |
| Other remuneration | **111** | **150** | **1 917** | **604** | **245** |
| Total | **3 067** | **1 942** | **7 962** | **3 252** | **2 375** |

**2005**

| Remuneration (NOK 1 000) | Chair | Deputy chair * | Group CEO | Deputy group CEO/CFO | Group senior vice president shipping & logistics |
|---|---|---|---|---|---|
| Wages/fees | 2 850 | 1 561 | 3 015 | 1 960 | 1 512 |
| Bonus | 1 372 | | 1 372 | 460 | 375 |
| Pension premium | | | 2 267 | 284 | 225 |
| Other remuneration | 112 | 109 | 204 | 799 | 127 |
| Total | 4 334 | 1 670 | 6 858 | 3 503 | 2 239 |

**2004**

| Remuneration (NOK 1 000) | Chair | Deputy chair * | Group CEO | Deputy group CEO/CFO | Group senior vice president shipping & logistics |
|---|---|---|---|---|---|
| Wages/fees | 2 473 | 1 495 | 2 728 | 1 513 | 1 224 |
| Bonus | | | 850 | 51 | 47 |
| Pension premium | | | 4 848 ** | 166 | 123 |
| Other remuneration | 121 | 108 | 1 769 | 113 | 1 000 |
| Total | 2 594 | 1 603 | 10 195 | 1 843 | 2 394 |

* Remuneration consist of directors' fee and pension.
** In connection with the transition to linear earning of pension entitlements, a one-off premium of NOK 2 649 000 was allocated for the chief executive in 2004, which reflected in the pension premium for the year.

> Remuneration of the other four directors totalled NOK 1 million in both 2006 and 2005, and NOK 540 000 in 2004.
> The group CEO has a bonus scheme which gives him the right to a maximum of six monthly salary payments in bonus.
> The group CEO has the right to a life-long pension constituting 66 per cent of his annual salary at retirement.
> The chair has the right to a life-long pension constituting 66 per cent of his remuneration at retirement.
> The group CEO has an agreement on reducing his workload between the ages of 63 and 67, without cutting the pension entitlement outlined above, with a corresponding reduction in salary to 66 per cent of his final salary at the age of 67.
> The group CEO has an agreement on severance pay which gives him the right to receive 75 per cent of his annual salary for 18 months after he leaves the company as the result of a merger, substantial changes in ownership or a decision by the board of directors. Possible other income received during the period will reduce this severance pay by 50 per cent. Such a reduction would come into force six months after his departure.

| **Loans and guaranties** (NOK 1 000 ) | Employees | Board | Chair | Group CEO | Related parties |
|---|---|---|---|---|---|
| Loans | 185 | 0 | 0 | 0 | 0 |

Employees are charged 3 per cent interest. No security has been provided for the loans.

| **AUDIT** (NOK 1 000) | |
|---|---|
| Statutory audit fee | 827 |
| Agreed-upon procedures - auditors | 629 |
| Tax services - auditors' associates | 1 925 |
| Total | 3 382 |

## SHARES OWNED OR CONTROLLED BY REPRESENTATIVES OF WILH. WILHELMSEN ASA AS OF 31.12.2006

| Name | A shares | B shares | Total | Per cent of total shares | Per cent of voting stock |
|---|---|---|---|---|---|
| **Board of directors** | | | | | |
| Wilhelm Wilhelmsen (chair) | 20 295 940 | 2 540 344 | 22 836 284 | 46.01% | 55.07% |
| Leif T Løddesøl (deputy chair) | 1 152 | | 1 152 | | |
| Odd Rune Austgulen | 136 | 40 000 | 40 136 | | |
| Helen Juell | 20 188 | | 20 188 | | |
| Diderik Schnitler | 2 000 | | 2 000 | | |
| | | | | | |
| Ingar Skaug (group CEO) | 30 044 | 1 550 | 31 594 | | |
| Sjur Galtung (deputy group CEO/CFO) | 58 415 | 24 478 | 82 893 | | |
| Arild B. Iversen (group senior vice president shipping & logistics) | 2 000 | 10 000 | 12 000 | | |

## OPTION PROGRAMME FOR EMPLOYEES AT A SPECIFIED LEVEL OF MANAGEMENT

- The Board of Directors of Wilh. Wilhelmsen ASA (WW) resolved in a Board Meeting on 28 October 2004 to renew the Stock Option Programme for employees at a specified level of management in the company, and in its associated subsidiaries. This programme was originally introduced in February 2000 and expired in 31 December 2004.
- At the same time, the Board decided to allocate 335,000 shares of Class A shares in WW, currently owned by the company, to the programme, and authorised to the group CEO to decide who should be offered an option to purchase shares under the programme. The group CEO has decided to use the authority granted, and, in a letter 3 December 2004, offered a select group of employees the opportunity to participate in the programme.
- The options must be exercised in the period from 1 January 2005 - 31 December 2007.
- The strike price will be the average market price for shares of Class A at the Oslo Stock Exchange in the month of December 2004, which was NOK 148 per share. A new average market price closer to the option grant date will be established for personnel who join the programme at a later date.

| **Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:** | 2006 Average exercise price in NOK per share | 2006 Number of options | 2005 Average exercise price in NOK per share | 2005 Number of options |
|---|---|---|---|---|
| At 01.01 | | 239 000 | | |
| Granted | | 15 000 | | 320 000 |
| Repealed | | (5 000) | | |
| Exercised | 229.0 | (105 000) | 203.5 | (81 000) |
| Outstanding options 31.12 | | 144 000 | | 239 000 |

- The real value of the options granted during the period has been calculated with aid of the Black-Scholes option pricing model. This calculation assumes that the options will be exercised after 12 months. Volatility measured by the standard deviation for the expected share yield is based on a statistical analysis of the average daily share price over the next three years.
- The cost will be allocated over the earning period. Since the options granted can be exercised from day one, NOK 0.3 million has been recognised directly in the accounts as the total cost for 2006.The corresponding figures for 2005 were NOK 12.2 million.
- A provision of NOK 2.5 million has been made at 31 December 2006 for payroll tax on the difference between the fair value and the strike price of outstanding options.The corresponding figures for 2005 were NOK 4.8 million.

| **Options senior executives** | Group CEO | Deputy group CEO/CFO | Group senior vice president shipping & logistics | The board/chair |
|---|---|---|---|---|
| Options awarded | 20 000 | 15 000 | 10 000 | 0 |
| Exercised 2005 | | (10 000) | | |
| Exercised 2006 | (20 000) | (5 000) | | |
| Unexercised 31 December 2006 | 0 | 0 | 10 000 | 0 |
| | | | | |
| Strike price 2005 | | 215 | | |
| Strike price 2006 | 235 | 235 | | |

## Note 3 > INTANGIBLE AND FIXED ASSETS

| NOK mill | Intangible assets | Fixtures |
|---|---|---|
| Cost price 01.01 | 2 | 19 |
| Additions | **1** | **5** |
| Disposals | | **(5)** |
| Cost price 31.12 | **3** | **19** |
| | | |
| Accumulated ordinary depreciation 01.01 | 1 | 10 |
| Accumulated ordinary depreciation 31.12 | **2** | **9** |
| **Book value 31.12** | **1** | **10** |
| | | |
| **Current year's depreciation** | **1** | **2** |
| | | |
| Economic lifetime | Up to 3 years | 3-10 years |
| Depreciation schedule | Straight line | Straight line |

## Note 4 > COMBINED ITEMS, INCOME STATEMENT

| NOK mill | 2006 | 2005 | 2004 |
|---|---|---|---|
| **Other operating expenses** | | | |
| Intercompany expenses | **(4)** | (2) | (1) |
| Sales and administration expenses | **(76)** | (89) | (150) |
| **Total other operating expenses** | **(80)** | (91) | (151) |
| | | | |
| **Financial income** | | | |
| Dividend from subsidiaries and group contribution | **301** | 313 | 121 |
| Dividend | **8** | 12 | 13 |
| Interest income | **33** | 17 | 10 |
| Interest income from subsidiaries | **59** | 47 | 36 |
| Net currency gain | | 115 | |
| Financial instruments | **150** | (258) | 112 |
| Return on short-term financial investments | **84** | 130 | 94 |
| **Total financial income** | **634** | 376 | 386 |
| | | | |
| **Financial expenses** | | | |
| Interest expenses | **(119)** | (85) | (33) |
| Interest expenses to subsidiaries | **(28)** | (3) | (1) |
| Net currency loss | **(119)** | | (167) |
| Other financial expenses | | | (2) |
| **Total financial expenses** | **(266)** | (88) | (203) |

## Note 5 > TAXES

| NOK mill | 2006 | 2005 | 2004 |
|---|---|---|---|
| **Distribution of tax expenses for the year:** | | | |
| Payable taxes | | | |
| Change in deferred tax | **21** | 9 | (88) |
| **Total taxes** | **21** | 9 | (88) |
| | | | |
| **Basis for tax computation:** | | | |
| Income before taxes | **198** | 130 | (59) |
| 28% tax | **55** | 36 | (17) |
| | | | |
| **Tax effect from:** | | | |
| Permanent differences | **4** | 7 | 5 |
| Change remuneration earlier years | **(7)** | | |
| Non-taxable income | **(32)** | (34) | (76) |
| **Calculated tax** | **21** | 9 | (88) |
| | | | |
| Effective tax rate | **10.4%** | 7% | |
| | | | |
| **Deffered tax** | | | |
| **Tax effect of temporary differences:** | | | |
| Fixtures | **2** | 20 | (1) |
| Current assets | **13** | (21) | |
| Long term liabilities/provisions for liabilities | **(94)** | (95) | (98) |
| Tax losses carried forward | **(36)** | (40) | (47) |
| **Total deferred tax/(deferred tax asset)** | **(116)** | (137) | (146) |
| | | | |
| **Composition of deferred tax and changes in deferred tax:** | | | |
| Deferred tax 31.12 last year | **(137)** | (146) | (59) |
| Change in deferred tax credited to the income statement | **21** | 9 | (88) |
| **Deferred tax/(deferred tax assets) 31.12.** | **(116)** | (137) | (146) |

## Note 6 > INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are recorded at cost. Where a reduction in the value of shares in subsidiaries is considered to be permanent and significant, a write down to net realisable value is recorded.

| NOK 1 000<br>Company | Business office country | Voting share ownership share | Book value |
|---|---|---|---|
| Njord Insurance Company Ltd | Bermuda | 100% | **3 611** |
| Strandveien 20 ANS | Norway | 99% | **139 587** |
| Wilh. Wilhelmsen (Asia) Sdn Bhd | Malaysia | 100% | **1 875** |
| Wilh. Wilhelmsen (Hong Kong) Ltd | Hong Kong | 100% | **50** |
| Wilh. Wilhelmsen Netherlands BV | Netherlands | 100% | **310 273** |
| Wilhelmsen Insurance Services AS | Norway | 100% | **50** |
| Wilhelmsen Lines AS | Norway | 100% | **650 050** |
| Wilhelmsen Shipping AS | Norway | 100% | **2 252 686** |
| Wilhelmsen Maritime Services AS | Norway | 100% | **964 440** |
| Wilhelmsen Offshore & Chartering AS | Norway | 100% | **75 330** |
| WilService AS | Norway | 100% | **7 613** |
| Deferred income intragroup transaction | Norway | | **(1 759 705)** |
| **Total book value** | | | **2 645 861** |

## Note 7 > INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

Investments in joint ventures and associates are recorded at cost. Where a reduction in the value of shares is considered to be permanent and significant, a write down to net realisable value is recorded.

| NOK 1 000<br>Company | Business office country | Voting share ownership share | Book value |
|---|---|---|---|
| **Joint ventures** | | | |
| EUKOR Car Carriers Inc | Republic of Korea | 40% | **959 892** |
| EUKOR Car Carriers Singapore Pte Ltd | Singapore | 40% | **178** |
| EUKOR Shipowning Singapore Pte Ltd | Singapore | 40% | **102** |
| **Associates** | | | |
| Glovis Co Ltd | Republic of Korea | 20% | **610 620** |
| **Total investments in joint ventures and associates** | | | **1 570 792** |

## Note 8 > COMBINED ITEMS, BALANCE SHEET

| NOK mill | 2006 | 2005 | 2004 |
|---|---|---|---|
| **Other long-term assets** | | | |
| Loans to subsidiaries | **714** | 1 196 | 999 |
| Other long-term assets | **31** | 30 | 27 |
| **Total long-term assets** | **744** | 1 226 | 1 026 |
| **Of which long-term debtors falling due for payment later than one year:** | | | |
| Loans to subsidiaries | **582** | 1 160 | 990 |
| Other long-term assets | **31** | 36 | 25 |
| **Total long-term assets due after one year** | **612** | 1 196 | 1 015 |
| **Other current assets** | | | |
| Short-term intercompany receivable | **233** | 173 | 86 |
| Other current receivables | **50** | 15 | 33 |
| **Total other current assets** | **283** | 188 | 119 |
| **Other long-term liabilities** | | | |
| Loans from subsidiaries | **533** | 72 | 155 |
| Other long-term liabilities | | 21 | 21 |
| **Total other long-term liabilities** | **533** | 93 | 176 |
| **Other current liabilities** | | | |
| Dividend | **272** | 248 | 192 |
| Intercompany payable | **45** | 18 | 28 |
| Other current liabilities | **701** | 98 | 50 |
| **Total other current liabilities** | **1 019** | 364 | 270 |

