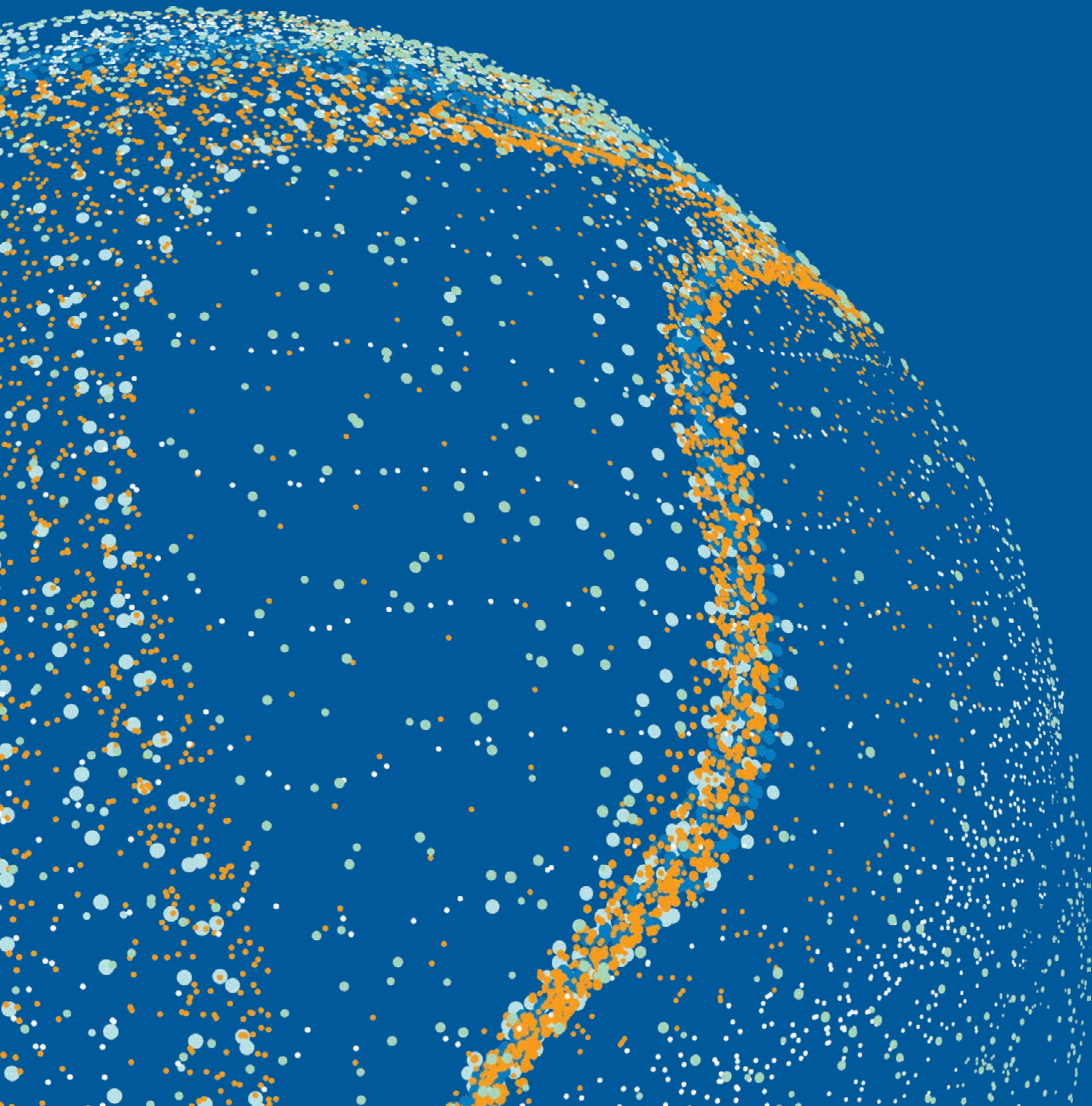
Wilhelmsen

Enable. Enhance. Simplify.

Annual report 2018



Key figures – consolidated accounts

		2018	2017	2016	2015	2014
INCOME STATEMENT						
Total income *	USD mill	871	793	930	3 173	3 693
Operating profit before amortisation and impairment (EBITDA)*	USD mill	78	198	116	398	566
Operating profit *	USD mill	36	176	94	165	381
Profit/(loss) before tax *	USD mill	(86)	253	151	48	273
Net profit/(loss) *	USD mill	(75)	(2)	251	57	292
Net profit/(loss) after non-controlling interests *	USD mill	(69)	(64)	201	54	241
BALANCE SHEET						
Non current assets	USD mill	2 467	2 637	3 781	3 566	3 687
Current assets	USD mill	612	636	914	1 120	1 152
Equity	USD mill	2 017	2 188	2 492	2 206	2 329
Interest-bearing debt	USD mill	533	601	1 533	1 660	1 693
Total assets	USD mill	3 079	3 273	4 695	4 686	4 839
KEY FINANCIAL FIGURES						
Cash flow from operation (1)	USD mill	62	70	420	258	241
Liquid funds at 31 December (2)	USD mill	227	268	580	638	688
Liquidity ratio (3)		1.3	1.4	1.9	1.7	2.1
Equity ratio (4)	%	66%	67%	53%	47%	48%
YIELD						
Return on equity (5)	%	(4%)	(3%)	11%	2%	13%
KEY FIGURES PER SHARE						
Earnings per share (6)	USD	(1.48)	(1.38)	4.34	1.16	5.20
Operating profit before amortisation and impairment (EBITDA) per share (7)*	USD	1.68	4.26	2.51	8.55	12.18
Average number of shares outstanding	Thousand	46 404	46 404	46 404	46 404	46 404
Dividend per share	NOK	5.50	5.00	5.00	5.00	5.00

Definition

(1) Net cash flow from operating activities
(2) Cash, bank deposits and short term financial investments
(3) Current assets divided by current liabilities
(4) Equity in percent of total assets
(5) Profit after tax divided by average equity
(6) Profit for the period after non-controlling interests, divided by average number of shares
Earnings per share taking into consideration the number of shares reduced for own shares
(7) Operating profit for the period adjusted for depreciation and impairments of assets, divided by average number of shares outstanding

* Figures for 2016 are restated with Wilh. Wilhelmsen ASA reported as discontinued operation.
Figures for 2015, and 2014 are according to the proportionate method.

Highlights for 2018

Positive development in underlying operating result

Logistics support to NATO exercise Trident Juncture

Entering offshore wind supply market

Continued development of new digital solutions, including three new joint ventures

Paid dividend of NOK 5.50 per share

Net loss for the year due to fall in asset values

9 500

seafarers employed by Ship management

75 000

port calls handled by Ships service's port agents per year

1 000 000

tonnes of equipment handled for offshore installations by NorSea Group

370

vessels serviced by Ship management

50%

Ships service delivers products and solutions to more than 50% of the merchant fleet

217 000

products delivered by Ships service to the merchant fleet every year. A delivery every three minutes every day

Sustainability report summary 2018

The oceans are our business and we see opportunities ahead

1 We operate in markets exposed to the world economic growth and general geopolitical environments. We know that our current business models are challenged by multiple factors including rapid technology development, changing customer and supplier behaviour, new competitors, and a changing workforce.

2 Our operating environment offers a vast number of opportunities which we intend on capturing in a sustainable way by being agile, innovative, and disrupting ourselves. We are committed to contributing to the Sustainable Development Goals and we can make a significant impact in our field of operations on land and at sea.

3 2018 was a solid and exciting year and we see some significant leaps ahead with the support of technology just around the corner. The level of engagement amongst our employees working in this dynamic environment and the attention we place on providing safe and healthy working conditions are high. Our portfolio of innovations and partnerships are growing and will help us take on the future.

4 We enable sustainable global trade and thrive on the opportunities in front of us.

Sustainability achievements 2018

1 Defined four high impact sustainability focus areas where the group will intensify efforts

2 Positive **72 point** score and 89% completion rate in employee engagement survey

3 Lost time injury (LTI) frequency rate on vessels and onshore within targets

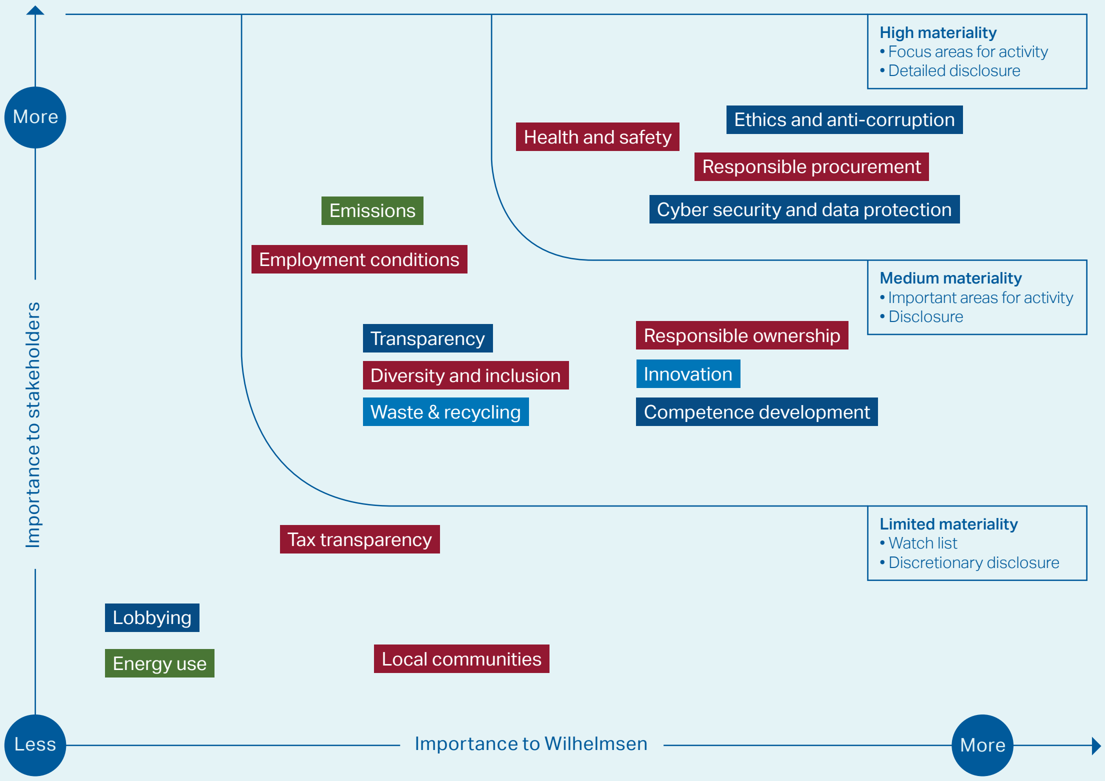
4 Established world's first autonomous shipping company with partners

5 Appropriate risk reduction methods and tools implemented for cyber security

6 Implementation of policy and practises to address EU General Data Protection Regulation (GDPR)

Find more on **wilhelmsen.com/sustainability2018**

Materiality assessment 2018



Colour code: alignment with the Sustainable Development Goals

Focus 2019

Health and safety

1. Continuous improvement of health and safety management systems
2. Increase employee competence in health and safety behaviour

Ethics and anti-corruption

1. Improve identification and follow up of compliance deviations
2. Increase employee competence in responsible business practice with rollout of new business standard programme and awareness of whistleblowing channel
3. Optimise organisational resources internally to improve experience sharing and knowledge transfer

Responsible procurement

1. Improve supplier selection and assessment process
2. Improve supplier engagement in responsible practices through risk-based audits
3. Optimise organisational resources internally to improve experience sharing and knowledge transfer

Cyber security

1. Implement a cyber security framework with continuous assessment of the group's cyber maturity
2. Increase employee competence in cyber security and data protection risk prevention behaviour
3. Strengthen operational measures in cyber security

Content

Health and safety

With thousands of employees all over the world, our most important job as an employer is to make sure our people have a healthy and safe working environment. We want our employees to come home every day after work. Through standards and practises focusing on safety, worker welfare and accident prevention, we maintain a sustainable and profitable business. The best indicator we have is our annual engagement survey that says our employees are happy and safe while working for Wilhelmsen.

Group CEO's statement

The new business currency starts with "together"

Are the challenging times behind us?
2018 did not turn out quite as I had hoped. We failed in buying Drew Marine. Markets continued to be volatile, and our listed entities had a rough time along with the stock markets at large.

Despite headwind, our people continued to shape the maritime industry. We saw fleet growth for ship management and increased sales for marine products. We are redefining port agency. We delivered the most comprehensive logistics support to a military exercise arguably ever delivered by a public company. And we continued to develop new digital solutions, including establishing three new digital joint ventures. Dedicated employees, a solid product offering, and loyal customers gave us a 10% increase in top line, a creditable achievement in challenging times.

As much of this is already history, we need to look up and ahead.

A new business currency
No, it is not crypto currency, but "teaming and collaboration", one of our core values that is the new business currency. Without teaming and collaboration internally as well as externally, we will just not reach our ambitious targets.

It is demanding and exciting to be heading up the Wilhelmsen group in 2019. Trade war. Rapid technology changes. Generation Z. New competitors. These are some of the things we constantly pay attention to and that challenge us to continuously improve. Turning these challenges into opportunities require us to team up with customers, tech savvy companies, and other competencies that can propose new products and business models to ensure we stay in the forefront.

Operating in silos – internally or externally – is not sustainable. We have teamed up in the past, but the need to do so is even more important now than ever in history. The challenges we face are big and complex and we need to build value creating partnerships. This is not straight forward. It starts with a sense of "together". It requires high level of trust to share your core competencies and business data. Some recent examples from our group underline the potential in combining competencies and technology in new ways.

- Massterly, the world's first autonomous shipping company combining Kongsberg's technology and our expertise in managing vessels.
- RaaLabs, a joint venture with Wallenius Wilhelmsen, enabling us, and potentially the entire industry, to leverage technology efficiently, improving performance, reducing cost and meeting regulatory requirements through developing new products and solutions.
- TenneT, a German based electricity supplier, awarded us a five-year contract based on our ability to combine NorSea's wind- and offshore competence with our manning and maintenance know-how from ship management.

The world's most important "to do" list
The 17 Sustainability Goals are adopted by many companies as a compass for their business decisions, us included. We can be profitable and grow our top line while we also contribute to achieving a better future for the next generations. Sustainable solutions simply make good business sense.

Real impact requires scalable solutions. Not to underestimate the work done by governments, NGOs, individuals or businesses, but by joining forces focusing on high impact changes we can make substantial impact. This is our reason for joining Global Compact's Ocean Action Platform, to create a larger platform with the potential power to change the world for the better.

My challenge to you
Setting out the course for our group of companies starts with a clear strategy. Our ambition is to grow profitably. We wish to build on our competencies and global network, challenge ourselves to create new growth and value, and invest in new business.

My challenge to you is therefore: Challenge us – challenge and help us to deliver beyond our imagination, challenge our existing business models, propose new opportunities to us. Together we will create the future and shape the maritime industry. Together we will enable sustainable global trade.

Thomas Wilhelmsen, group CEO

Competence development

Our customers demand the best and smartest solutions. Through healthy challenges like this, we continually seek to renew ourselves, to work smarter and improve everything we do. As a result, we can recognise opportunities and develop new and innovative solutions. By renewing ourselves, by training and always developing our methods, we meet tomorrow's demands. Our people make up the commercial power of Wilhelmsen and smart people simply perform to our vision of Shaping the maritime industry.

Directors' report

Directors' report for 2018

Wilh. Wilhelmsen Holding ASA

Highlights for 2018

- Positive development in underlying operating result
- Net loss due to fall in asset values
- Drew deal abandoned
- Logistics support to NATO exercise Trident Juncture
- Entering offshore wind supply market
- Continued to develop new digital solutions
- Restructuring proposal for Hyundai Glovis in April, which was later withdrawn
- Further Wallenius Wilhelmsen improvement initiatives, to offset increased fuel cost and rate pressure.
- 33% fall in share price
- Paid dividend of NOK 5.50 per share

Main development and strategic direction
The Wilh. Wilhelmsen Holding group (Wilhelmsen or group) is an industrial holding company within the maritime and logistics industry. The group activities are carried out through fully and partly owned entities, most of which are among the market leaders within their segments. Wilhelmsen's ambition is to develop companies within maritime services, shipping, logistics or infrastructure to grow at or above the market through active ownership.

2018 was marked by a positive underlying development for operating activities, but with a net loss for the year following a significant fall in the asset value of main investments.

2018 was also the first full year after completion of the Wallenius Wilhelmsen ASA merger, and after securing majority ownership of NorSea Group. Both transactions have proved to be a success, creating long term value to Wilhelmsen's shareholders and other stakeholders.

Wilhelmsen has continued the development of new digital solutions, including establishing three new digital joint ventures. These will support new solutions to Wilhelmsen and to other customers.