## Note 9 > SHORT-TERM FINANCIAL INVESTMENTS

| | | Market value | |
|---|---|---|---|
| NOK mill | 2006 | 2005 | 2004 |
| Norwegian listed stocks | **43** | 94 | 226 |
| Bonds NOK | **282** | 141 | 10 |
| Bonds USD | **230** | 157 | 90 |
| Structured products NOK | **15** | 30 | 43 |
| Structured products USD | **68** | 74 | 105 |
| Other financial instruments | **3** | 11 | 175 |
| **Total short-term financial investments** | **641** | 507 | 649 |

## Note 10 > RESTRICTED BANK DEPOSITS AND UNDRAWN COMMITTED DRAWING RIGHTS

| NOK mill | 2006 | 2005 | 2004 |
|---|---|---|---|
| Payroll tax withholding account | **4** | 7 | 8 |
| Undrawn committed drawing rights | **1 131** | 1 180 | 608 |

## Note 11 > EQUITY

| NOK mill | Share capital | Own shares | Retained earnings | Total |
|---|---|---|---|---|
| **Change in equity 2004:** | | | | |
| Equity 01.01.2004 | 993 | (34) | 2 393 | 3 352 |
| Purchase of own shares | | (5) | (16) | (21) |
| Options employees | | 5 | 5 | 10 |
| Group contribution | | | (2) | (2) |
| Proposed dividend | | | (192) | (192) |
| Dividend paid - October | | | (198) | (198) |
| Net income | | | 29 | 29 |
| **Equity 31.12.2004** | 993 | (33) | 2 019 | 2 979 |
| **Change in equity 2005:** | | | | |
| Options employees | | 1 | (13) | (12) |
| Withholding tax | | | (7) | (7) |
| Group contribution | | | (19) | (19) |
| Proposed dividend | | | (248) | (248) |
| Dividend paid - November | | | (198) | (198) |
| Net income | | | 121 | 121 |
| **Equity 31.12.2005** | 993 | (32) | 1 656 | 2 617 |
| **Current year's change in equity:** | | | | |
| Purchase of own shares | | **(8)** | **(68)** | **(76)** |
| Options employees | | **2** | **13** | **15** |
| Withholding tax | | | **(2)** | **(2)** |
| Group contribution | | | **44** | **44** |
| Proposed dividend | | | **(272)** | **(272)** |
| Dividend paid - October | | | **(174)** | **(174)** |
| Net income | | | **177** | **177** |
| **Equity 31.12.2006** | **993** | **(38)** | **1 374** | **2 329** |

> A total of 105 000 A shares were utilised in 2006 for options exercised by employees. The strike price for these options is between NOK 148 and NOK 164.

> At 31 December 2006, Wilhelmsen Lines Shipowning AS owned 1 276 976 Class A shares and 441 700 Class B shares, while Wilh. Wilhelmsen ASA owned 50 000 Class A shares and 110 000 Class B shares. The total purchase price of these shares is about NOK 159 million.

> The company's share capital comprises 36 856 468 Class A shares and 12 781 032 Class B shares, totalling 49 637 500 shares with a nominal value of NOK 20 each. Class B shares do not carry a vote at the general meeting. Otherwise, each share confers the same rights in the company.

> Dividend paid in 2004 was NOK 1 per share in May and NOK 4 per share in October. The 2005 payments were NOK 4 per share in May and NOK 4 per share in November. The 2006 payments were NOK 5 per share in May an NOK 3.50 per share in October. The proposed dividend for fiscal 2006 is NOK 5.50 per share, payable in May 2007. A decision on this proposal will be taken by the annual general meeting on the 7 May 2007.

**The largest shareholders in Wilh. Wilhelmsen ASA**

| Shareholders | A shares | B shares | Total number of shares | Per cent of total shares | Per cent of voting stock |
|---|---|---|---|---|---|
| AS W WILHELMSEN | 6 806 752 | 815 992 | 7 622 744 | 15.36 | 18.47 |
| AS ORION INVEST | 4 755 504 | 554 436 | 5 309 940 | 10.70 | 12.90 |
| SKIPS AS TUDOR | 4 066 556 | 20 000 | 4 086 556 | 8.23 | 11.03 |
| ODIN NORDEN | | 2 524 728 | 2 524 728 | 5.09 | |
| AS TRES | 2 085 376 | 320 672 | 2 406 048 | 4.85 | 5.66 |
| AS KASSIOPEIA | 1 971 584 | 317 448 | 2 289 032 | 4.61 | 5.35 |
| ODIN NORGE | | 1 756 600 | 1 756 600 | 3.54 | |
| WILHELMSEN LINES SHIPOWNING AS | 1 276 976 | 441 700 | 1 718 676 | 3.46 | 3.46 |
| FOLKETRYGDFONDET | 918 500 | 610 100 | 1 528 600 | 3.08 | 2.49 |
| PARETO AKSJE NORGE | 1 015 695 | 413 550 | 1 429 245 | 2.88 | 2.76 |
| SKAGEN VEKST | 1 000 000 | | 1 000 000 | 2.01 | 2.71 |
| SKANDINAVISKA ENSKILDA BANKEN | 278 868 | 670 300 | 949 168 | 1.91 | 0.76 |
| STATE STREET BANK AND TRUST CO | 891 316 | 2 370 | 893 686 | 1.80 | 2.42 |
| PARETO AKTIV | 480 950 | 172 200 | 653 150 | 1.32 | 1.30 |
| STIFTELSEN TOM WILHELMSEN | 370 400 | 236 000 | 606 400 | 1.22 | 1.00 |
| SIS SEGAINTERSETTLE AG 5 PCT NOM | 551 800 | | 551 800 | 1.11 | 1.50 |
| JPMORGAN CHASE BANK | 92 911 | 428 850 | 521 761 | 1.05 | 0.25 |
| VITAL FORSIKRING ASA | 370 490 | 18 900 | 389 390 | 0.78 | 1.01 |
| AVANSE NORGE (II) | 353 419 | | 353 419 | 0.71 | 0.96 |
| NORDEA BANK PLC FINLAND NIFC | 73 400 | 230 050 | 303 450 | 0.61 | 0.20 |
| DFA-INTL SML CAP VAL PORT | 245 200 | | 245 200 | 0.49 | 0.67 |
| DNB NOR NAVIGATOR | 238 106 | | 238 106 | 0.48 | 0.65 |
| DNB NOR NORGE SELEKTV (III) | 236 343 | | 236 343 | 0.48 | 0.64 |
| ODIN MARITIM | 25 000 | 200 000 | 225 000 | 0.45 | 0.07 |
| PICTET & CIE BANQUIERS | 202 628 | | 202 628 | 0.41 | 0.55 |
| TUDOR SHIPHOLDING AS | | 200 000 | 200 000 | 0.40 | |
| BEAR STEARNS SECURITIES CORP | 51 100 | 142 700 | 193 800 | 0.39 | 0.14 |
| DNB NOR NORGE (IV) | 193 506 | | 193 506 | 0.39 | 0.53 |
| STOREBRAND LIVSFORSIKRING AS | 156 180 | 33 008 | 189 188 | 0.38 | 0.42 |
| Other | 8 147 908 | 2 671 428 | 10 819 336 | 21.80 | 22.11 |
| **Total** | **36 856 468** | **12 781 032** | **49 637 500** | **100.00** | **100.00** |

Per 31.12.2006, 3 572 188 (9.69 per cent) of the A shares and 1 881 010 (14.72 per cent) of the B shares were owned by foreigners.
The corresponding figures for 2005 were 3 226 863 (8.76 per cent) A shares and 1 771 431 (13.86 per cent) B shares, and for 2004 were 3 226 863 (8.76 per cent) A shares and 1 907 011 (14.92 per cent) B shares.

## Note 12 > PENSIONS

| NOK mill | Funded | | | Unfunded | | |
|---|---|---|---|---|---|---|
| | 2006 | 2005 | 2004 | 2006 | 2005 | 2004 |
| **Number of people in pension plans at 31.12** | | | | | | |
| Employees (including disabled) | **71** | 70 | 78 | **231** | 249 | 270 |
| Retired employees | **222** | 229 | 225 | **686** | 664 | 635 |
| **Total** | **293** | 299 | 303 | **917** | 913 | 905 |

| | 2006 | 2005 | 2004 |
|---|---|---|---|
| **Financial assumptions for the pension calculations** | | | |
| Expected rate of return on assets in pension plans | **5.50%** | 5.00% | 5.50% |
| Discount rate | **4.50%** | 4.00% | 4.50% |
| Annual pay regulation | **4.50%** | 3.00% | 3.00% |
| Annual regulation of National Insurance base amount | **4.20%** | 3.00% | 3.00% |
| Annual regulation of pensions | **2.50%** | 2.00% | 2.00% |
| **Spesification of pension expense for the year** | | | |
| Net present value of current year's service expense | **12** | 11 | 7 |
| Interest expenses related to service expense | **24** | 25 | 27 |
| Return on assets in pension plans | **(12)** | (12) | (13) |
| Recognised changes in estimates and variances | **(2)** | 1 | 12 |
| Costs of defined contribution plan | **7** | 1 | 3 |
| **Net pension expense** | **29** | 26 | 36 |
| **Specification of net pension liabilities reflected in the balance sheet at 31.12** | | | |
| Present value of funded obligations | **(233)** | (225) | (220) |
| Fair value of plan assets | **242** | 221 | 216 |
| Net | **9** | (4) | (4) |
| Present value of unfunded obligations | **(392)** | (350) | (355) |
| Unrecognised actuarial losses | **72** | 59 | 59 |
| Accrued social security tax | **(26)** | (25) | (26) |
| **Net recognised pension liabilities** | **(337)** | (320) | (326) |

## Note 13 > LONG-TERM INTEREST-BEARING DEBT

| NOK mill | 2006 | 2005 | 2004 |
|---|---|---|---|
| **Long-term interest-bearing debt** | | | |
| Mortgage debt | **112** | 169 | 304 |
| Bonds | **2 309** | 2 377 | 1 409 |
| Certificate loans | **200** | | 85 |
| **Total long-term interest-bearing debt** | **2 621** | 2 546 | 1 798 |
| | | | |
| **Repayment schedule for long-term interest-bearing debt** | | | |
| Due in year 1 | **633** | | 121 |
| Due in year 2 | | 313 | 216 |
| Due in year 3 | **75** | | 359 |
| Due in year 4 | **148** | 463 | 304 |
| Due in year 5 and later | **1 764** | 1 770 | 643 |
| Decomposed cash flow hedging | | | 154 |
| **Total long-term interest-bearing debt** | **2 621** | 2 546 | 1 798 |

## Note 14 > EVENTS AFTER THE BALANCE SHEET DATE

No events occurred between the balance sheet date and the date when the accounts were presented which provide new information about conditions prevailing on the balance sheet date.

# Note 15 > DECLARATION ON THE DETERMINATION OF SALARY AND OTHER REMUNERATION FOR SENIOR EXECUTIVES IN WILH. WILHELMSEN ASA

This declaration applies for fiscal 2007 and has been adopted by the board of Wilh. Wilhelmsen ASA (WW ASA) at its meeting of 17 March 2007 pursuant to section 6-16a of the Norwegian Act on Public Limited Companies.

**General**
The board of WW wants the group to have an international profile which ensures the breadth of expertise it requires in shipping, maritime services and logistics. As a result, the board's goal is that compensation arrangements for the corporate management team will be on a par with other Norwegian companies working internationally.

Company employees regarded as senior executives for the purposes of this declaration are: Ingar Skaug, group president and CEO, Sjur Galtung, deputy group CEO/CFO, Arild B Iversen, group senior vice president shipping and logistics, and Dag Schjerven, president and CEO of Wilhelmsen Maritime Services AS.

**Salary**
The salary of the group CEO is determined by the board of WW, while the salary of other senior executives is determined administratively on the basis for frameworks specified by the board.
See note 2 concerning pay and remuneration for senior executives of the parent company and note 4 of the group accounts concerning senior executives of the group.

**Benefits in kind**
The senior executives are provided with a company car and receive free newspapers, free telephone, free mobile phone and coverage of the cost of broadband communication to specified standards.

**Bonus**
The senior executives participate in a bonus system in WW. This comprises two components – a team bonus covering all employees in Norway, and a performance-oriented bonus for employees at a specified level of management. The team bonus is maximised at a month's pay, while the performance-oriented bonus for senior executives is varying from one to five months pay if the company achieves a return on capital employed in excess of a predetermined level and if the person concerned achieves their individual targets.

**Options**
The senior executives participate in an option programme which gives them the opportunity, within a three-year period, of purchasing A shares in WW at a price per share determined by the average closing price of the WW share over the 14 days before the offer of participation in the option programme is made. The strike price for the senior executives, who have all participated in the programme from the start, is NOK 148. The group CEO has the opportunity to acquire 20 000 shares, Mr Galtung can purchase 15 000 shares, and the other senior executives can buy 10 000 shares. Today's option programme expires on 31 December 2007.

**Shares in WW**
The senior executives, in common with the other employees in the wholly owned Norwegian companies, receive an offer every year to buy shares in WW at a discount corresponding to 20% on the market price. The discount can be no more than NOK 1 500.

**Pension scheme**
At 1 January 1993, WW established its own pension fund – Wilh. Wilhelmsen Pensjonskasse. Pension benefits include coverage for old age, disability, spouse and children, and supplement payments by the Norwegian National Insurance system. The full pension entitlement is earned after 30 years of service and gives the right to an old age pension at a level of 66% gross salary, maximum 12 times the Norwegian National Insurance base amount (G) including National Insurance and other social security payments.

The senior executives also have rights related to salaries in excess of 12G and option to early retirement from 62-65 year. Pension obligations related to salaries in excess of 12G and early retirement are financed from operations.

**Pay guarantee scheme**
The group CEO has a pay guarantee scheme which gives him the right to receive 75% of his annual salary for 18 months after leaving the company as a result of mergers, substantial changes in ownership, or a decision by the board of directors. Possible income during the period is deducted up to 50%. This reduction comes into force six months after departure.

**Guidelines for pay determination, etc, in 2007-08**
The group CEO's pay for 1 July 2007 to 30 June 2008 will be determined by the board. Pay for the other senior executives over the same period will be determined administratively within frameworks established by the board. The determination by the board of the group CEO's pay and the framework for other senior executives will build on the general development of pay in the community and show regard to the development of pay for corresponding positions in comparable Norwegian maritime enterprises working internationally.

The board may resolve to adopt an option programme from 1 January 2008 and beyond, within the limits and on the detailed terms and conditions which the board finds appropriate.

**Statement of senior executive pay in 2006**
Pay policy for senior executives in the previous fiscal year built on the same principles as those described above for 2007-08.

**Effect on the company of senior executive pay agreements concluded in 2006**
No new pay agreements for senior executives were concluded nor changes made to existing agreements in the previous fiscal year, except from the introduction of a new bonus scheme as described above.

# AUDITOR'S REPORT > FOR 2006

**To the annual shareholders´ meeting of Wilh. Wilhelmsen ASA**

We have audited the annual financial statements of Wilh.Wilhelmsen ASA as of December 31, 2006, showing a profit of NOK 177 million for the parent company and a profit of USD 230 million for the group. We have also audited the information in the directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit. The annual financial statements comprise the financial statements of the parent company and the group. The financial statements of the parent company comprise the balance sheet, the statements of income and cash flows, and the accompanying notes. The financial statements of the group comprise the balance sheet, the statement of income and cash flows, the statement of changes in equity and the accompanying notes. The regulations of the Norwegian accounting act and accounting standards, principles and practices generally accepted in Norway have been applied in the preparation of the financial statements of the parent company. IFRSs as adopted by the EU have been applied in the preparation of the financial statements of the group. These financial statements are the responsibility of the Company's Board of Directors and Managing Director. Our responsibility is to express an opinion on these financial statements and on other information according to the requirements of the Norwegian Act on Auditing and Auditors.

We conducted our audit in accordance with laws, regulations and auditing standards and practices generally accepted in Norway, including standards on auditing adopted by The Norwegian Institute of Public Accountants. These auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. To the extent required by law and auditing standards an audit also comprises a review of the management of the Company's financial affairs and its accounting and internal control systems. We believe that our audit provides a reasonable basis for our opinion.

**In our opinion,**

> the financial statements of the parent company have been prepared in accordance with the law and regulations and give a true and fair view of the financial position of the company as of December 31,2006 and the results of its operations and its cash flows for the year then ended, in accordance with accounting standards, principles and practices generally accepted in Norway

> the financial statements of the group have been prepared in accordance with the law and regulations and give a true and fair view of the financial position of the group as of December 31, 2006, and the results of its operations and its cash flows and the changes in equity for the year then ended, in accordance with IFRSs as adopted by the EU

> the company's management has fulfilled its duty to produce a proper and clearly set out registration and documentation of accounting information in accordance with the law and good bookkeeping practice in Norway

> the information in the directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit are consistent with the financial statements and comply with the law and regulations

Oslo, March 17, 2007
**PricewaterhouseCoopers AS**

Erling Elsrud
State Authorised Public Accountant (Norway)

Note: This translation from Norwegian has been prepared for information purposes only.

# REVIEW OF OPERATIONS

Today's society is characterised by rapid changes and customers who expect first-class service with new technical and creative solutions. Continuous learning and development represent a strategic element in developing WW's business.

GROUP CHIEF EXECUTIVE'S COMMENTS

# REVIEW OF OPERATIONS

FOCUS ON VALUES AND CONTINUOUS LEARNING

# GROUP CHIEF EXECUTIVE'S COMMENTS: WE WILL SHAPE THE FUTURE THROUGH INNOVATION


INNOVATION AND COOPERATION ARE CRUCIAL FOR ACHIEVING THE ENVIRONMENTAL IMPROVEMENTS WHICH THE WORLD EXPECTS OF THE SHIPPING INDUSTRY.

# WW WILL SHAPE THE FUTURE THROUGH KNOWLEDGE

**Ingar Skaug**
Group CEO of Wilh. Wilhelmsen (WW) since 2003. Previously president of Wallenius Wilhelmsen Lines and Wilhelmsen Lines. Joined WW in 1990 from SAS.

Visions – and the determination to achieve them – are what shape the future. It is important to be big enough and profitable in order to achieve what we want. That also applies on the environmental side. In Wilh. Wilhelmsen (WW), we want to contribute to a healthier environment through innovative approaches from our entire organisation and by learning from the best, regardless of geography and industry.

As an organisation, we build on a number of core values – such as customer centred, learning and innovation, teaming and collaboration – both externally and in-house. These values form the very foundation for attaining our declared vision of being the leading global supplier of maritime services.

At the same time, our values say something about how we want to approach one of the most important issues facing both our industry and the world at large – namely the environmental challenge. And we want to be among our industry's leaders in this area.

The challenge is both large and complex. No magic formulae exist which can solve the world's environmental problems at a stroke. That can only be achieved through a long-term and purposeful commitment. We also want to accept our share of responsibility for the environment. As an organisation, we have a focus on ethics and morals as well as on innovation and on motivating all our employees. That represents a good foundation for our future work on the environment.

## SUBSTANTIAL GAINS

The environmental aspect is nothing new for us. We have worked purposefully for many years to reduce the environmental impact of our business. That has involved not only in-house measures but also cooperation with other players, both inside and outside the maritime industry. Such work has been given an even higher priority than before. In the short and medium term, substantial environmental gains can be reaped through conscious planning of vessel design and operation.

Our new vessels, *Torrens*, *Toledo*, *Toronto*, *Topeka*, *Tombarra* and *Tortugas*, are good examples of this. They have all been delivered from Japan's Mitsubishi Heavy Industries, and more ships are due to follow. Their design results from a close collaboration between the yard and our own experts, with the environmental aspect as one of the basic principles. This partnership has yielded some of the most environmentally effective vessels the world has so far seen, with a bunkers consumption 10% below that of similar ships from other yards. Emissions to the air have been correspon-

dingly reduced. A modern car carrier consumes some 15 000 tonnes of bunker oil per annum. Cutting this figure by 10% would also reduce emissions of carbon dioxide by 4 300 tonnes, sulphur oxides by 25 tonnes and nitrogen oxides by almost 120 tonnes.

At the same time, the new vessels provide a good example of the way environmental awareness also pays off financially. We saw bunkers prices exceed USD 300 per tonne in 2006. When fuel prices reach new heights, the need to think innovatively is further reinforced.

## ENVIRONMENT-FRIENDLY OPTION

The fact is that maritime transport represents a far more environment-friendly option than sending cargo by road or air. With the environmental challenges facing the world, however, even a 10% reduction in bunkers will be inadequate. Both national and international authorities have already tightened environmental standards and legislation governing the shipping industry. Further constraints must be expected. Finding new and innovative solutions to our industry's environmental challenges is a matter of urgency.

Some people even believe that the time is ripe for a new technical revolution in vessel propulsion, similar to the transition from sail to steam. The shipping industry has been short of technological quantum leaps in recent times. Today's propulsion technology was by and large developed as long ago as the 19th century. That contrasts with developments in other industries, where something close to a technological breakthrough in energy efficiency has been seen in recent decades.

## STRATEGIC COMPETITIVE FACTOR

We are not alone in taking environmental challenges seriously. Chief executive Jeff Immelt at General Electrics has promised, through the company's Ecomagination environmental profile, to increase its focus on environment-friendly products. Toyota, one of our transport customers, and other Japanese car manufacturers have set ambitious environmental targets and have reaped their reward through sales success in the international vehicle market at the expense of competing producers.

Environmental considerations are unquestionably already a competitive factor, and this will increasingly be the case. Those who find the most environment-friendly and least energy-intensive solutions will have a competitive edge in the market. Daniel C Esty, head of the Centre for Environmental Law and Policy at Yale University and co-editor of Green to Gold, emphasises that the environment has become an important strategic concern and one which

1: WW's most recent car carrier has been developed in close cooperation with Mitsubishi Heavy Industries in Japan. Environmental considerations are one of the basis principles in the design.

2: We regard environmentally-adapted vessel operation as a competitive advantage.

3: The e/s Orcelle concept ship, which uses only solar, sea and wind energy for propulsion, illustrates the willingness to think along new lines.

# > WW WILL SHAPE THE FUTURE THROUGH KNOWLEDGE

all business players must take into account in order to remain competitive.

Through the development of the e/s *Orcelle* concept ship, we and our Swedish partner Wallenius Lines have established a vision of what can be achieved if the willingness to think along new and different lines is present. We have learnt from the car industry and developed a solution which will never be built, but which forms the basis for our research and development work. The initiative for this project was taken with us by Toyota, and e/s *Orcelle* formed part of its exhibit at the 2005 World Expo in Tokyo. E/S *Orcelle* has been conceived as using solar, sea and wind energy for propulsion and would, were it built, represent the kind of quantum leap which the world's shipping industry needs. Even though we can only make partial use of this project, it will contribute in a positive direction.

## INNOVATION AND COOPERATION

Innovation and cooperation, both in-house and externally, will be crucial for achieving the environmental improvements which the world expects from our industry. That applies not only to gains which can secured immediately and in the medium term, but also very much to more long-term quantum leaps. Both we and Wallenius Lines have accordingly joined the Global Leadership & Technology Exchange together with leading international companies such as Californian energy utility Pacific Gas & Electric, oil company Shell and classification society Det Norske Veritas (DNV). This consortium is in a dialogue with such companies as General Electric, IBM, Fortune, Bayer, Sunoco, Bloomberg, Cisco and Mitsubishi Heavy Industries. The aim is to share innovative management knowledge and to cooperate over the development of collective technological advances.

## DIALOGUE WITH THE OIL INDUSTRY

We have also been involved in creating a collaboration network for dialogue with the oil companies over the bunkers issue, so that we can jointly identify improvement opportunities. Securing more environment-friendly bunkers for the shipping business has not been a high priority for the oil industry so far.

Improving bunkers quality would have a big impact on emission problems. We have accordingly initiated a dialogue with such companies as Shell and BP on reducing the sulphur content of bunker oil. Although it has become easier to obtain low-sulphur bunkers than was the case a few years ago, availability is still not good enough. Nor are supplies of this fuel in the world's most important ports satisfactory.

Securing the lowest possible sulphur content in the bunkers used on our ships is a goal in itself. At present, the average sulphur content for those of our ships which sail in the Wallenius Wilhelmsen Logistics fleet is 1.61%. This

# INNOVATION PAYS OFF AND IS
# ESSENTIAL FOR LONG-TERM SURVIVAL.

is significantly lower than the general international standard of 4.5%, and also meets the new 1.5% standard set for the Baltic from 1 January 2007.

## AN INNOVATION CULTURE

In addition to our external collaboration on innovation and the environment, we have established a special in-house innovation forum to facilitate and coordinate all current development projects. Thirty of these have now been registered.

We are concerned to make fresh advances through the continued development of our innovation culture. The goal is for all our employees to think along new lines and continue to develop themselves through a continuous process which embraces progress with technology, products, customer services, business systems and organisation.

Our in-house educational organisation, the WW Academy, integrates the innovation strategy in all its courses. We have also joined forces with the Norwegian School of Management to tailor a new programme on innovation management in the global knowledge economy for our employees.

For us, innovation is about generating and implementing new ideas which create value for our customers – and thereby for us. We gain experience and have thoughts every day which contribute to further advances. We are now systematising this and acting on the basis of an innovation strategy with clear goals, which in turn reflects a recognition that innovation pays off and is essential for long-term survival. The progress made will benefit both society and our customers. Satisfied customers improve profitability and create value. In other words, innovation strengthens not only society and the environment, but also our own ability to survive as a company.

## A NEVER-ENDING PROCESS

Creating an innovative corporate culture is a never-ending process. Although we are well under way, more can be gained through stronger interaction between our entities and between each member of our organisation. Only by exploiting a diversity of expertise can we achieve our vision of being the leading global supplier of maritime services. It is a gratifying fact that employees worldwide have already accepted this challenge, and are queuing up to promote their innovative projects. They are thereby helping to create a fundamentally positive mindset and to strengthen our standing as an exciting place to work. At the same time, we create a win-win position for us all – both inside and outside the WW group.

*Ingar Skaug*
Group CEO
Wilh. Wilhelmsen

1: Innovation at WW means generating and implementing new ideas which create value for our customers – and thereby for the group.

2: In order to share innovative management knowledge and to cooperate on developing shared technological advances, WW and Wallenius Lines have joined the Global Leadership & Technology Exchange together with such leading international companies as Pacific Gas & Electric, Shell and Det Norske Veritas.

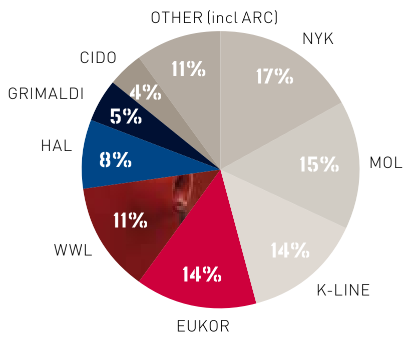
3: WW has taken the initiative on a dialogue with such companies as Shell and BP on reducing the sulphur content in bunkers.