The maritime services subsidiaries continue to deliver value creating solutions to the global merchant fleet, focusing on marine products, ships agency and ship management. The new structure implemented in 2016 laid the foundation for a more effective organisation, with a gradual improvement in underlying operating margin continuing throughout 2018.

Following a negative US court ruling on 21 July, Wilhelmsen abandoned the previously announced acquisition of Drew Marines.

Suritec, where Wilhelmsen has a 20% ownership, delivered lower than expected results for the year.

For supply services, the first full year of majority ownership of NorSea Group benefited from improved performance and new business development. The gradual uptick in offshore oil and gas services markets has continued, supporting an increase in activity level. During the year, several new offshore wind service contracts were secured, some of which were in co-operation with Wilhelmsen Ship Management.

WilNor Governmental Services successfully provided a range of services to the NATO exercise, Trident Juncture 2018, which took place during the second half of the year. NorSea Group and several other Wilhelmsen companies contributed to the exercise.

For the investment activities, Wilhelmsen's focus in 2018 was on supporting value enhancing activities where the group has a material ownership.

The Wallenius Wilhelmsen ASA merger has unlocked USD 120 million in annual synergies, largely offsetting reduced rates and increased fuel cost. A more effective structure has created further potentials, with a new USD 100 million improvement program initiated during the second half of 2018. Wallenius Wilhelmsen ASA has also undertaken several new strategic investments within automotive and high and heavy logistics. Margin pressure remains, and market uncertainties has increased. The Wallenius Wilhelmsen ASA share has traded down since reaching a peak early 2018.

Wilhelmsen has been a long-term investor in Hyundai Glovis since 2004, first directly and later through Wilh. Wilhelmsen ASA and Treasure ASA. In 2018, a proposal was put forward for a restructuring of the Hyundai Motor Group, including Hyundai Glovis. The proposal was later withdrawn, and any future proposals remain uncertain.

Despite a fall in asset values during the year, Wilhelmsen retains a strong equity and capital base. At the end of the year, the group equity ratio was 65%, down from 67% one year earlier. Equity excluding minority interests was down 8%, to USD 1 821 million. Cash and cash equivalents totalled USD 140 million by end of 2018, increasing to USD 877 million if including financial investments and assets. The debt repayment profile for the group remains healthy.

After two positive years, the WWI/WWIB share price was down in 2018. Total return (including dividends reinvested on ex-dates) was negative with 33.2% for the WWI share and 33.5% for the WWIB share, both substantially below the 1.8% fall in the Oslo Børs Benchmark index (source Oslo Børs Exchange Annual statistics).

A total dividend of NOK 5.50 per share was paid in 2018. A first dividend of NOK 3.50 was paid 8 May, followed by a second dividend of NOK 2.00 paid 22 November. This represented a dividend yield of 2.2% based on the average WWI/WWIB share price by the end of 2017.

The board believes sound corporate governance is the foundation for profitable growth and a healthy company culture. Good governance contributes to reduced risk and create value over time for shareholders and other stakeholders. The board further acknowledges that sustainability is a vital prerequisite for Wilhelmsen to be a profitable and responsible player in the industry and society.

In 2018, anti-corruption and ethics, cyber security, responsible procurement, and health and safety, received particular attention. In addition, the group has implemented policies and practises to address EU General Data Protection Regulation (GDPR).

Financial results

Income statement

Total income for Wilhelmsen was USD 871 million in 2018, an increase of 10% from the previous year. The increase was due to full year consolidation of NorSea Group, while income for the maritime services segment was stable. 2017 included a material change of accounting principle gain, reducing the year-over-year increase in total income.

Group EBITDA came in at USD 78 million for the year, down 60%. The accounts for 2018 included non-recurring cost of USD 27 million related to the abandoned Drew acquisition, while 2017 included material non-recurring items with a net gain of USD 141 million. Adjusting for these non-recurring items, EBITDA was up, mainly due to full year consolidation of NorSea Group.

Year 2018 – Mill. USD	EBITDA
Reported	**78**
M&A cost related to Drew	-27
Total material non-recurring items	**-27**
Adjusted	**105**

Year 2017 – Mill. USD	EBITDA
Reported	**198**
Reclassification of Hyundai Glovis	195
Reclassification of NorSea group	-40
M&A cost related to Drew	-14
Total material non-recurring items	**141**
Adjusted	**57**

Maritime services EBITDA was USD 42 million in 2018. When adjusting for M&A expenses related to the abandoned Drew acquisition, EBITDA was up 6% for the year. A weak first quarter was followed by a gradual improvement in underlying performance. This was supported by increased sale of marine products, new vessels on management, and positive effects from ongoing improvement initiatives.

The new supply services segment contributed with EBITDA of USD 51 million for the year. An increase in Norwegian offshore activities and a business restructuring had a positive effect on results, as well as logistics services for the NATO exercise Trident Juncture which took place during the second half of the year.

The holding and investments segment had a negative EBITDA of USD 14 million, mainly due to net corporate cost. This was an improvement from previous year when adjusting for net change of accounting principle gain in 2017.

Share of profit from associates was USD 36 million for the year, of which Wallenius Wilhelmsen ASA contributed with USD 23 million. For Wallenius Wilhelmsen ASA, realised synergies and a positive development in underlying volumes were offset by reduced contractual volumes, higher bunker cost and lower rates.

Change in fair value financial assets was negative with USD 116 million for the year. This included a USD 61 million reduction in the fair value of the Survitec investment and a USD 53 million reduction in the market value of the investment in Hyundai Glovis.

Other financials were a net expense of USD 41 million. Interest and dividend income contributed positively but was more than offset by interest expenses and a net loss on current financial investments, financial instruments and currencies.

Tax was included with an income of USD 12 million, mainly related to maritime services.

Net profit after tax and non-controlling interests was a loss of USD 69 million in 2018 compared with a loss of USD 64 million in 2017.

Comprehensive income

Other comprehensive income for the year was a loss of USD 53 million, compared with a gain of USD 77 million in the previous year. This mainly reflected currency translation differences on non-USD assets and liabilities when converting into USD.

Total comprehensive income for 2018 was a loss of USD 128 million, of which a loss of USD 119 million was attributable to owners of the parent. The corresponding figures for 2017 was a profit of USD 75 million and a profit of USD 14 million respectively.

Cash flow, liquidity and debt

The group had cash and cash equivalents of USD 140 million by the end 2018, compared with USD 167 million by the end of 2017.

The net reduction in cash and cash equivalents of USD 26 million for the year follows a positive contribution from operating and investing activities offset by a negative cash flow from financing activities. In 2017, cash and cash equivalents were down USD 130 million, mainly as an effect of discontinued operation of Wilh. Wilhelmsen ASA. In addition, the consolidation of NorSea Group had a material impact. Cash flow for the years 2017 and 2018 are as such not fully comparable.

Cash flow from operating activities was positive with USD 62 million in 2018, which was USD 16 million below reported EBITDA for the year.

Cash flow from investing activities was positive with USD 40 million for the year. Dividend from joint ventures and associates and net proceeds from sale of financial investments exceeded net investments in fixed assets.

Cash flow from financing activities was negative with USD 128 million in 2018. Net debt repayment counted for the largest share of net cash outflow, followed by dividend to shareholders and ordinary interest payments.

The parent company carries out active financial asset management of part of the group's liquidity, with investments in various asset classes including listed equities and investment grade bonds. The value of the investment portfolio amounted to USD 88 million at the end of 2018, down from USD 101 million one year earlier.

The group's investments classified as financial assets to fair value had a combined value of USD 650 million by the end of the year, down from USD 801 million at the end of 2017. The largest investments were the ~12% shareholding in Hyundai Glovis (held through Treasure ASA), the ~3% shareholding in Qube and the ~20% shareholding in Survitec.

Liquid assets (USD million)	2018	2017
Cash and cash equivalent	140	167
Current financial investments	88	101
Financial assets to fair value	650	801
Total	**877**	**1069**

The main group companies fund their investments and operations on a standalone basis, with no recourse to the parent company. The primary funding source is the commercial bank loan market.

Interest-bearing debt (USD million)	2018	2017
Maritime services	197	196
Supply services	330	369
Holding and investments	23	54
Eliminations	(17)	(16)
Total	**533**	**601**

As of 31 December 2018, the group's total interest-bearing debt was USD 533 million, compared with USD 601 million by end 2017.

Going concern assumption
Pursuant to section 4, sub-section 5, confer section 3, sub-section 3a of the Norwegian Accounting Act, it is confirmed that the annual accounts have been prepared under the assumption that the enterprise is a going concern and that the conditions are present.