# SHIPPING: LEADING WORLD PLAYER


**WILH. WILHELMSEN CONTROLS 150 CAR AND RO-RO CARRIERS TOGETHER WITH ITS PARTNERS, AND RANKS AS THE LARGEST OPERATOR IN THE ROLLING CARGO SEGMENT.**

# LEADING WORLD OPERATOR OF CAR AND RO-RO CARRIERS

**WWL, EUKOR AND ARC CONTROL A FLEET CORRESPONDING TO 27.5% OF THE WORLD'S CAR CARRIERS.**




WW has specialised in the transport of cars as well as high and heavy and non-containerised cargoes. The group is together with Wallenius the leading world player in this segment, and controls a very large fleet of car and ro-ro carriers. Commercial operations are channelled through three joint ventures – Wallenius Wilhelmsen Logistics (WWL), EUKOR Car Carriers and American Roll-on Roll-off Carrier (ARC).

WWL, EUKOR and ARC collectively control a fleet of 150 vessels, corresponding to 27.5% of the world's car carriers. WWL has 11.3% of the market, EUKOR 14.3% and ARC 1.8%.

## BROAD PROVIDER IN ONE SEGMENT

The WW group is highly specialised in the rolling cargo segment. At the same time, it provides a broad range of services in this field. These take the form of integrated logistics solutions, where customers are offered transport services from factory to dealer. This distinguishes WW from most of its competitors in the segment.

## GLOBAL TRANSPORT OF ROLLING CARGO

WW and Wallenius Lines initiated a collaboration in 1999 through the creation of Wallenius Wilhelmsen Lines, which changed its name in 2006 to Wallenius Wilhelmsen Logistics.

Owned 50-50 by WW and Wallenius, WWL is a global provider of logistics solutions for vehicle transport. High and heavy consignments, such as agricultural and construction machinery for infrastructure development and mining, represent an important element in WWL's cargo base. So does non-containerised cargo, which is positioned on various forms of vehicle and rolled onto the carriers. Machinery, machine components, generators, yachts, rubber and paper products are examples.

The ships operated by WWL are specially designed and equipped to carry high and heavy and non-containerised cargo. This flexible fleet makes it possible to combine different types of cargo in an optimum manner in the various trades.

WWL's global transport pattern for all three cargo categories distinguishes its services from most of its competitors.

## BIGGEST SHIPPER FOR HYUNDAI AND KIA

EUKOR Car Carriers was created in 2002 when WW and Wallenius each acquired 40% of the car-carrying business at Hyundai Merchant Marine. The remaining 20% is owned by Hyundai Motor Corporation (HMC) and Kia Motors Corporation.

EUKOR has an exclusive contract of affreightment with HMC and Kia to ship new cars from Korea. It carried 3.2 million cars by sea in 2006. Exports of Korean cars have expanded sharply in recent years, and WW has been able to secure a large slice of this growth through its involvement in EUKOR.

A global transport service for cars is offered by EUKOR, with HMC and Kia as its biggest customers. The establishment of factories

outside Korea by these two companies gives EUKOR an opportunity to achieve even more efficient utilisation of its fleet.

### EIGHT SHIPS UNDER US FLAG

ARC operates eight vessels, all under the US flag. These sail in two trades – one from the USA to Europe and back, and the other from the USA to the Middle East and back. WW owns 50% of ARC.

### SHIPOWNING COMPANIES

The WW ships operated by WWL, EUKOR and ARC are operated and controlled by the wholly-owned Wilhelmsen Shipping, Wilhelmsen Lines Shipowning, Wilhelmsen Lines Car Carriers and Wilhelmsen Lines subsidiaries. In addition, WW owns 50% of Mark 1 Shipping in Singapore.

At 1 January 2007, WW owned and controlled 39 ships, including 13 wholly-owned, 13 owned 50%, 11 held on long-term bareboat charter and two on long-term time charter.

### LONG ON CARGO, SHORT ON TONNAGE

Global production and maritime transport in all cargo categories are expected to increase. A steadily rising proportion of production will take place in rapidly-developing economies such as China, eastern Europe, Latin America and south-east Asia. Sales growth will also be strongest there.

Vehicle manufacturers are increasingly establishing plants around the world to make specific models, which are distributed in a global market. Requirements for maritime transport will accordingly be substantial despite changes in the production pattern.

Overall, WW foresees positive demand development in all segments, with good underlying growth. The market will remain tight, with high capacity utilisation for the ships. Demand is also growing for integrated logistics solutions which integrate land and maritime transport.

To secure new and modern tonnage for WW's joint ventures, the group and its partners are pursuing an extensive newbuilding programme. Forty-four new car carriers are due for delivery from April 2007 to 2011, of which eight will go to WW. The newbuilding programme corresponds approximately to the market share held by WW and its partners today.

WW has also initiated a project to renew the ro-ro part of its fleet. The group wants to build cost-effective vessels which ensure that it can increase market share through efficient cargo combinations and fleet renewal.

1: The newbuilding programme being pursued by WW and its partners embraces 44 ships, which are due to be delivered between 2007 and 2011. WW, which is contributing eight of these vessels, is building at Mitsubishi Heavy Industries in Japan, at Daewoo in South Korea and in Gdynia, Poland.

2: WW has specialised in freighting cars as well as high and heavy consignments and non-containerised cargo.

3: The WW group transported almost five million cars by sea in 2006.


IN ADDITION TO MARITIME TRANSPORT, WW OFFERS TERMINAL AND TECHNICAL SERVICES, INLAND DISTRIBUTION AND SUPPLY CHAIN MANAGEMENT.

# LOGISTICS: MORE THAN MARITIME TRANSPORT

# DOOR-TO-DOOR SERVICES FROM FACTORY TO DEALER

## LOGISTICS PRODUCTS:

- **> TERMINAL SERVICES:** ensure quick and efficient cargo handling.
- **> TECHNICAL SERVICES:** readying and outfitting vehicles as well as quality control before delivery.
- **> INLAND DISTRIBUTION:** hired transport by road, rail or smaller ships.
- **> SUPPLY CHAIN MANAGEMENT:** complete management of consignments from factory to dealer.

WW's goal is to offer a product to its maritime transport customers which extends door-to-door from the factory to the dealer. This service embraces considerably more than just shipment by sea, and also includes terminal and technical services, inland distribution and supply chain management. Customers obtain better overall transport, while WW can offer a product which distinguishes it from competitors in the industry.

### STRATEGIC TERMINALS

Access to terminals is strategically important for ensuring quick and efficient cargo handling as well as for increasing integration between maritime transport and land-based logistics activities. WW will therefore invest in new and existing terminal facilities. Through the WWL operating company, it owns six terminals in Baltimore, Brunswick, Port Hueneme (all in the USA), Zeebrugge (Belgium), Southampton (UK) and Kotka (Finland). WWL also has long-term contracts to use a number of strategically important terminals worldwide.

Technical services comprise readying and outfitting vehicles as well as quality control before delivery. These activities are conducted in special facilities, often associated with the terminals.

WW buys in services relating to inland distribution, such as transport by road, rail or smaller ships. It does not intend to own transport facilities for inland distribution. Last but not least, the group is committed to offering customers complete supply chain management from factory to dealer.

### STRONG POSITION FOR OUTBOUND LOGISTICS

WWL has established a strong global position in the market for outbound transport of vehicles. Its logistics network has been built up gradually in line with the needs of shipping customers, and currently embraces operations in Europe, North America, Asia, South Africa and Oceania.

The two most important companies are Vehicle Services Americas, owned 50% by WWL, and Vehicle Services Europe, wholly owned by WWL. The first provides technical services and distribution of two million cars per year in North America, primarily for Nissan, while the other supplies technical services and inland distribution in Europe for a number of vehicle producers.

WW also owns 50% of two US companies, American Auto Logistics and American Logistics Network, which deliver logistics services including storage of private vehicles belonging to US military personnel and government employees stationed abroad. About 60 000 vehicles are transported annually.

### EXCLUSIVE SUPPLIER TO HYUNDAI AND KIA

Korean logistics company Glovis, owned 20% by WW, is the exclusive supplier of global logistics services to EUKOR's principal customers, HMC and Kia. Glovis provides both inbound and outbound logistics, handling component shipments to the mills as well as transport of completed cars from factory to dealer. In line with the strong expansion of HMC and Kia outside Korea, Glovis is also enjoying rapid growth on a global basis.

### IN LINE WITH CUSTOMER NEEDS

The WW group's network of logistics activities is being developed in line with the needs of its maritime transport customers. This means that the investment being made in the logistics area are concentrated on activities directly linked to maritime transport, principally terminals and technical services. Active efforts are being made to enhance the efficiency of operations in the network and to improve integration between the WW group's maritime transport and logistics activities.

### GROWING DEMAND

Integrated logistics services distinguish the WW group from its competitors. An increasing share of new contracts obtained by its operating companies from vehicle manufacturers embraces both maritime transport and logistics services. This demonstrates the important role played by logistics activities in supporting maritime transport.

Car manufacturers are likely to continue seeking efficient integrated logistics solutions – particularly in less developed markets with a substantial growth in demand, such as Asia and eastern Europe. By combining a solid position in the maritime transport segment with an integrated network of land-based logistics activities worldwide, the WW group is well positioned to satisfy the expected level of future demand.

WW works actively to achieve optimum utilisation of its total logistics network by realising synergies within the network and between the three operating companies. Logistics contracts have been established between group companies, and their use is expected to expand in the future.

1: WWL owns the terminals at Kotka in Finland, Zeebrugge in Belgium, Southampton in the UK, Baltimore and Brunswick on the USA east coast, and Port Hueneme on the US west coast. The company also has long-term contracts to use other strategically important terminals worldwide.

2: The WW group's network of logistics activities is being developed in line with the needs of its maritime transport customers.

3: WWL transports three million cars annually on land.

# MARITIME SERVICES: UNIQUE GLOBAL NETWORK AND STRONG BRANDS

WILHELMSEN MARITIME SERVICES OFFERS A BROAD RANGE OF PRODUCTS AND SERVICES TO A LARGE PROPORTION OF THE WORLD'S MERCHANT FLEET.

# GLOBAL PROVIDER OF MARITIME SERVICES

## WMS 2006:

> **REPRESENTED BY**
> 352 offices in 71 countries

> **ABLE TO DELIVER IN**
> 2 200 ports in 116 countries

> **PRODUCT DELIVERIES**
> 183 000 to 17 700 ships

> **PORT CALLS HANDLED**
> 53 000

> **SHIPS UNDER MANAGEMENT**
> 308

> **SEAGOING PERSONNEL**
> 8 500

> **EMPLOYEES ON LAND**
> 4 700

> **TURNOVER**
> USD 588 million

Wilhelmsen Maritime Services (WMS) represents the WW group's ambition to be a substantial player in the maritime service sector. Through highly recognised brands and a unique global network, it offers products and services which contribute to a substantial improvement in the operational efficiency of its customers. By combining expertise across business units in the form of human capital, processes and innovation, WMS seeks to change industry dynamics in the maritime service sector to the benefit of customers.

### FOCUS ON THE MERCHANT FLEET

Barwil Unitor Ships Service combines the strength of Barwil's agency business with Unitor's market-leading range of products and services. This combination helps to ensure that port calls are as brief as possible, and that ships are operated safely and efficiently in accordance with applicable regulations. Barwil Unitor has the world's largest maritime network, with 352 offices in 71 countries, and handled 53 000 ship calls in 2006. In addition, it made 183 000 product deliveries to 17 700 vessels. The number of vessels served rose by 1 300 from 2005 to 2006.

Product deliveries from Barwil Unitor increased in 2006 as a result of the positive trend in the market. Growth was strongest in north-east Asia, at 35%.

Barwil Unitor has established a global organisation with eight regions and regional head offices: northern Europe (Oslo, Norway), central Europe (Rotterdam, Netherlands), southern Europe and north Africa (Genoa, Italy), eastern Mediterranean (Piraeus, Greece), Africa, the Middle East and the Black Sea (Dubai, UAE), south-east Asia and Oceania (Singapore), north-east Asia (Shanghai, China), and South and North America (Houston, USA).

Customer centres have been established in all these regions to boost the level of service and ensure better customer follow-up.

### FOCUS ON VESSEL OPERATION

With a portfolio of more than 300 vessels, Barber Ship Management (BSM) provides solutions for managing car and ro-ro carriers as well as the LNG/LPG, seismic survey, bulk, container, cruise and tanker segments. It also offers an extensive programme for vessel crewing and training of seagoing personnel. Other key areas include crewing of offshore installations, project staffing, and technical and operational solutions for inspection and auditing. The company manages vessels from offices in 10 countries and has crewing agents in 15 nations.

The number of vessels with full technical management increased from 134 in 2005 to 175. Progress was made in all markets, but

particularly in the USA, where the fleet doubled during 2006.

As a result of these positive market developments, BSM opened new management offices in Singapore and Piraeus (Greece) during 2006 as well as two additional crewing offices in the Philippines and Ukraine.

## FOCUS ON NEWBUILDINGS AND VESSEL CONVERSIONS

Unitor Marine Systems offers complete systems for fire-fighting and nitrogen inert gas for newbuildings and vessel conversions. Its solutions and equipment are used by roughly a quarter of the world's merchant fleet.

About 80% of new tonnage is built in Asia today. Unitor Marine Systems delivered equipment to about 400 large projects, which represented 25% of the market in this segment.

TI Marine Contracting has specialised in low-temperature insulation of cargo tanks on gas carriers and terminal piping, as well as fire and comfort insulation of naval vessels.

## OTHER SERVICES

The Maritime Solutions and Financial Services business unit embraces Wilhelmsen Insurance Services, which provides the WW group's insurance expertise, and Marine Transaction Services. The latter offers tailored e-commerce solutions to the maritime market.

Offering various bunkers services, Wilhelmsen Premier Marine Fuels is also part of this unit. It handles seven-eight million tonnes of bunker oil per annum and ranks as one of the world's largest companies of its kind.