Business segments
Maritime services
The maritime services segment includes ships service, ship management and other maritime services activities.

Total income for maritime services was USD 582 million in 2018, up from USD 580 million in the previous year.

EBITDA for the year was USD 42 million compared with USD 51 million in 2017. Non-recurring cost related to the abandoned Drew acquisition was included with USD 27 million in 2018 and USD 14 million in 2017. When adjusting for this cost, EBITDA was up 6% for the year.

The maritime services EBITDA margin was 7.2% in 2018. When adjusting for non-recurring M&A cost related to Drew, the EBITDA margin was 11.8%. This was an improvement from the previous year, and above average for the last five years.

Share of profit from associates was USD 4 million for the year, and in line with the previous year.

Change in fair value financial assets was a loss of USD 61 million in 2018. This was related to the investment in Survitec Group.

Net financial income/expenses for maritime services amounted to an expense of USD 37 million, compared with an income of USD 6 million in 2017. The reduction followed a net USD 23 million expense from currency and financial instruments in 2018, compared with a USD 13 million net income the previous year. Interest expenses was also up, following an increase in the USD interest rates.

Tax was an income of USD 13 million in 2018, compared with a USD 15 million expense in the previous year. The tax income for the year followed positive adjustment in deferred tax assets.

Net result after tax and non-controlling interests was a net loss of USD 56 million in 2018 compared with a net profit of USD 29 million in the previous year.

Ships service
Wilhelmsen Ships Service is a global provider of standardised product brands and service solutions to the maritime industry, focusing on marine products, marine chemicals, maritime logistics and ships agency. Ships service is fully owned by Wilhelmsen.

Total income from ships service was USD 540 million in 2018, up 1% from the previous year. Income from marine products increased, offsetting a reduction in income from agency services.

EBITDA was some down for the year.

On 27 April 2017, Wilhelmsen signed an agreement to acquire the technical solutions business from Drew Marine, subject regulatory approval. On 21 July, 2018, the United States' District Court for the District of Columbia announced that it would grant the US Federal Trade Commission motion for an injunction to block the acquisition. Consequently, Wilhelmsen and Drew agreed to abandon the transaction.

Ship management
Wilhelmsen Ship Management provides full technical management, crewing and related services for all major vessel types. Ship management is fully owned by Wilhelmsen.

Total income for ship management was USD 41 million in 2018, a reduction of 8%.

Vessels on management fell during the first half of the year, before improving in the second half. By the end of the year, ship management served approximately 370 ships worldwide, of which 40% were on full technical management and 5% were on layup management. The remaining contracts were related to crewing services.

During the year, ship management relocated its global head office from Kuala Lumpur, Malaysia, to Singapore, entered the wind offshore market, and opened a new office in Southampton, UK.

EBITDA was down for the year, partly due to ramp up cost related to new contracts.

Survitec Group
Survitec Group holds market-leading positions

Maritime services

- Ships Service
- Ship Management
- Insurance Services
- Survitec Group (owned ~20%)

Supply services

- NorSea Group (owned ~75.2%)
- WilNor Governmental Services

worldwide in marine, offshore, defence and aerospace survival technology. The company is majority owned by Onex Corporation, a private equity firm. Wilhelmsen owns ~20% of the company, which is reported as fair value financial asset.

The investment in Survitec, denominated in GBP, was valued at USD 27 million by the end of 2018. This is down from USD 83 million one year earlier. The USD 56 million reduction in fair value is the net effect of a USD 5 million equity injection and a USD 61 million fair value loss. The loss follows lower than expected results in 2018 and related downward adjustments in future earnings estimates.

Wilhelmsen Insurance Services

Wilhelmsen Insurance Services provides marine and non-marine insurance solutions for internal and external clients. Insurance services is fully owned by Wilhelmsen.

Total income for insurance services was USD 3 million in 2018, a 25% increase from the previous year.

EBITDA also improved for the year.

Supply services

The supply services segment includes NorSea Group, WilNor Governmental Services and other supply services activities. This is a relatively new segment in the Wilhelmsen group accounts and reporting, and follows the increased ownership and consolidation of NorSea Group from 26 September 2017.

Total income from supply services was USD 285 million in 2018, up from 57 million in 2017. The increase is due to full year consolidation of NorSea Group, compared with only one quarter in 2017.

EBITDA came in at USD 51 million, while share of profit from associates was USD 9 million. Both were significantly up from the previous year.

Net financial items were an expense of USD 15 million, and tax was an expense of USD 4 million in 2018.

Net profit after minority interests was USD 11 million for the year, up from 3 million in 2017.

NorSea Group AS

NorSea Group provides supply bases and integrated logistics solution to the offshore industry. Wilhelmsen owns 75.2% of NorSea Group (40% ownership until September 2017 and 74.2% as per 31 December 2017). NorSea Group is fully consolidated in Wilhelmsen's accounts from end of third quarter 2017.

Total income for NorSea Group was USD 275 million in 2018, significantly up from the previous year. Income was supported by increased offshore activities, and services for the NATO exercise Trident Juncture which took place during the second half of the year.

During the year, NorSea Group entered the offshore wind market.

EBITDA was up for the year, supported by an increase in total income and improved performance in non-Norwegian activities towards the end of the year.

WilNor Governmental Services

WilNor Governmental Services provides military logistics services in Norway and internationally. Wilhelmsen owns 51% of the company directly, with the remaining 49% owned through NorSea Group.

Total income for WilNor Governmental Services was USD 11 million in 2018, up from USD 5 million in 2017. The increase partly reflects activities related to the NATO exercise, Trident Juncture 2018. In connection with the exercise, WilNor Governmental Services purchased goods and services on behalf of the Norwegian defence authorities equal to USD 129 million. This has been accounted for on a net basis in the income statement.

EBITDA was stable for the year.

Holding and investments

The holding and investments segment includes investments in Wallenius Wilhelmsen ASA and Treasure ASA, financial assets, and other holding and investments activities.

Total income for the holding and investments segment was USD 11 million in 2018, compared with USD 171 million in 2017. The income for 2017 included USD 155 million in net gain from change of accounting principles, as well as income from activities now reported as part of the supply services segment. Adjusting for these items, income was stable.

EBITDA was a loss of USD 14 million in 2018, compared with a profit of USD 138 million in 2017.

Share of profit from associates was USD 23 million for the year, compared with USD 49 million one year earlier. The income mainly came from the 37.8% ownership in Wallenius Wilhelmsen ASA.

Change in fair value financial assets was a loss of USD 56 million in 2018, mainly related to the shareholding in Hyundai Glovis.

Net financials were an income of USD 10 million, down from USD 16 million in 2017. Dividend income from financial assets compensated for loss on investment management.

Net profit/(loss) after tax and minorities was a net loss of USD 23 million compared with a profit of USD 150 million in the previous year.

Wallenius Wilhelmsen ASA

Wallenius Wilhelmsen ASA is a global provider of ocean and land-based logistics services towards car and ro-ro customers and is listed on the Oslo Børs. Wilhelmsen owns 37.8% of the company, which is reported as associate in Wilhelmsen's accounts.

The merger between Wilh. Wilhelmsen ASA and WallRoll AB in April 2017 materially impacted the consolidated historical financial statements for 2017. Therefore, the financial information for 2017 used for comparison with 2018 figures is based on the unaudited proforma income statement for first quarter 2017, as well as actual figures for the last three quarters of 2017.

Total income for Wallenius Wilhelmsen ASA was USD 4 065 million for the full year of 2018, up 6% compared to 2017 (proforma revenue). The increase in total income was driven by stable net freight and increased surcharges related to bunker adjustment clauses for the ocean segment and growth in the landbased segment.

For 2018, EBITDA ended at USD 601 million which included costs of about USD 5 million related to the restructuring and realisation of synergies. EBITDA adjusted for these items, came in at USD 606 million, a decline of 14% compared to last year's adjusted EBITDA of USD 706 million (based on proforma figures). The performance shortfall was largely driven by the ocean segment, which was negatively impacted by bunker prices, a planned reduction in contracted Hyundai Motor Group volumes, lower rates, and unfavourable currency movements in the first part of the year. The negative development was partly balanced by underlying positive volume development, especially for high & heavy, and increased realisation of synergies.

Wilhelmsen's share of profit from Wallenius Wilhelmsen ASA was USD 23 million in 2018, down from USD 44 million in 2017.

After a strong increase in 2017, the Wallenius Wilhelmsen ASA share price was equally down in 2018, closing at NOK 29.70. As of 31 December 2018, the market value of Wilhelmsen's investment was USD 547 million, while the book value of the shareholding was USD 847 million.