## POSITIONED FOR GROWTH

The market for maritime services is characterised by solid growth resulting from the expansion of the world fleet. This favourable development has yielded positive results for all the WMS business units.

New requirements for the maritime industry will basically be positive for WMS. Experience indicates that tougher environmental standards could call for new product and service concepts which will in turn yield further income flows.

WMS's ambition is to be a leader in the development of the maritime service industry. Success criteria will include a good balance between size, global infrastructure, technology and able employees.

1: Unitor Marine Systems concentrates on the newbuilding and conversion market in Europe and Asia. A factory was established in Shanghai during 2006.

2: Barber Ship Management has 10 management and 15 crewing offices. New management offices were opened in Singapore and Piraeus (Greece) during 2006.

3: Able to serve customers in 2 200 ports in 116 countries, Barber Unitor Ships Service's worldwide network is without compare in the maritime industry. The business unit is represented through wholly and partly owned offices in 71 countries. Its global network is divided into eight regions.

# KNOWLEDGE: COMPETENT EMPLOYEES AND SATISFIED CUSTOMERS

> WILH. WILHELMSEN REGARDS COMPETENT EMPLOYEES AS A COMPETITIVE ADVANTAGE.

# FOCUS ON VALUES AND CONTINUOUS LEARNING

WW's VALUES:

- CUSTOMER CENTRED
- EMPOWERMENT
- LEARNING AND INNOVATION
- STEWARDSHIP
- TEAMING AND COLLABORATION

Continuous learning and development represent a strategic element in developing WW's business. Today's society is characterised by rapid changes and customers who expect first-class service with new technical and creative solutions. Individual and organisational learning, cooperation and communication are key success factors. The interaction between a good working environment with motivated and able employees on the one hand and satisfied customers on the other is very important for attaining WW's vision and goals.

## FIVE BASIC VALUES

WW's five base values represent the main development arenas for its organisation:
1. **Customer-centred** – WW puts its customers in the centre. By being concerned with their needs at all times, the group can deliver optimal and mutually beneficial solutions.
2. **Empowerment** – WW has the ability to involve its employees in their daily work. That motivates, inspires and generates energy. Group personnel will participate with knowledge, ideas and opportunities, and attention will be given to their contribution.
3. **Learning and innovation** – When society changes, so must the WW group. New customer expectations, new solutions and not least constant technological progress mean that WW must create a learning organisation. Only then can it renew itself, see opportunities and find new creative solutions.
4. **Stewardship** – The WW group will manage its resources in an optimum way, and take account of the safety of its employees while showing respect for society and the environment.
5. **Teaming and collaboration** – The WW group's most important competitive advantage is its qualified personnel, with their broad expertise. When employees collaborate to get the best out of each other in pursuing a common goal, their whole potential and all their knowledge can be utilised.

## VALUES-BASED LEADERSHIP

Managers at all levels in WW exert the greatest influence on the group's working environment. Substantial resources are accordingly devoted to management training which enhances the expertise of executives in motivating, leading and developing employees.

Following the acquisition of Unitor in the summer of 2005, considerable work was carried out in 2006 to entrench and enhance awareness of the WW group's values in the new organisation and to create good integration processes.

All WW's managers at head office and the regional offices participated during 2006 in an extensive values survey. The aim was to raise the individual manager's awareness of their own leadership style and priorities in relation to the group's values.

Efforts to enhance understanding of these values will be rolled out in the rest of the group during 2007. Managers will be involved in this work.

Working environment surveys and in-house seminars are other tools utilised to develop WW in relation to its fundamental values.

An extensive poll of this kind was conducted during 2006 at all the group's offices in Norway and eight of its larger offices abroad. Where areas requiring improvement were identified, the relevant departments have developed their own action plans.

The head office and 12 of the largest offices outside Norway are due to implement a working environment survey during 2007.

Similarly, extensive 360-degree performance assessments of the most important executives in WW were performed during 2006. An analysis of this kind identifies a manager's strong and weak sides, and the feedback is used to develop more effective leaders.

A special working group was appointed in 2006 to concentrate on further implementation of the WW group's values. It seeks to strengthen understanding of the importance of WW being a values-driven organisation with a common values base.

## THE WW ACADEMY

The WW group consists today of 13 300 employees in wholly-owned companies, with a high level of professional competence. But constant expertise development is crucial for reaching WW's future long-term goals.

Established in 1999, the WW Academy is the group's strategic educational institution. It tailors learning and development programmes which help to ensure that employees can reach WW's commercial goals and satisfy customer requirements. WW invests through the WW Academy in human capital. Competent personnel are regarded as a strategic competitive advantage, based on the conviction that companies and businesses with the ablest people are those which will succeed in future.

Educational programmes offered to employees by the WW Academy are tailored to a person's career and work. Courses cover such topics as shipping, sales, project and process management and leadership. A master's programme in innovation and management was also developed during 2006 in cooperation with the Norwegian School of Management. Comprising four modules, this is taken in Oslo, Singapore and San Francisco respectively.

## E-LEARNING

The WW Academy uses a combination of traditional classroom teaching and e-learning, known as "blended" learning.

A special portal introduced by the academy in 2006 to bring together all its e-learning materials can be accessed by every WW employee. The number of people who have completed each e-learning module is registered

1: The WW Academy offers educational programmes to group employees, and holds courses in such centres as Oslo in Norway, Zeebrugge in Belgium, Zeist in the Netherlands, Baltimore in the US, Dubai, Singapore and Kuala Lumpur in Malaysia.

2: WW has five basic values: customer-centred, empowerment, learning and innovation, stewardship, and teaming and collaboration.

3: Substantial resources are allocated by WW to management training, which provides additional expertise on how to motivate, lead and develop employees.

# > FOCUS ON VALUES AND CONTINUOUS LEARNING

in a reporting tool. Through a virtual community, course participants can collaborate over assignments, hold discussions and receive guidance before, during and after workshops.

Completing e-learning modules before taking part in a course gives participants a common knowledge platform as the basis for further learning. In addition, they are better prepared and more motivated.

At the same time, e-learning provides new opportunities to create a good dialogue and communication in the organisation when changes need to be made. This form of education has become a natural part of WW's approach to implementing new ideas and solutions.

## INCREASING MULTICULTURAL EXPERTISE

Since the WW Academy's launch in 1999, several hundred personnel from the WW group have taken its programmes. The aim for 2007 is to provide courses for about 400 employees and to expand the target audience to include other companies in the group, including WW's partners.

Lectures on subjects specific to WW are given by key in-house personnel, while external lecturers are usually hired to cover more generic subjects such as strategy and communication.

The WW Academy helps to enhance the multicultural expertise of group employees. Its global scope and cultural diversity make this a unique institution. Courses are held in such locations as Singapore, Dubai, Kuala Lumpur in Malaysia, Zeebrugge in Belgium, Zeist in the Netherlands, Baltimore in the USA and in Norway. Many of them attract participants from 10-20 nations. The educational part of a programme will be supplemented by social events intended to build relationships across national borders, develop multicultural understanding, boost knowledge of different business areas in the group and – not least – establish a shared cultural diversity within WW.

The WW Academy also provides an arena for developing relationships and networks which often prove to be of great importance for participants in their future work with the group. New business opportunities and ideas are hatched when people from various parts of the organisation and from different cultures and nations participate in shared learning experiences. And the academy contributes not least to strengthening WW's culture and identity.

Managers of personnel who have taken a course play a key role in the wake of such programmes, since the object is to see specific behavioural changes and results. In addition to expectations of new behaviour, the manager will support further learning by following up and providing suitable jobs in relation to the individual's competence.

Development of the WW Academy is closely monitored by senior management, and group chief executive Ingar Skaug chairs its management committee. New courses are developed by project teams in which both specialists and managers are represented to ensure that programmes satisfy the WW group's learning requirements.

# OTHER COMPANY INFORMATION

"

The goal is to provide shareholders with a high return over time through a combination of rising value for the company's shares and payment of dividend.

CORPORATE
GOVERNANCE
# SHAREHOLDER INFORMATION
COMPANY
STRUCTURE
FLEET LIST

# CORPORATE GOVERNANCE

## AN "OBSERVE OR EXPLAIN" PRINCIPLE

A Norwegian code of practice for corporate governance was issued in December 2004 by the Norwegian Committee for Corporate Governance (NUES), which has been established by a number of organisations.

Pursuant to the regulations of the Oslo Stock Exchange, listed companies must annually publish a presentation of their corporate governance principles. The code of practice builds on an "observe or explain" principle, which means that the grounds for possible departures from the code must be given.

The code was revised in December 2005 and November 2006. Companies are free to choose between the recommended rules from 2005 or 2006 as the basis of their presentation for the 2006 operating year.

In addition to certain minor amendments, the 2006 revision introduced a new provision on risk management and internal control. The chapter on company takeovers was amplified, and the chapter on the nomination committee expanded.

WW observes the code from 2006. However, a shareholder structure in which a majority owner controls more than 50% of the votes at the general meeting means that it would be inappropriate to implement all the code's provisions in full.

## VALUES BASE

Core values which incorporate ethical guidelines form the platform for WW's corporate culture. The group's values are customer centred, empowerment, learning and innovation, stewardship, and teaming and collaboration. See page 4 for their definition. The group's ethical guidelines are openness and honesty, loyalty, cooperation and responsibility.

## THE BUSINESS

According to WW's articles of association, its object is to engage in shipping, maritime services, aviation, industry, commerce, finance business, brokerage, agencies and forwarding, to own or manage real estate, and to run business related thereto or associated therewith. Within this object, the business concept is to be a leading international supplier of maritime services, based on expertise and with the focus on customer requirements.

## EQUITY AND DIVIDEND

WW has an equity which is tailored to its objectives, strategy and risk profile, and which totalled just over USD 1 billion at 31 December 2006. That corresponded to 38% of total capital.

The company has a dividend policy which states that the shareholders will be given a high return over time through a combination of rising value for the company's shares and payment of dividend. Subject to the results achieved and future investment requirements, one objective is a steady rise in dividend over time.

The board has been mandated by the general meeting to buy back up to 10% of the company's own shares. Parent company WW ASA owned 1 326 976 A shares and 551 700 B shares at 31 December.

A renewal of this mandate for a further 12 months will be considered by the annual general meeting in May 2007.

## EQUAL TREATMENT OF SHAREHOLDERS AND TRANSACTIONS WITH CLOSE ASSOCIATES

The company has two share classes, comprising 36 856 468 A shares and 12 781 032 B shares respectively. Converting to a single share class is not regarded as appropriate in the present circumstances.

The group buys its own shares over the stock exchange.

Certain transactions take place between the principal shareholder and the company, and these are conducted on market terms.

Pursuant to the instructions issued for the board, directors are required to inform the board if they have a significant interest, directly or indirectly, in contracts concluded by WW.

## NEGOTIABILITY

WW's shares are freely negotiable.

## GENERAL MEETING

The annual general meeting is normally held at the beginning of May. Shareholders with known addresses are notified by mail, and the meeting is advertised in Oslo daily Aftenposten and on the company's website at least 14 days before it takes place.

Shareholders wishing to attend the general meeting must notify the company at least two working days before it takes place. Shareholders can appoint a proxy to vote for their shares. The board chair attends the general meeting, and chairs it as specified in the articles of association. All shareholders have the right to submit motions to and to speak at the general meeting, but only A shares carry voting rights. The company is not aware of any shareholder agreements.

## NOMINATION COMMITTEE

A nomination committee is not considered appropriate with the present shareholder structure.

## EXECUTIVE COMMITTEE AND BOARD OF DIRECTORS – COMPOSITION AND INDEPENDENCE

The company has an executive committee for industrial democracy in foreign trade shipping which comprises six members, four from the management and two from the workforce. It meets four times a year. Issues submitted for consideration include a draft of the accounts and budget as well as matters of major financial significance for the company or of special importance for the workforce.

The company's board comprises six directors elected by the general meeting for two years at a time. Two of the directors are women.

Both the group chief executive and the deputy group chief executive are alternate members of the board.

Information on the background and experience of the directors can be found on the company's website at www.wilhelmsen.com, which also provides a specification of the shares in the company owned by directors.

## WORK OF THE BOARD

The board establishes an annual plan for its work. Eight regular meetings are held every year, and the board otherwise meets as and

1: The annual general meeting will take place in Oslo on 7 May 2007.

2: WW complies with the Norwegian code of practice on corporate governance.

3: The board of WW ASA comprises six members, of whom two are women.

# > CORPORATE GOVERNANCE

when required. One day-long strategy meeting is held. Directors are also kept regularly informed about the group's development between board meetings.

Instructions have been drawn up for the executive management and for the board itself. The board works continuously on internal control in the company as specified below.

In the absence of the chair, the deputy chair serves as chair.

The board regularly assesses its mode of working.

The board does not consider it appropriate to establish sub-committees, which would undermine the board's work and authority. The size of the board and the frequency of its meetings mean that such committees are not required.

## RISK MANAGEMENT AND INTERNAL CONTROL

The board must ensure that WW has a good internal control function and appropriate systems for risk management in relation to the scope and nature of the company's business. Through the financial reporting received by the board in the form of monthly operating reports of financial, operational and commercial information, together with periodic reporting which includes figures on financial and operational performance, the board is kept continuously updated about the development of the business. In addition, the board makes two foreign trips each year to visit parts of the business. That gives the directors an opportunity to meet the local management and to view the operation in practice.

A review of the company's strategy is conducted by the board once a year, when guidelines are established for the executive management. The strategy process is dynamic, and the board receives an update on on-going strategy work in the subsequent half-year. Important strategic issues are fixed items on the agenda at every board meeting, and the management provides an update on the status of each issue.

The board approves the financial strategy and receives periodic reports on the company's exposures to interest rates, currency, shares and bunkers.

Guidelines and routines have been prepared for the work of individual departments. This documentation is available electronically to everyone through the company's global integrated management system (GIMS), which is kept continuously updated.

Internal guidelines have been drawn up to ensure that the WW group complies with competition legislation. These guidelines are implemented and monitored by the group's legal staff. The legal department also evaluates contracts and new ventures of significant importance for the business.

## REMUNERATION OF DIRECTORS

Directors' fees are determined by the general meeting and are not dependent on the company's results. These fees reflect the responsibilities of the board, its expertise, the amount of time devoted to it, and the complexity of the business.

No share options have been awarded to directors.

The deputy chair represented Wallenius Wilhelmsen Logistics (WWL) in an company in which WWL has a shareholding. Otherwise, none of the directors carried out work for WW in addition to their position on the board.

## REMUNERATION OF SENIOR EXECUTIVES

Salary and other elements in the chief executive's remuneration are detailed in note 2 to the parent company accounts. See page 62.

The board determines the chief executive's and other leading personell's remuneration and establishes the framework for adjustments to the pay of other employees. Pay adjustments for each employee are then determined administratively within limits set. The board carries out a broadly-based comparison with pay conditions in other Norwegian shipping companies, and gives weight to the general level of pay adjustments in Norway.

A bonus scheme has been instituted by the board for group employees in Norway. Certain subsidiaries have different arrangements. Intended to reinforce the focus on performance and results, the bonus scheme is based on the annual return on capital employed by the group and three predefined key performance indicators. The board determines the annual norm for the bonus scheme.

An option programme was extended in 2005 with the board's approval. This gives employees at a specified level of management the option to buy an individually-specified number of shares in the company. The strike price is predetermined as an average closing price over the 14 days before the executive concerned enters the programme. Details of this programme are provided in note 2 (page 23) to the parent company accounts. The company's general meeting has been informed of the scheme.

### INFORMATION AND COMMUNICATION

WW gives weight to informing the market about the development of its results, and reports to the stock market through annual and interim reports, press releases and so forth. The financial calendar, with the dates for quarterly presentations and the annual general meeting, can be found on the WW website and on page 106 of this annual report.

The interim and annual results are presented to invited analysts and business journalists at the same time as the accounts are made public on the Oslo Stock Exchange. At least two of these presentations each year are transmitted directly by webcast. Results are also posted to WW's website. The company fulfils the requirements set by the stock exchange for its Information and English symbols.

Extensive information about the activities of the parent company and the group is provided on the website, including an overview of share price developments, the 20 largest shareholders, dividend paid over the past five years and cash flow per share.

A Capital Market Day was held on 3 April 2006 and will be repeated on 17 September 2007. Analysts, journalists and financial institutions are invited to meet senior executives of the group, who present various aspects of WW's business in more detail than can be provided by the quarterly presentations.

### TAKEOVERS

The board has not established any key principles for its response to possible takeover bids. Were such circumstances to arise, it would seek to treat all shareholders equally.

### AUDITOR

The company's auditor attends board meetings as required, and is always present when the annual accounts are under consideration. The auditor provides the board with a review of work on the annual accounts, and explains changes in the accounting principles and other significant aspects. Should either side find it appropriate, the board can meet the auditor without the executive management being present.

The auditor's fee, broken down by audit work and other consultancy services, is specified in note 4 (page 39) and note 2 (page 63).

1: Pay and other elements in the remuneration of senior executives are detailed in note 2 of the parent company accounts. See page 62.

2: The board ensures that WW has a good internal control function and appropriate systems for risk management in relation to the scope and nature of the company's business.

3: The parent company is audited by state authorised public accountant Erling Elsrud at Pricewaterhouse-Coopers AS.

# SHAREHOLDER INFORMATION

## DIVIDEND POLICY

WW's goal is to provide shareholders with a high return over time through a combination of rising value for the company's shares and payment of dividend. Subject to the results achieved and future investment requirements, one objective is a steady rise in dividend over time.

A total dividend of NOK 8.50 per share was paid by WW in 2006. The company's intention is to pay dividend twice a year, and this was achieved in 2006.

The board will propose to the general meeting that a dividend of NOK 5.50 per share be paid in May 2007.

## CORRECT MARKET PRICE

The group gives weight to keeping the stock market regularly informed about the development of its results.

By helping to enhance knowledge of the industry in general and the group in particular, WW wants the information it provides to the market to contribute to a pricing of the company's shares which is as correct as possible.

WW has received the Information and English symbols from the Oslo Stock Exchange. These are awarded to companies which satisfy the exchange's requirements for financial information on their websites. This part of the site will be further developed during 2007.

The WW website also provides all the company's reports and other information, including an overview of some of the analysts who monitor it.

## SHAREHOLDER STRUCTURE

WW is listed on the Oslo Stock Exchange. At 31 December 2006, the company had a total share capital of NOK 993 million, divided between just under 37 million A shares and just under 13 million B shares. WW had 3 045 shareholders at 31 December 2006, of whom 234 were foreign and 2 811 were Norwegian.

In recent years, the company has bought its own shares and amortised part of these (5% in 2000, 2001 and 2002). The management has been mandated to buy up to 10% of the company's own issued shares. Part of this authority has been utilised. WW owned 1 326 976 A shares and 551 700 B shares at 31 December. The company has no plans for new share issues.

## BASIS FOR VALUING THE COMPANY

The management's judgement is that a valuation of WW must be based on a combination of discounted net cash flows and net asset value.

In the shipping and logistics segments, significant investments have been undertaken in vessels and other fixed assets. WW takes the view that the value of these segments is higher than the sum of the value of the various tangible fixed assets. The value of the business over time will depend primarily on the net income which

the company manages to generate from the transport system developed within these segments. That encompasses both vessels and other tangible fixed assets, the established transport system, land-based activities, employee expertise and experience, established market positions, and brands and goodwill.

Glovis (owned 20% by WW) is listed on the stock exchange in Seoul, Korea.

Earnings potential is crucial for a valuation of the activities concentrated in Wilhelmsen Maritime Services (WMS). The capital commitment in the companies which collectively comprise WMS is relatively modest, although fairly large sums have been invested in company acquisitions, human resources and system infrastructures.

The value of real property is continuously subject to the valuations made by the market at any given time. A valuation based on net asset value would therefore be the most relevant approach for the company's office premises at Lysaker.

A total valuation of the parent company must accordingly be based on the considerations outlined above, supplemented by the parent company's other assets less group liabilities and pension commitments.

Information on the hedging strategy for bunkers, currency and interest rates, and on sensitivity analyses, is provided in note 13 on page 49.

For information on debt repayment, see note 12 on page 48.

### REMUNERATION OF THE GROUP'S EMPLOYEES

A primary objective has been to highlight the shared financial interests of owners and employees. The remuneration system is under continuous assessment, and several new schemes have been put in place over recent years.

A bonus scheme is provided for employees, with the financial basis for payments tied to the realised annual return on capital employed (ROCE) for the group. Return above an annually specified norm will be shared between employees and owners in accordance with an approved formula.

The ROCE was 16.7% in 2006, and the goal is to keep this figure above 8-9% over time in accordance with the equity method.

A new option programme for employees at a specified level of management was introduced in 2004 and came into effect on 1 January 2005. It strengthens the relationship between remuneration for leading personnel and the return to the owners over time.

All employees in Norway are offered an annual opportunity to acquire shares in WW at a discount.

The basis for dividend payments to shareholders is the value creation achieved in the group's business areas.

cont on next page ›

**1:** WW is listed on the Oslo Stock Exchange and had 3 045 shareholders at 31 December 2006, of whom 2 811 were Norwegian and 234 foreign.

**2:** WW's goal is to provide shareholders with a high return over time through a combination of rising value for the company's shares and payment of dividend.

**3:** Through enhanced knowledge of the industry in general and the group in particular, WW wants the information it provides to the market to contribute to a pricing of the company's shares which is as correct as possible.

# > SHAREHOLDER INFORMATION

## FINANCIAL CALENDAR 2007:

> **5 FEBRUARY**
Fourth quarter report 2006

> **20 APRIL**
Annual and environmental reports 2006

> **4 MAY**
First quarter report 2007

> **7 MAY**
Annual general meeting

> **8 MAY**
Share quoted ex dividend, subject to approval by the AGM

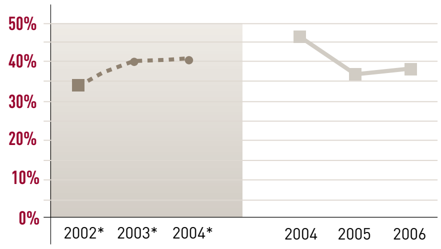
> **21 MAY**
Payment of dividend, subject to approval by the AGM

> **1 AUGUST**
Second quarter report 2007

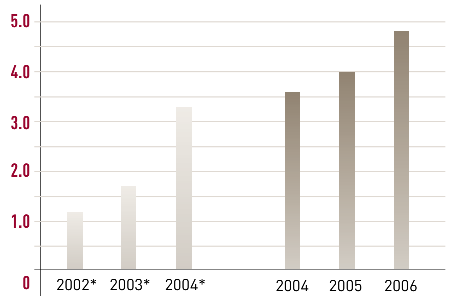
> **17 SEPTEMBER**
Capital Market Day

> **1 NOVEMBER**
Third quarter report 2007

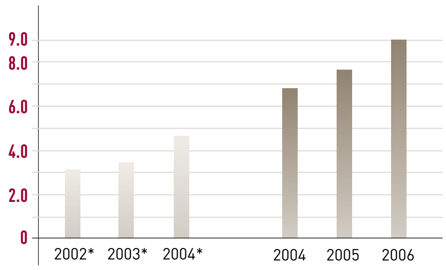
EQUITY RATIO (%)



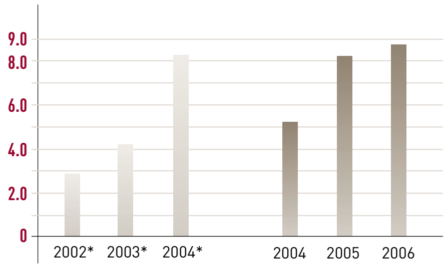

EARNINGS PER SHARE (1)




CASH FLOW PER SHARE (3)




DIVIDEND PER SHARE (4)

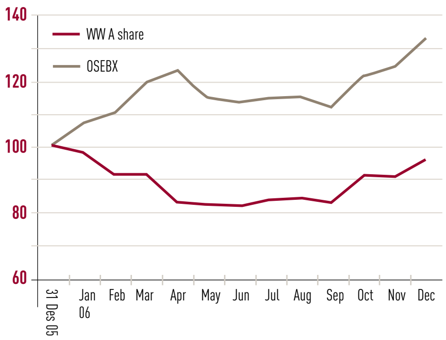


THE GOAL IS TO PROVIDE SHAREHOLDERS WITH A **HIGH RETURN OVER TIME** THROUGH A COMBINATION OF RISING VALUE FOR THE COMPANY'S SHARES AND PAYMENT OF DIVIDEND.

## KEY INFORMATION SHAREHOLDERS

| | | 2006 | 2005 | 2004 | 2004* | 2003* | 2002* | 2001* |
|---|---|---|---|---|---|---|---|---|
| Face value | NOK | **20** | 20 | 20 | 20 | 20 | 20 | 20 |
| Number of shares 31 Dec | (1 000) | **49 638** | 49 638 | 49 638 | 49 638 | 49 638 | 49 638 | 52 250 |
| Average number of shares outstanding | (1 000) | **47 754** | 47 996 | 47 930 | 47 930 | 47 819 | 47 650 | 48 898 |
| | | | | | | | | |
| Earnings per share (1) | USD | **4.73** | 3.91 | 3.51 | 3.23 | 1.62 | 1.13 | 0.51 |
| Diluted number of shares (2) | USD | **4.73** | 3.91 | 3.51 | 3.23 | 1.62 | 1.13 | 0.51 |
| Cash flow per share (3) | USD | **8.85** | 7.52 | 6.66 | 4.51 | 3.30 | 2.92 | 2.20 |
| Dividend per share (4) | NOK | **8.50** | 8.00 | 5.00 | 8.00 | 4.00 | 2.75 | 2.13 |
| RISK per share at 1 Jan | NOK | **8.99** | (8.35) | 2.04 | 2.04 | (1.28) | 1.06 | (0.75) |
| | | | | | | | | |
| Market price 31 Dec A shares | NOK | **238** | 249 | 157 | 157 | 111 | 52 | 33 |
| Market price 31 Dec B shares | NOK | **218** | 219 | 145 | 145 | 105 | 48 | 32 |
| | | | | | | | | |
| Market price high A shares | NOK | **250** | 249 | 158 | 158 | 113 | 52 | 45 |
| Market price high B shares | NOK | **234** | 219 | 145 | 145 | 105 | 50 | 43 |
| | | | | | | | | |
| Market price low A shares | NOK | **188** | 162 | 82 | 82 | 47 | 32 | 27 |
| Market price low B shares | NOK | **180** | 135 | 85 | 85 | 44 | 31 | 25 |

### DEVELOPMENT OF THE WW A SHARE VERSUS THE OSLO STOCK EXCHANGE




### DEFINITIONS GRAPHS AND TABLES

1) Profit after minority interests, divided by average number of shares.
2) Earnings per share taking into consideration the number of shares in the period.
3) Profit for the period adjusted for change in deferred tax, depreciation and write-down on assets, divided by average number of shares.
4) Payout date under IFRS and at date of provision under NGAAP*.

* Figures in accordance with Norwegian accounting standards (not restated to IFRS).