Wallenius Wilhelmsen ASA did not pay any dividend in 2018.

Treasure ASA

Treasure ASA holds a 12.04% ownership interest in Hyundai Glovis, and is listed on the Oslo Børs. Wilhelmsen owns ~72.7% of Treasure ASA. Hyundai Glovis is from 4 April 2017 reported as financial assets to fair value in the Wilhelmsen accounts.

Treasure ASA's main source of income is the dividend paid to the shareholders of Hyundai Glovis. This is reported as financial income in Wilhelmsen's accounts. Dividend received in 2018 was USD 13 million, while the dividend income received in 2017 was USD 12 million.

The value of Treasure ASA's investment in Hyundai Glovis was USD 523 million by the end of 2018, down from USD 575 million by the end of the previous year. The USD 53 million in value reduction for 2018 was accounted for as change in fair value financial assets. The corresponding USD 5 million reduction in value in 2017 was reported as part of mark-to-market revaluation of available for sale financial assets reported under comprehensive income.

The Treasure ASA share price was down 19% for the year, closing at NOK 11.60. As of 31 December 2018, the market value of Wilhelmsen's shareholding in Treasure ASA was USD 214 million.

In 2018, Treasure ASA paid total dividend of NOK 0.30 per share. Total cash proceeds to Wilhelmsen was USD 6 million. The corresponding figures for 2017 were NOK 0.95 dividend per share, with a total cash proceed to Wilhelmsen of USD 18 million.

During the fourth quarter, Treasure ASA bought 1.45 million own shares in the market. Wilhelmsen maintained a holding of 160 million shares in Treasure ASA.

Holding and investments

- Wallenius Wilhelmsen ASA (owned ~37.8%)
- Treasure ASA (owned ~72.7%)
- Financial assets

Financial investments

Financial investments include cash and cash equivalents, current financial investments and other financial assets held by the parent and fully owned subsidiaries.

The value of the current financial investment portfolio held by the holding company was USD 88 million by the end of the year, compared with USD 101 million one year earlier. The portfolio primarily included listed equities and investment-grade bonds. Net income from investment management was a loss of USD 6 million in 2018, compared with a gain of USD 6 million in 2017.

The value of other financial assets was USD 100 million by the end of 2018, compared with USD 142 million by the end of 2017. The largest single investment was the shareholding in Qube Holdings Limited, an Australian based logistics and infrastructure company listed on the Australian Securities Exchange. During 2018, Wilhelmsen reduced its shareholding in Qube Holdings Limited from 65 million to 50 million, representing an ownership of ~3%. Net financial income from other financial assets were a gain of USD 1 million in 2018, with dividend income of USD 4 million offsetting a loss from change in fair value financial assets of USD 3 million.

Risk review

The Wilhelmsen group consists of operating companies and investments exposed to the global economy and world merchandised trade.

From an operating perspective, ships service and ship management (maritime services) and NorSea Group (supply services) are the most significant activities and exposures.

From an investment perspective, Wallenius Wilhelmsen ASA and Treasure ASA are the most significant exposures.

The restructuring of the Wilhelmsen group undertaken during recent years has created a more balanced portfolio and reduced the exposure to individual activities and investments.

Internal control and risk management

The group is committed to manage risks in a sound manner related to its businesses and operations. To accomplish this, the governing concept of conscious strategy and controllable procedures for risk mitigation ultimately provides a positive impact to profitability. The responsibility of governing boards, management and all employees are to be aware of the current environment in which they operate, implement measures to mitigate risks, prepare to act upon unusual observations, threats or incidents, and respond to risks to mitigate consequences. The group has put in place a risk monitor process based on identification of risks for each business unit, with a consolidated report presented to the board on a quarterly basis for review and necessary actions.

Market risk

Demand for the group's service offerings are, to various degree, correlated with the general global economic activity and in particular trade in commodities and manufactured goods. Projections for 2019 provided by the International Monetary Fund and other institutions indicates that global expansion has weakened, but that growth will remain at a fairly high level. An escalation of global trade tensions remains a key source of risk to the outlook.

Maritime services' exposure is to the general shipping market. The market has gradually improved from low levels, but differences in sentiment between the various market segments remains. Slower trade growth, low newbuild orderbooks and new IMO 2020 bunker regulations will impact the shipping market over the next couple of years.

Supply services' exposure is mainly to the North Sea offshore sector, and indirectly towards the oil and gas market in Europe and globally. After a downturn in 2016/17, the market sentiment has improved.

Investment exposure is skewed towards the global automotive and high and heavy markets, through the investments in Wallenius Wilhelmsen ASA and, indirectly, Hyundai Glovis. While medium term growth prospects remain positive for the automotive and high and heavy sectors, market uncertainty has increased. From a geographical perspective, Wilhelmsen's exposure towards Korea and Oceania exceeds a neutral position due to the significant reliance on these markets of Wallenius Wilhelmsen ASA, Hyundai Glovis and Qube Holdings.

Operational risk

The various operating entities of the group are exposed to and manage risk specific to the markets in which they operate. The general risk picture broadly remains unchanged from previous years.

Through its global reach and broad product spectre, maritime services operations are exposed to a wide range of operational risk factors. These are, however, mainly related to local markets and specific product offerings. While any such incident will normally have limited global consequences, a major accident, turbulence within a key geographical market, product quality issues, disruption of IT systems or loss of main customers may affect the wider financial and operational performance.

Supply services operations will have a similar risk exposure as maritime services, though mainly related to the offshore industry and the northern European region.

The group has established a range of measure in order to avoid and, potentially, mitigate the consequences of operational risk incidents.

Financial risk
Wilhelmsen remains exposed to a wide range of financial risk, either on a general basis or related to specific group companies. This includes exposure to currencies, oil prices, equity markets and interest rates.

In the currency markets, the USD strengthened against among others EUR and NOK in 2018.

The oil price also went upwards during most of the year, but ended down after reaching a peak in October.

The general equity market followed a similar trend in many markets, with a positive trend during the first nine months turning negative in the last quarter. Wilhelmsen's three largest investments subject external market pricing are Wallenius Wilhelmsen ASA, Treasure ASA and Qube Holdings.

Interest rates remain at historic low levels in most markets, but with a cautious upward trend in several markets lead by the US.

The group's exposure to and management of financial risk are further described in Note 17 to the 2018 group accounts. This includes foreign exchange rate risk, interest rate risk, investment portfolio risk, credit risk and liquidity risk.

All group companies were compliant with their loan covenant requirements in 2018.

Health, working environment, and safety
Working environment and occupational health
The company conducts its business with respect for human rights and labour standards, including conventions and guidelines related to the prevention of child or forced labour, minimum wage and salary, working conditions and freedom of association. Employees and external stakeholders are encouraged to report on non-compliant behaviour through the group's global whistleblowing system.

Exposure hours
In 2018, there were around 40.5 million exposure hours (work hours) in the group. Vessel based operations accounted for 75% of total exposure hours and onshore operations accounted for 25%.

Sickness absence and occupational disease
The group has implemented a variety of initiatives to maintain a healthy work environment, for example focusing on monitoring and reporting absence cases, health and wellness awareness events, annual health checks, employee assistance program, adapted working hours, social activities, employee engagement surveys and opportunities for personal development.

The sickness absence rate for onshore operations was 2.23%, compared with base year 2015 result of 1.67%. The occupational disease case rate result of 0.07 was in line with the 2016 base year result of 0.29.

Turnover
The turnover rate for employees in the parent company and fully owned subsidiaries was 14.93% in 2018, in line with previous year rate of 13.50% (change of reporting principles from 2017). The turnover rate varies from segment to segment. As an example, the turnover rate was higher during the year in ship management compared to ships service.

Lost time injuries and total recordable cases
There were zero work related fatalities in 2018.

For vessel-based operations, several safety campaigns aimed at creating safer and healthier working conditions on board the vessels were conducted during the year with focus on analysing results and measuring the effectiveness of the action taken.

In 2018, the lost-time injury frequency (LTIF) rate was 0.28, within the target not to exceed 0.50. The total recordable case frequency (TRCF) rate was 1.40 within the target not to exceed 2.80. The LTIF rate target for 2019 is not to exceed 0.50 and the TRCF rate is not to exceed 2.60.

For onshore operations, there was a focus on developing knowledge and understanding

Lost-time injury frequency below set targets.

of the importance of personal safety and risk assessment. Management visibility, safety talks and active safety delegates have been important actions to follow up employees most exposed to hazardous risk. The focus will continue in 2019 on risk assessment, audits, site assessment programs, and the implementation of better internal support tools for reporting.