# COMPANY STRUCTURE 1 JAN 07

## SHIPPING & LOGISTICS > COMPANY STRUCTURE*

**SHIPPING & LOGISTICS**

- Wilhelmsen Shipping AS, Norway
  - Wilhelmsen Lines Shipowning AS, Norway
    - Fidelio Limited Partnership, USA 49%
- EUKOR Car Carriers Inc, Republic of Korea 40%
- EUKOR Car Carriers Singapore Pte Ltd, Singapore 40%
- EUKOR Car Carriers Shipowning Pte Ltd, Singapore 40%
- Glovis Co Ltd, Republic of Korea 20%
- Wilhelmsen Lines AS, Norway
  - Fidelio Inc, USA 50%
    - Fidelio Limited Partnership, USA 2%
  - American Roll-on Roll-off Carrier LLC, USA 50%
  - American Logistics Network LLC, USA 49.9%
    - AP Logistics Limited Partnership, USA 50%
  - American Shipping & Logistics Inc, USA (former American Auto Logistics Inc) 49.9%
    - American Auto Logistics Limited Partnership, USA 1%
    - American Insurance Providers Inc, USA
      - American Auto Logistics Limited Partnership, USA 99%
  - Wallenius Wilhelmsen Logistics AS, Norway 50%
  - Wilhelmsen Lines Car Carriers Ltd, UK
  - Mark I Shipping Pte Ltd, Singapore 50%

* Unless otherwise stated, the company is wholly-owned.

## OTHER GROUP COMPANIES > COMPANY STRUCTURE*

**OTHER GROUP COMAPNIES**

- Strandveien 20 ANS, Norway 99%
- Wilservice AS, Norway
  - Strandveien 20 ANS, Norway 1%
- Wilhelmsen Insurance Services AS, Norway
- Wilhelmsen Marine Consultants AS, Norway (owned through Wilhelmsen Lines AS)
- Wilh. Wilhelmsen Netherlands BV, The Netherlands
- Njord Insurance Company Ltd, Bermuda
- Wilh. Wilhelmsen (Asia) Sdn Bhd, Malaysia
- Wilh. Wilhelmsen (Hong Kong) Ltd, Hong Kong
- Wilhelmsen Forbes Energy Logistics Ltd, Mauritius
- Wilhelmsen Offshore and Chartering AS, Norway
  - Abeer AS, Norway
  - Express Offshore Transport Pte Ltd, Singapore 50%

* Unless otherwise stated, the company is wholly-owned.

## WALLENIUS WILHELMSEN LOGISTICS > GROUP STRUCTURE*

**WALLENIUS WILHELMSEN LOGISTICS AS**
(parent company and Oslo joint central office) **50%**

Wallenius Wilhelmsen Logistics AB
(Stockholm joint central office)

### AMERICAS REGION*

- WWL Holdings Americas, LLC
  - WW Logistics Americas LLC
  - Pacific Ro-Ro Stevedoring, LLC
  - Atlantic Ro-Ro Stevedoring, LLC
  - Mid-Atlantic Terminal, LLC
  - Pacific Vehichle Processors, Inc
  - WWL Realty Americas, LLC
  - 2W Americas Holdings, LLC **50%**
    - WWL Vehicle Services Americas Inc (VSA)

### EUROPE REGION*

- WW Logistics AS, Norway Branch Sweden
- WW Logistics AS German Branch
- WW Logistics UK
- WW Logistics France
- WW Logistics AS Finland Branch
- WW Logistics Belgium
- WW Logistics Zeebrugge NV
- WW Logistics Kotka Oy
- CAT-WWL Logistics (PTY) Ltd **50%** 1)
- Global Automotive Logistics SAS **40%** (GAL)
  - Compangie d'Affrètement et de Transport SA (CAT)
- WW Logistics Germany GmbH
  - WW Logistics Hakenstedt GmbH
  - WW Logistics Poland Sp.zo.o.
  - WW Logistics Iberica SL (Spania)

### ASIA REGION*

- WW Logistics AS (Asia)
- WW Logistics AS Korea Branch
- WW Logistics AS (Singapore Branch)
- WW Logistics China Ltd
- WW Vehicle Logistics (Shanghai) Ltd
- WW Logistics (Thailand) Co Ltd

### OCEANIA REGION*

- WW Logistics AS (New Zealand)
- WW Logistics AS (Australia)
  - WW Logistics Australia Pty Ltd

1) Joint venture owned 50/50 by WWL AS and CAT

**WW Logistics** = Wallenius Wilhelmsen Logistics

* Management structure only

Legally part of parent company branches

Separate taxable entities

* Unless otherwise stated, the company is wholly-owned.

## WILHELMSEN MARITIME SERVICES > COUNTRY OVERVIEW

### NORTH AND CENTRAL EUROPE

Belgium
Denmark
Finland
Germany
Latvia
Netherlands
Norway
Poland
Sweden
Switzerland
UK

### ASIA AND OCEANIA

Australia
Bangladesh
China
Hong Kong
India
Indonesia
Japan
Malaysia
Myanmar
New Zealand
Philippines
Republic of Korea
Singapore
Sri Lanka
Taiwan
Thailand
Vietnam

### MEDITERRANEAN, SOUTHERN EUROPE, MIDDLE EAST, AFRICA, BLACK SEA

Algeria
Armenia
Bahrain
Bulgaria
Cyprus
Egypt
France
Georgia
Gibraltar
Greece
Iran
Iraq
Italy
Jordan
Kenya
Kuwait
Lebanon
Malta
Mauritius
Oman
Pakistan
Portugal
Qatar
Republic of South Africa
Romania
Russia
Saudi Arabia
Spain
Sudan
Syrian Arab Republic
Tanzania
Turkey
Ukraine
United Arab Emirates
Yemen

### AMERICAS

Argentina
Bermuda
Brazil
Canada
Chile
Colombia
Cuba
Ecuador
Honduras
Mexico
Netherlands Antilles
Panama
Peru
Puerto Rico
USA
Venezuela

# > COMPANY STRUCTURE 1 JAN 07

## WILHELMSEN MARITIME SERVICES > COMPANY STRUCTURE

| COMPANY NAME | COUNTRY | OWNERSHIP PERCENTAGE |
|---|---|---|
| Barwil Algeria Spa | ALGERIA | 75.0% |
| Unitor Argentina SA | ARGENTINA | 100.0% |
| Barwil Agencies Australia Pty Ltd | AUSTRALIA | 100.0% |
| Dockwise Australia Pty Ltd | AUSTRALIA | 100.0% |
| WLB Shipping Pty Ltd | AUSTRALIA | 100.0% |
| Wilh Wilhelmsen Oceania Pty Ltd | AUSTRALIA | 50.0%* |
| Wiltrading Pty Ltd | AUSTRALIA | 50.0%* |
| Almoayed Barwil Ltd | BAHRAIN | 40.0%* |
| Barwil - QC Agencies Ltd | BANGLADESH | 50.0% |
| Unicorn Shipping Services Ltd | BANGLADESH | 51.0% |
| Barwil Benelux NV | BELGIUM | 100.0% |
| Unitor Ships Service NV | BELGIUM | 100.0% |
| International Tanker Management Ltd | BERMUDA | 100.0% |
| Unitor Ships Service Equipamentos Maritmos Ltda | BRAZIL | 100.0% |
| Barwil Brasil Ltda | BRAZIL | 49.0%* |
| Barwil Unimasters Ltd | BULGARIA | 50.0% |
| Barwil Agencies (NA) Inc | CANADA | 100.0% |
| Unitor Ships Service Canada Ltd | CANADA | 100.0% |
| Barwil Chile SA | CHILE | 50.0% |
| Ti China Co Ltd | CHINA | 100.0% |
| Unitor China Co Ltd | CHINA | 100.0% |
| Unitor Production China Co Ltd | CHINA | 100.0% |
| Barwil Huayang Shipping Service Co Ltd | CHINA | 50.0% |
| Shanghai Barwil Huayang Shipping Agencies Co Ltd | CHINA | 50.0% |
| Barwil Colombia SA | COLOMBIA | 50.0% |
| Unitor Cyprus Ltd | CYPRUS | 100.0% |
| Unitor Denmark AS | DENMARK | 100.0% |
| Barwil Ecuador SA | ECUADOR | 50.0% |
| Barwil Arabia Shipping Agencies SAE | EGYPT | 35.0% |
| Barwil Egytrans Shipping Agencies SAE | EGYPT | 70.0% |
| ScanArabia Shipping Agencies SAE | EGYPT | 70.0% |
| Unitor Ships Service OY AB | FINLAND | 100.0% |
| Agencies Maritimes Barwil Pomme SAS | FRANCE | 100.0% |
| Auxiliaire Maritime SAS | FRANCE | 100.0% |
| Pomme & Cie SAS | FRANCE | 100.0% |
| Unitor Trading France SAS | FRANCE | 100.0% |
| B&P Ltd | GEORGIA | 25.0% |
| Barwil Georgia Ltd | GEORGIA | 50.0% |
| Barwil Agencies GmbH | GERMANY | 100.0% |
| International Tanker Management GmbH | GERMANY | 100.0% |
| Unitor GmbH | GERMANY | 100.0% |
| Barwil Agencies Ltd | GIBRALTAR | 100.0% |
| Wiltrans Gibraltar Ltd | GIBRALTAR | 100.0% |
| Barber Ship Management | GREECE | 100.0% |
| Barwil Agencies | GREECE | 100.0% |
| Uniref SA | GREECE | 100.0% |

| COMPANY NAME | COUNTRY | OWNERSHIP PERCENTAGE |
|---|---|---|
| Unitor Hellas SA | GREECE | 100.0% |
| Barwil Hellas Ltd Shipping Ag | GREECE | 60.0% |
| International Manning Services (Honduras) SA | HONDURAS | 100.0% |
| Barber International Ltd | HONG KONG | 100.0% |
| Barber Ship Management Ltd | HONG KONG | 100.0% |
| Barwil Agencies Ltd | HONG KONG | 100.0% |
| Intertransport Ltd | HONG KONG | 100.0% |
| Unitor Ships Service (Hong Kong) Ltd | HONG KONG | 100.0% |
| Barklav (HK) Ltd | HONG KONG | 50.0% |
| Barber Ship Management (India) Pvt Ltd | INDIA | 100.0% |
| ITM Tanker Management Pvt Ltd | INDIA | 100.0% |
| Barwil Forbes Shipping Services Ltd | INDIA | 50.0% |
| Warrior Logistics and Shipping Ltd | INDIA | 50.0% |
| Barwil Pars Ltd | IRAN | 50.0% |
| Barwil Tehran Co Ltd | IRAN | 50.0% |
| Barwil Maritime Services Co Ltd | IRAQ | 75.0% |
| Unitor Italia Srl | ITALY | 100.0% |
| Barwil Si.Mar Srl | ITALY | 49.0% |
| Unitor Ships Service (Japan) Co Ltd | JAPAN | 100.0% |
| Aall Barwil Pte Ltd - Japan Branch | JAPAN | 51.0% |
| Barwil Zaatarah Agencies Ltd | JORDAN | 48.8% |
| Bat-Haf Barwil Agencies Ltd | KENYA | 50.0% |
| Alghanim Barwil Shipping Co WLL | KUWAIT | 49.0% |
| SIA Barwil Andersson Agenciesn Ltd | LATVIA | 49.0% |
| Barwil S&K Shipping Agencies SAL | LEBANON | 49.0% |
| Barber Bulk Sdn Bhd | MALAYSIA | 100.0% |
| Barber International Ltd (Reg. Off) | MALAYSIA | 100.0% |
| Barber Marine Team Sdn Bhd | MALAYSIA | 100.0% |
| Barwil Holdings Sdn Bhd | MALAYSIA | 100.0% |
| BFL Worldwide Sdn Bhd | MALAYSIA | 100.0% |
| NBM Agencies Sdn Bhd | MALAYSIA | 100.0% |
| Port Klang Multipurpose Terminal Sdn Bhd | MALAYSIA | 100.0% |
| Unitor Trading Malaysia Sdn Bhd | MALAYSIA | 100.0% |
| Wilhelmsen Maritime Services (Asia) Sdn Bhd (former Barber Ship Management Sdn Bhd) | MALAYSIA | 100.0% |
| Wiltrans Logistics (M) Sdn Bhd | MALAYSIA | 100.0% |
| Barwil Agencies Sdn Bhd | MALAYSIA | 30.0%* |
| Barwil Westext Sdn Bhd | MALAYSIA | 55.0% |
| Barwil Malta Ltd | MALTA | 80.0% |
| Makara Marine Contractors Co Ltd | MAURITIUS | 100.0% |
| Unicorn Shipping Services Ltd | MAURITIUS | 51.0% |
| Unitor de Mexico SA de CV | MEXICO | 100.0% |
| Makara Marine Contractors Co Ltd | MYANMAR | 100.0% |
| Barwil Benelux BV (former Tanker Partners) | NETHERLANDS | 100.0% |
| Unitor Ships Service BV | NETHERLANDS | 100.0% |
| Unitor Ships Service NV | NETHLANDS ANTILLES | 100.0% |

| COMPANY NAME | COUNTRY | OWNERSHIP PERCENTAGE |
|---|---|---|
| Barwil Agencies (New Zealand) Limited | NEW ZEALAND | 100.0% |
| Wilh. Wilhelmsen (New Zealand) Limited | NEW ZEALAND | 100.0% |
| Wilhelmsen Premier Marine Fuels AS (former Wilhelmsen Bunkers AS) | NORWAY | 60.0% |
| Barber Ship Management AS | NORWAY | 100.0% |
| Barwil Agencies AS | NORWAY | 100.0% |
| Marine Transactions Services AS | NORWAY | 100.0% |
| Norsk Bemanning AS | NORWAY | 100.0% |
| REFNET AS | NORWAY | 100.0% |
| SIS Consult AS | NORWAY | 100.0% |
| TI Marine Contracting AS | NORWAY | 100.0% |
| Ticon Isolering AS | NORWAY | 100.0% |
| Unitor Chemicals AS | NORWAY | 100.0% |
| Wilhelmsen Agencies AS | NORWAY | 100.0% |
| Wilhemsen Maritime Services AS | NORWAY | 100.0% |
| Wilhemsen Maritime Services Holding AS | NORWAY | 100.0% |
| CMA CGM Scandinavia AS | NORWAY | 49.0% |
| Barber Moss Ship Management AS | NORWAY | 50.0% |
| Scandinavian Reefer Services AS | NORWAY | 52.0% |
| Towell Barwil Co LLC | OMAN | 30.0% |
| Barwil Shipping (Pvt) Ltd | PAKISTAN | 50.0% |
| International Manning Services (Panama) SA | PANAMA | 100.0% |
| OOPS (Panama) SA | PANAMA | 100.0% |
| Stelton SA | PANAMA | 23.5% |
| Barwil Agencies SA | PANAMA | 47.0% |
| Isthmian Surveyors SA | PANAMA | 47.0% |
| Lonemar SA | PANAMA | 47.0% |
| Lowill SA | PANAMA | 47.0% |
| Scan Cargo Services SA | PANAMA | 47.0% |
| Transcanal Agency SA | PANAMA | 47.0% |
| Wekol SA | PANAMA | 47.0% |
| Unitor Panama SA | PANAMA | 99.6%* |
| Barwil Peru SA | PERU | 50.0% |
| Barber Ship Management Ltd | PHILLIPPINES | 100.0% |
| Unitor Ships Service Philippines Inc | PHILLIPPINES | 100.0% |
| Barber-Smith Bell Manning Inc | PHILLIPPINES | 25.0%* |
| Barwil-Smith Bell Shipping Inc | PHILLIPPINES | 40.0% |
| Barwil -Smith Bell (Subic) Inc | PHILLIPPINES | 50.0% |
| Barber Poland Ltd | POLAND | 100.0% |
| Barwil Agencies Ltd | POLAND | 100.0% |
| Polish Manning Services | POLAND | 100.0% |
| Unitor Polska Ltd Sp zo o | POLAND | 100.0% |
| Unitor Equipamentos Maritmos Ltda | PORTUGAL | 100.0% |
| Argomar-Navegacao e Transportes SA | PORTUGAL | 70.0% |
| Barwil Knudsen - Agente de Navegacão Lda | PORTUGAL | 70.0% |
| Unitor de Portugal - Equipamentos Navais e Industriais Lda | PORTUGAL | 97.5%* |
| Barwil Qatar Ltd | QATAR | 100.0% |
| Barbership Management Korea Ltd | REPUBLIC OF KOREA | 100.0% |
| Unitor Ships Servcices (Korea) Co Ltd | REPUBLIC OF KOREA | 100.0% |
| Haeyoung Maritime Services Co Ltd | REPUBLIC OF KOREA | 20.0% |
| Barwil Hyop Woon Agencies Ltd | REPUBLIC OF KOREA | 50.0% |
| Wilhelmsen Premier Marine Fuels Pty Ltd (former Wilhelmsen Bunkers (Pty) Ltd) | REPUBLIC OF SOUTH AFRICA | 60.0% |
| Baroil Bunker Brokers (Pty) Ltd | REPUBLIC OF SOUTH AFRICA | 100.0% |
| Barwil (South Africa) Pty Ltd | REPUBLIC OF SOUTH AFRICA | 100.0% |
| Barwil World Wide Maritime Pty Ltd | REPUBLIC OF SOUTH AFRICA | 100.0% |
| Medway Shipping Agents (Pty) Ltd | REPUBLIC OF SOUTH AFRICA | 100.0% |
| Unitor Pty Ltd | REPUBLIC OF SOUTH AFRICA | 100.0% |
| Krew-Barwil (Pty) Ltd | REPUBLIC OF SOUTH AFRICA | 49.0% |
| Barwil Ships Services (Pty) Ltd | REPUBLIC OF SOUTH AFRICA | 70.0% |
| Barklav Romania SRL | ROMANIA | 50.0% |
| Barwil Star Agencies SRL | ROMANIA | 50.0% |

| COMPANY NAME | COUNTRY | OWNERSHIP PERCENTAGE |
|---|---|---|
| Barber Manning Ltd | RUSSIA | 100.0% |
| Barwil Novorossiysk Ltd | RUSSIA | 100.0% |
| Barwil Kaliningrad c/o Ecliptic | RUSSIA | 50.0% |
| Barwil St Petersburg | RUSSIA | 75.0% |
| Barwil Vostok Ltd | RUSSIA | 99.0%* |
| Nagliyat Al Saudia Company Ltd | SAUDI ARABIA | 49.6% |
| Binzagr Barwil Maritime Transport Co Ltd | SAUDI ARABIA | 50.0% |
| Barwil Agencies Ltd | SAUDI ARABIA | 70.0% |
| Wilhelmsen Premier Marine Fuels Pte Ltd (former Wilhelmsen Bunkers Pte Ltd) | SINGAPORE | 60.0% |
| Barber Ship Management Singapore Pte Ltd | SINGAPORE | 100.0% |
| Barwil Agencies Pte Ltd | SINGAPORE | 100.0% |
| International Tanker Management Singapore Pte Ltd | SINGAPORE | 100.0% |
| Intertransport Int Singapore Pte Ltd | SINGAPORE | 100.0% |
| Unitor Cylinder Pte Ltd | SINGAPORE | 100.0% |
| Unitor Ships Service (S) Pte Ltd | SINGAPORE | 100.0% |
| Wilhelmsen Technical and Operational Solutions Pte Ltd | SINGAPORE | 100.0% |
| Aall Barwil Pte Ltd | SINGAPORE | 51.0% |
| Barwil Ships Services SL | SPAIN | 100.0% |
| Naveport SLU | SPAIN | 100.0% |
| Unitor Servicios Navales SA | SPAIN | 100.0% |
| Barwil Meridian Navigation Ltd | SRI LANKA | 40.0% |
| Baasher Barwil Agencies Ltd | SUDAN | 50.0% |
| Unitor Ships Service AB | SWEDEN | 100.0% |
| Rochem Holding AG | SWITZERLAND | 100.0% |
| Barwil - National Maritime Shipping Services Ltd | SYRIA ARAB REPUBLIC | 50.0% |
| Barwil Inc | TAIWAN | 100.0% |
| Formosa Shipping Agencies Inc | TAIWAN | 100.0% |
| CMA CGM & ANL (Taiwan) Ltd | TAIWAN | 40.0% |
| Scan Shipping Agencies Ltd | TANZANIA | 49.0%* |
| Barber International (Thailand) Ltd | THAILAND | 100.0% |
| International Manning Services (T) Ltd | THAILAND | 100.0% |
| Barwil (Thailand) Ltd | THAILAND | 51.0% |
| Barwil Universal Denizcilik Tasimacilik Ticaret AS | TURKEY | 50.0% |
| Wilhelmsen Denizcilik Hizmetleri Ltd Sirketi AS | TURKEY | 99.0% |
| Barber Ukraine | UKRAINE | 100.0% |
| Barwil Ukraine Ltd | UKRAINE | 75.0% |
| International Tanker Management Ltd -DBX | UNITED ARAB EMIRATES | 100.0% |
| International Tanker Mgt. Holdings Ltd | UNITED ARAB EMIRATES | 100.0% |
| Unitor Ships Service Ltd | UNITED ARAB EMIRATES | 100.0% |
| Barwil Ship Services LLC | UNITED ARAB EMIRATES | 42.5% |
| Barwil Abu Dhabi Ruwais LLC | UNITED ARAB EMIRATES | 25.0%* |
| Barwil Dubai LLC | UNITED ARAB EMIRATES | 50.0% |
| Triangle Shipping Agencies LLC | UNITED ARAB EMIRATES | 50.0% |
| Barber Ship Management Ltd | UK | 100.0% |
| Barwil Agencies (UK) Ltd | UK | 100.0% |
| Ticon Insulation Ltd | UK | 100.0% |
| Unitor UK Ltd | UK | 100.0% |
| Denholm Barwil Ltd | UK | 40.0% |
| Falmouth Maritime Agencies | UK | 40.0% |
| Wilhelmsen Premier Marine Fuels Ltd | UK | 60.0% |
| Barber International (USA) Inc | USA | 100.0% |
| Barwil Agencies NA Inc | USA | 100.0% |
| Unitor Ships Service Inc | USA | 100.0% |
| Knight Transport LLC | USA | 50.0% |
| Barwil de Venezuela CA | VENEZUELA | 0.0%* |
| Barwil Sunnytrans Ltd | VIETNAM | 50.0% |
| International Shipping Co Ltd | YEMEN | 55.0% |

* Additional profit share agreements

# FLEET LIST AT 1 MARCH 07

| Vessel name | Ownership | Year built | Flag | Dwt | Capacity* |
|---|---|---|---|---|---|
| **RO-RO VESSELS** | | | | | |
| Tamerlane | 100 | 2001 | NIS | 39 400 | 5 496 |
| Tamesis | 100 | 2000 | NIS | 39 400 | 5 496 |
| Talisman | 100 | 2000 | NIS | 39 400 | 5 496 |
| Tarago | 100 | 2000 | NIS | 39 400 | 5 496 |
| Taronga | 100 | 1996 | NIS | 47 144 | 4 923 |
| Taiko | 100 | 1984 | NIS | 41 000 | 4 474 |
| Tampa | 100 | 1984 | NIS | 41 000 | 4 474 |
| Texas | 100 | 1984 | NIS | 41 000 | 4 474 |
| Talabot | 50 | 1979 | SIN | 34 605 | 3 823 |
| Tampere | 50 | 1979 | SIN | 35 098 | 3 823 |
| Toba | 50 | 1979 | SIN | 34 310 | 3 823 |
| Tapiola | 50 | 1978 | SIN | 33 702 | 3 823 |
| Tourcoing | 50 | 1978 | SIN | 33 719 | 3 823 |
| **PURE CAR CARRIER (PCC) / PURE CAR AND TRUCK CARRIER (PCTC)** | | | | | |
| Morning Concert | 100 | 2006 | UK | 20 600 | 6 500 |
| Freedom | 50 | 1997 | US | 19 844 | 5 728 |
| Honor | 50 | 1996 | US | 19 844 | 5 728 |
| Resolve | 50 | 1994 | US | 20 082 | 5 741 |
| Integrity | 50 | 1992 | US | 29 152 | 5 905 |
| Courage | 50 | 1991 | US | 29 213 | 5 869 |
| Patriot | 50 | 1987 | US | 15 681 | 5 453 |
| Tagus | 100 | 1985 | NIS | 21 900 | 5 409 |
| Tasco | 100 | 1985 | NIS | 21 900 | 5 409 |
| Liberty | 50 | 1985 | US | 28 509 | 5 432 |
| Takayama | 100 | 1983 | NIS | 10 599 | 3 087 |
| Terrier | 100 | 1982 | NIS | 17 863 | 5 537 |
| Independence | 50 | 1978 | US | 17 406 | 5 460 |

| Vessel name | Ownership | Year built | Flag | Dwt | Capacity* |
|---|---|---|---|---|---|
| **CHARTERED VESSELS** | | | | | |
| Taipan | Time charter | 2006 | BAH | 21 000 | 6 400 |
| Talia | Time charter | 2006 | BAH | 21 000 | 6 400 |
| Tortugas | Bareboat | 2006 | UK | 19 628 | 6 350 |
| Tombarra | Bareboat | 2006 | UK | 19 628 | 6 350 |
| Topeka | Bareboat | 2006 | UK | 19 628 | 6 350 |
| Toronto | Bareboat | 2005 | UK | 19 628 | 6 350 |
| Toledo | Bareboat | 2005 | UK | 19 628 | 6 350 |
| Torrens | Bareboat | 2004 | UK | 19 628 | 6 350 |
| Tancred | Bareboat | 1987 | NIS | 15 571 | 5 720 |
| Trianon | Bareboat | 1987 | NIS | 15 528 | 5 828 |
| Trinidad | Bareboat | 1987 | NIS | 15 528 | 5 828 |
| Tai Shan | Bareboat | 1986 | NIS | 15 577 | 5 720 |
| Takara | Bareboat | 1986 | NIS | 15 546 | 5 720 |
| **NEWBUILDING PROGRAMME** | | | | | |
| Gdynia hull no 8168/16 | Time charter | 2007 | BAH | 21 000 | 6 400 |
| Gdynia hull no TBD | Time charter | 2008 | | 21 000 | 6 400 |
| Mitsubishi hull no 2237 | 100 | 2008 | | 19 628 | 6 350 |
| Mitsubishi hull no 2238 | 100 | 2008 | | 19 628 | 6 350 |
| Mitsubishi hull no 2244 | 100 | 2009 | | 19 628 | 6 350 |
| Mitsubishi hull no 2245 | 100 | 2009 | | 19 628 | 6 350 |
| Daewoo hull no 4451 | 100 | 2009 | | | 8 000 |
| Daewoo hull no 4452 | 100 | 2009 | | | 8 000 |
| **EUKOR** | | | | | |
| Owned vessels | 11 vessels | | | | |
| Bareboat | 8 vessels | | | | |
| Time charter | 64 vessels | | | | |
| **Total** | **83 vessels** | | | | |
| On order | 30 vessels | | | | |
| **CREW VESSELS** | | | | | |
| Express Offshore Transport | 52 vessels | 1981-2007 | | 35-135 feet | |

* Capacity estimated by using RT43, a car which is 4.125 m long, 1.550 m wide and 1.420 m high.

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