The LTIF rate onshore was 0.20, within target not to exceed 0.5. The TRCF rate result of 0.52 was within target not to exceed 1.5. The LTIF target will remain in place for 2019, and the TRCF rate will be reduced to 1.0.

All reported incidents were investigated to avoid similar incidents in the future, improve necessary training and awareness measures.

Near miss incidents and safety observations
Safety observation reporting on vessel operations remains consistent with 9 126 observations reported for the year compared to 8 064 cases in 2017.

Safety observation reporting onshore improved in 2018, mainly due to the inclusion of NorSea Group in the reporting boundary. 3 597 observations were reported versus 224 in 2017.

All reported near misses were investigated to avoid similar incidents in the future, improve necessary training and awareness measures, and improve control measures.

Reporting and utilisation of analytics to identify key potential improvement areas continues to be in focus.

Working committee and executive committee
The management cooperates closely with employees through several bodies, including the joint working committee and the executive committee for industrial democracy in foreign trade shipping. The bodies give valuable input to solve company related issues in a constructive way.

The joint working committee discusses issues related to health, work environment and safety. The executive committee for industrial democracy in foreign trade shipping consider drafts of the accounts and budget, as well as matters of major financial significance for the company or of special importance for the workforce. In 2018, both committees held official meetings according to plan.

Organisation and people development
Workforce
The group's head office is in Norway, and the group has 255 offices in 67 countries within its controlled structure.

The group employs 9 334 seafarers and 5 252 land-based employees.

Equal opportunities
Wilhelmsen has a clear policy stating that males and females have the right to equal opportunities. Harassment and discrimination based on race, gender or similar grounds, or other behaviour that may be perceived as threatening or degrading, is not acceptable. The industry's unequal recruitment base makes it difficult to achieve an equal mix of gender in the company.

Females represent 33% of the land-based population, and 1% of the seafarer population.

Two of the five directors on the board of directors of Wilhelmsen are female, and one of the four members of the company's group management team.

Driving performance
Wilhelmsen strives to create a performance culture where engaged employees deliver desired results and are rewarded accordingly. Employee performance is measured through engagement surveys, performance appraisals and annual activity plans.

In the fourth quarter of 2018, Wilhelmsen conducted an employee engagement survey to measure the group's ability to provide an engaging and safe work environment where employees are motivated to work and achieve their full potential.

The survey results were positive and consistent with previous year. NorSea Group and Wilhelmsen Chemicals were included in the survey for the first time. The overall engagement score was 72 points, and a completion rate of 89%.

The performance appraisal is a formal dialogue between manager and employee. In 2018, 91% of the population completed the performance appraisal, above our target of 85%. 90% also completed a new mid-year review that was introduced during 2018.

Compensation and benefits
The purpose of Wilhelmsen's compensation and benefit framework is to drive performance and to attract and retain employees with the right experience and knowledge deemed necessary to achieve the company's strategic ambitions. The framework takes local

regulations and competition into account, as well as the responsibility and complexity of the position.

The bonus schemes are one of several instruments to drive performance. Bonus is paid if set bonus targets are reached. Compensation to executives is described in the notes 6 and 2 to the group and parent accounts respectively. Wilhelmsen also issues a declaration on the determination of employee benefits for senior executives, note 16 to the parent company accounts.

Investing in competence
"Learning and innovation" is one of the group's core values, and Wilhelmsen pays particular attention to competence and knowledge development. A learning organisation with motivated employees contributes to efficient operations and has a positive impact on revenue and earnings.

Personal development plans are integrated in the performance appraisal and review process. In 2018, the average hours of training recorded per employee was 38 hours.

Developing leaders for the future
To meet challenging and changing environments, Wilhelmsen is dependent on highly qualified leaders.

In 2018, eight females and 14 males, from nine different nationalities participated in a three module Leadership Potential programme held in Oslo and Singapore. The programme focused on design thinking methodology, leadership toolboxes, and an agile mindset.

Digital trainees
To increase the digital competence in the group and challenge existing mindsets, Wilhelmsen recruited three digital trainees (two female and one male) in 2018, all graduates from Norwegian University of Science and Technology (NTNU). The trainees are assigned to digital projects in the group companies over an 18-month period.

Maritime trainees
As part of an ongoing commitment to developing maritime competence, ship management recruited two maritime trainees (two females) in 2018 to embark on a 20-month maritime trainee program.

Corporate governance
The board believes sound corporate governance is a foundation for profitable growth and that it provides a healthy company culture. Good governance contributes to reducing risk and creating long-term value for shareholders and other stakeholder.

Wilhelmsen observes the Norwegian Code of Practice for corporate governance, in addition to requirements as specified in the Norwegian Public Companies Act and the Norwegian Accounting Act. The board's corporate governance report for 2018 can be found in the group annual report for the year and on www.wilhelmsen.com. It is the board's view that the company has an appropriate governance structure and that it is managed in a satisfactory way. The corporate governance report is to be considered by the annual general meeting on 30 April 2019.

Sustainability
Wilhelmsen assesses environmental, social and corporate governance issues in its investment analysis, business decisions, ownership practises and financial reporting. The company has a sustainability policy that includes human rights, labour standards and a commitment to promote greater environmental responsibility.

UN Global Compact (UNGC) engagement
In 2018, Wilhelmsen committed to implementing the ten principles of the UN Global Compact throughout its operations. The company has included requirements related directly to this commitment in relevant policies.

Wilhelmsen also joined the UNGC Sustainable ocean business action platform to partner with other serious actors in contributing to the achievement of the Sustainable Development Goals. The platform will conclude in 2020.

Sustainability governance
The board acknowledges that sustainability is a vital prerequisite for Wilhelmsen to be a profitable and responsible player in the industry and society at large. With an aim to increase transparency, the board therefore issues a sustainability report following the guidelines set forward in the GRI Sustainability reporting standards. The report describes how Wilhelmsen combines long-term profitability with emphasis on ethical business conduct, sustainable solutions and with respect for human beings, the environment and society.

Materiality assessment
In 2018, the company conducted an extensive materiality assessment supported by DNV GL to ensure attention is on material aspects

Investing in competence development to ensure employees are ready to take on the future.

Sustainability key focus areas in 2019:

- Ethics and anti-corruption
- Health and safety
- Responsible procurement
- Cyber security and data protection

of the group's business. The assessment concluded that the following topics are of most importance:
- ethics and anti-corruption,
- health and safety,
- responsible procurement, and
- cyber security and data protection.

These aspects are addressed in the sustainability report. The full report is available on www.wilhelmsen.com.

Significant changes to sustainability reporting boundary in 2018

In 2018, the supply service and solutions segment have been included in the boundary of the sustainability report.

Focus areas and achievements in 2018

In 2018, the following areas received particular attention:
- Employee engagement
- Partnerships for sustainable innovations
- Materiality assessment
- Anti-corruption, competition law, fraud and theft as well as whistleblowing
- Cyber security
- EU General Data Protection Regulation (GDPR)

The company's achievements included:
- Positive 72 point score and 89% completion rate in employee engagement survey
- Established world's first autonomous shipping company with partners
- Defined four high impact sustainability focus areas where the group will intensify efforts
- Appropriate risk reduction methods and tools implemented for cyber security
- Implementation of policy and practises to address EU General Data Protection Regulation (GDPR).

Focus areas for 2019

Focus areas have been defined for the group to intensify efforts on the most material topics:

Ethics and anti-corruption:
- Improve identification and follow up of compliance deviations
- Increase employee competence in responsible business practice with rollout of new business standard program and awareness of our whistleblowing channel
- Optimise organisational resources internally to improve experience sharing and knowledge transfer

Health and safety:
- continuous improvement of health and safety management systems
- increase employee competence in health and safety behaviour

Responsible procurement:
- improve supplier selection and assessment process
- improve supplier engagement in responsible practices through risk-based audits
- optimize organisational resources internally to improve experience sharing and knowledge transfer

Cyber security:
- implement a cyber security framework with continuous assessment on both where we are and where we need to be when it comes to cyber maturity
- increase employee competence in cyber security and data protection risk prevention behaviour
- Strengthen operational measures in cyber security

Stakeholder engagement

The company is regularly in dialogue with key stakeholders who engage with issues relating to the maritime industry and the activities of the Wilhelmsen group. The dialogue contributes to understanding the expectations of the community and transferring them to the group. It also enables the company to communicate decisions to stakeholders and provide them with explanations for our underlying motives.

In 2018, Wilhelmsen was engaged in dialogues with governments, investors, non-governmental organisations and other stakeholders discussing topics related to the group or industry at large. The main questions were related to financial, compliance, innovation and sustainability in general.

Allocation of profit, dividend and shares

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

Parent company accounts (NOK thousand)		
Profit for the year	**NOK**	**359 131**
To equity	**NOK**	150 464
Proposed dividend	**NOK**	116 010
Interim dividend paid	**NOK**	92 658
Total allocations	**NOK**	**359 131**

Dividend
The board is proposing a NOK 2.50 dividend per share payable during the second quarter of 2019, representing a total payment of NOK 116 million. The board also proposes that the annual general meeting gives the board authority to approve further dividend of up to NOK 2.50 per share for a period limited in time up to the annual general meeting in 2020, but no longer than to 30 June 2020.

Shares
As of 31 December 2018, the company had 3 053 shareholders. 92% of the shareholders were domiciled in Norway, while 8% of the shareholders were domiciled outside Norway. Shareholders domiciled outside Norway owned 17% of the company's shares.

The board is granted an authorisation to, on behalf of the company, acquire up to 10% of the company's own issued shares. The authorisation is valid until the annual general meeting in 2019, but no longer than to 30 June 2019.

In 2018, Wilhelmsen liquidated 100 000 own Class A shares, reducing the share capital to NOK 928 076 480. After the liquidation, the company has a total of 46 403 824 shares, split on 34 537 092 Class A shares and 11 866 732 Class B shares.

Outlook

Group business drivers
Wilhelmsen is a global provider of maritime related services, transportation and logistics solutions. The prospects for the group and its business segments are, to various degree, correlated with general development in world economy and trade.

Projections for 2019 provided by the International Monetary Fund and other institutions indicates that global expansion has weakened, but that growth remains at a fairly high level. An escalation of global trade tensions remains a key source of risk to the outlook.

Outlook for maritime services
Continued global growth and low newbuilding activity support further recovery of the general shipping market. A slowdown in global trade will have the opposite effect.

Following sale of some business activities in 2016, Wilhelmsen has focused on building leading positions within marine products, ships agency and ship management globally. The targeted acquisition of Drew Marine did not materialise, and as a consequence the marine products business will be developed primarily organically. Focus on improving the operating margin, strengthening profitability and growing the business will remain. Continued performance improvement initiatives are expected to have a positive impact on operating margin.

The ~20% ownership stake in Survitec Group is not expected to generate any revenue or cash contribution in the short to medium term. While Wilhelmsen has made a substantial write down of the asset value in 2018, the investment continue to have a long-term value potential.

Outlook for supply services
NorSea Group, where Wilhelmsen has a 75.2% shareholding, is mainly exposed to the Norwegian and Danish oil and gas industry. Oil prices have recovered from lows experienced early 2016, supporting some uplift in activity level. Income from supply base real estate properties will continue to be an important contributor, while activity within offshore wind is expected to gradually increase.

For governmental services, 2018 was marked by significant income from the NATO exercise Trident Juncture. This implies a reduction in activity level and income in the short term.

Outlook for other activities
Wallenius Wilhelmsen ASA, where Wilhelmsen has a ~37.8% shareholding, maintains a balanced view on prospects. There is increased uncertainty around the volume outlook and market rates remain at a low level, but tonnage balance is gradually improving. A new two-year performance improvement program will support underlying profitability going forward.

Treasure ASA, where Wilhelmsen has a ~72.7% shareholding, is an investment company with currently one main asset. The prospects for the group correlates strongly with the general development of the Hyundai Glovis financial and share price performance.

Qube Holdings, where Wilhelmsen has a ~3.0% equity stake, remains exposed to the general Australian economy and trade. Long-term value creation is also sensitive to successful development of Qube's logistics infrastructure.

Outlook 2019: Stable development of underlying operating performance.

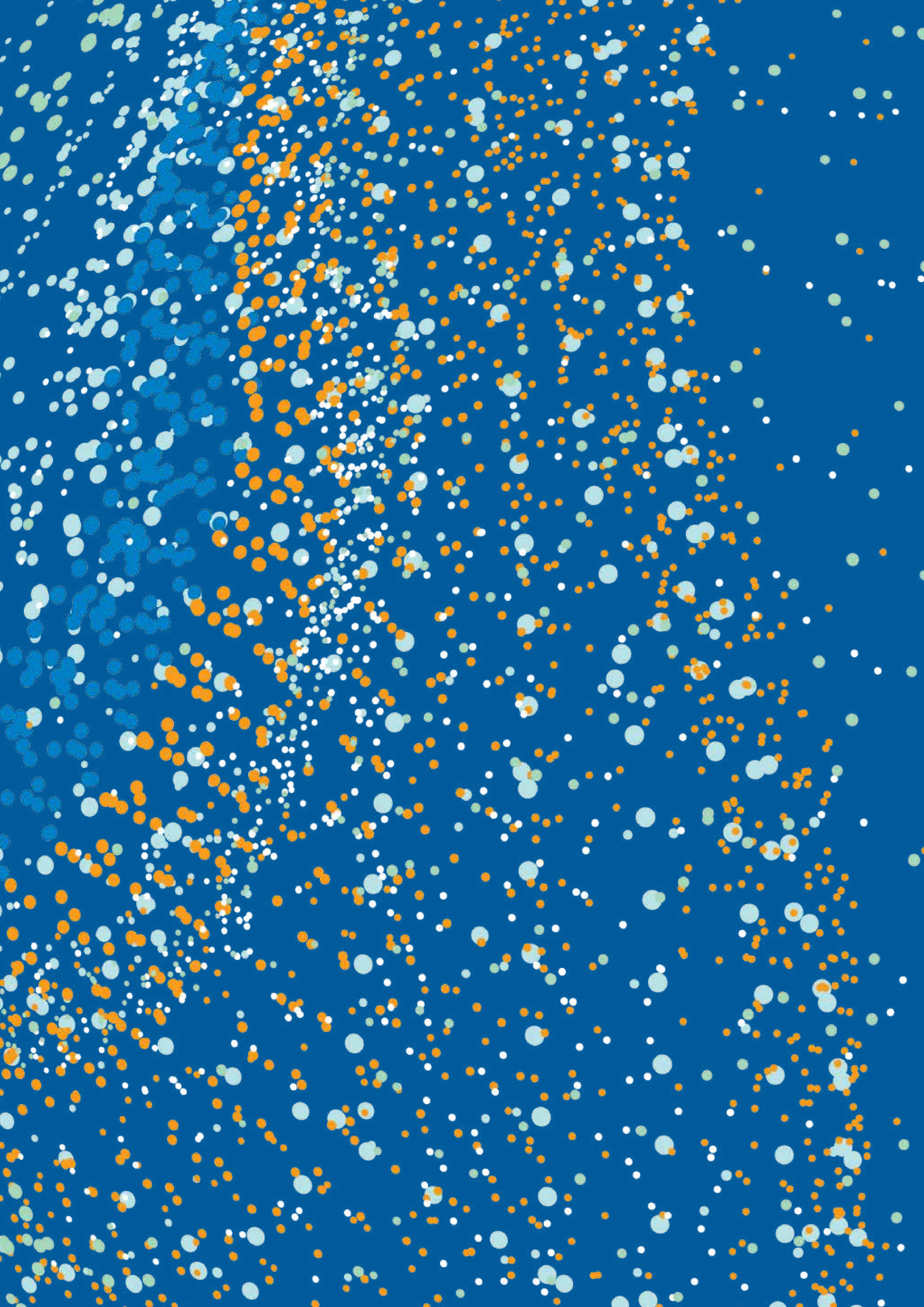
The board of Wilh. Wilhelmsen Holding ASA

From left:
Carl Erik Steen
Irene Waage Basili
Diderik Schnitler (chair)
Cathrine Løvenskiold Wilhelmsen
Trond Ø. Westlie

Outlook for the Wilhelmsen group
2018 marked the first full year with the new group structure. While financial performance last year was hit by falling asset prices, the operating performance has improved. Wilhelmsen continues to hold leading positions in main business segments, and the board expects a stable development of underlying operating performance. Wilhelmsen's exposure towards global trade, and potential introduction of further tariffs and restrictions, continues to create uncertainties. Wilhelmsen retains its robustness to meet such eventualities.

Lysaker, 14 March 2019
The board of directors of Wilh. Wilhelmsen Holding ASA

Diderik Schnitler chair	Trond Ø. Westlie	Carl Erik Steen
Irene Waage Basili	Cathrine Løvenskiold Wilhelmsen	Thomas Wilhelmsen group CEO



Responsible procurement

Since thousands of suppliers and products make up vital pieces of the Wilhelmsen machinery, we need to make sure that our sustainable expectations are clearly communicated to and understood by all our suppliers and product manufacturers. We simply require everyone we partner up with to do business the right way. Together we can enable sustainable global trade. Together we can make sure our industry contributes to the 17 Sustainable Development Goals.

Accounts and notes – group

Income statement Wilh. Wilhelmsen Holding group

USD mill	Note	2018	2017
Operating revenue	1/3/20	**867**	**632**
Other income			
Gain/(loss) on sale of assets	1/23	4	161
Total income		**871**	**793**
Operating expenses			
Cost of goods and change in inventory	13	(267)	(194)
Employee benefits	6	(320)	(252)
Other expenses	1/20	(206)	(150)
Depreciation	7	(42)	(22)
Total operating expenses		**(835)**	**(617)**
Operating profit		**36**	**176**
Share of profits from joint ventures and associates	4	36	55
Change in fair value financial assets	12	(116)	
Financial income	1	16	36
Financial expenses	1	(57)	(14)
Profit/(loss) before tax		**(86)**	**253**
Tax income/(expenses)	8	12	(16)
Profit/(loss) from continued operations		**(75)**	**236**
Discontinued operations			
Net profit/(loss) from discontinued operations (net after tax)	22		(239)
Profit/(loss) for the period		**(75)**	**(2)**
Of which:			
Profit attributable to non-controlling interests continued operations		(6)	55
Profit/(loss) attributable to non-controlling interests discontinued operations			7
Profit/(loss) attributable to owners of the parent		(69)	(64)
Basic / diluted earnings per share (USD)	9	(1.48)	(1.38)

Comprehensive income Wilh. Wilhelmsen Holding group

Profit/(loss) for the year		(75)	(2)
Items that may be reclassified to the income statement			
Cash flow hedges (net after tax)		2	
Revaluation mark to market value available-for-sale financial assets	12		3
Comprehensive income from associates			(1)
Currency translation differences	17	(57)	47
Currency translation differences recycled to income statement as part of loss of sale of assets			28
Comprehensive income discontinued operations			(1)
Items that will not be reclassified to the income statement			
Remeasurement postemployment benefits, net of tax	10	1	
Other comprehensive income, net of tax		**(53)**	**77**
Total comprehensive income for the year		**(128)**	**75**
Total comprehensive income attributable to:			
Owners of the parent continued operations		(119)	253
Owners of the parent discontinued operations			(239)
Non-controlling interests		(9)	62
Total comprehensive income for the year		**(128)**	**75**

Notes 1 to 25 on the next pages are an integral part of these consolidated financial statements.

Balance sheet Wilh. Wilhelmsen Holding group

USD mill	Note	31.12.2018	31.12.2017
ASSETS			
Non current assets			
Deferred tax asset	8	54	18
Goodwill and other intangible assets	7	156	171
Vessel, property and other tangible assets	7	567	590
Investments in joint ventures and associates	4	1 018	1 019
Financial assets to fair value	12/17	650	801
Other non current assets	11	23	37
Total non current assets		**2 467**	**2 637**
Current assets			
Inventories	13	74	81
Current financial investments	14/17	88	101
Other current assets	11/15	311	287
Cash and cash equivalents	15	140	167
Total current assets		**612**	**636**
Total assets		**3 079**	**3 273**
EQUITY AND LIABILITIES			
Equity			
Paid-in capital		122	122
Retained earnings and other reserves		1 699	1 853
Attributable to equity holders of the parent		**1 821**	**1 975**
Non-controlling interests		196	212
Total equity		**2 017**	**2 188**
Non current liabilities			
Pension liabilities	10	20	23
Deferred tax	8	12	6
Non current interest-bearing debt	16/17	448	493
Other non current liabilities	11	100	97
Total non current liabilities		**580**	**619**
Current liabilities			
Current income tax	8	13	11
Public duties payable		9	7
Current interest-bearing debt	16/17	85	108
Other current liabilities	11	375	341
Total current liabilities		**483**	**466**
Total equity and liabilities		**3 079**	**3 273**

Lysaker, 14 March 2019
The board of directors of Wilh. Wilhelmsen Holding ASA

Diderik Schnitler
chair

Trond Ø. Westlie

Carl Erik Steen

Irene Waage Basili

Cathrine Løvenskiold Wilhelmsen

Thomas Wilhelmsen
group CEO

Notes 1 to 25 on the next pages are an integral part of these consolidated financial statements.

Cash flow statement Wilh. Wilhelmsen Holding group

USD mill	Note	2018	2017*
Cash flow from operating activities			
Profit/(loss) before tax		(86)	14
Share of (profit)/loss from joint ventures and associates	4	(36)	(69)
Changes in fair value financial assets	12	116	
Financial (income)/expenses	1	41	(6)
Financial derivatives unrealised	1		(8)
Depreciation/impairment	7	42	42
(Gain)/loss on sale of fixed assets	1	(4)	(11)
Gain from sale of subsidiaries, joint ventures and associates	4/22		107
Change in net pension asset/liability		(1)	(5)
Change in inventory		7	(21)
Change in working capital		(6)	38
Tax paid (company income tax, withholding tax)		(12)	(11)
Net cash provided by operating activities		**62**	**70**
Cash flow from investing activities			
Dividend received from joint ventures and associates	4	20	18
Proceeds from sale of fixed assets		14	63
Investments in tangible and intangible assets	7	(54)	(29)
Net proceeds from sale of subsidiaries		7	14
Cash discontinued operations	22		(121)
Investments in subsidiaries	23	(1)	(89)
Loan repayments received from sale of subsidiaries		17	
Proceeds from sale of financial investments		71	111
Current financial investments		(38)	(58)
Interest received	1	4	5
Net cash flow from investing activities		**40**	**(87)**
Cash flow from financing activities			
Net proceeds from issue of debt after debt expenses	16	153	230
Repayment of debt	16	(211)	(271)
Interest paid including interest derivatives	1	(29)	(37)
Dividend to shareholders		(40)	(36)
Net cash flow from financing activities		**(128)**	**(114)**
Net increase in cash and cash equivalents		(26)	(130)
Cash and cash equivalents at the beginning of the period		167	296
Cash and cash equivalents at 31.12		**140**	**167**

* 2017 including discontinued operations.

The group is located and operating world wide and every entity has several bank accounts in different currencies. The cash flow effect from revaluation of cash and cash equivalents is included in net cash flow provided by operating activities.

Notes 1 to 25 on the next pages are an integral part of these consolidated financial statements.

Equity Wilh. Wilhelmsen Holding group

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

USD mill	Share capital	Own shares	Retained earnings	Total	Non-controlling interests	Total equity
Balance 31.12.2017	122	0	1 853	1 975	212	2 188
Comprehensive income for the period:						
Profit/(loss) for the period			(69)	(69)	(6)	(75)
Other comprehensive income			(50)	(50)	(3)	(53)
Change in non-controlling interests					(1)	(1)
Put option in associate			(5)	(5)		(5)
Total comprehensive income for the period	**0**	**0**	**(124)**	**(124)**	**(10)**	**(134)**
Transactions with owners:						
Dividends			(31)	(31)	(6)	(37)
Balance 31.12.2018	**122**	**0**	**1 699**	**1 821**	**196**	**2 017**

Owned shares, 100.000 class A, were liquidated in 2018. The share capital is reduced from NOK 930 076 480 by NOK 2 000 000 to NOK 928 076 480.

USD mill	Share capital	Own shares	Retained earnings	Total	Non-controlling interests	Total equity
Balance 31.12.2016	122		1 868	1 990	502	2 492
Comprehensive income for the period:						
Profit/(loss) for the period			(64)	(64)	62	(2)
Other comprehensive income*			77	77	(1)	77
Incoming non-controlling interests					56	56
Outgoing non-controlling interests					(398)	(398)
Total comprehensive income for the period	**0**	**0**	**11**	**11**	**(278)**	**(267)**
Transactions with owners:						
Dividends			(28)	(28)	(8)	(36)
Balance 31.12.2017	**122**	**0**	**1 853**	**1 975**	**212**	**2 188**

*Other comprehensive income in statement of equity is not restated in discontinued and continued operations.

Dividend for fiscal year 2017 was NOK 5.50 per share, where NOK 3.50 per share was paid in May 2018 and NOK 2.00 per share was paid in November 2018.

Dividend for fiscal year 2016 was NOK 5.00 per share, where NOK 3.50 per share was paid in May 2017 and NOK 1.50 per share was paid in November 2017.

The proposed dividend for fiscal year 2018 is NOK 2.50 per share, payable in the second quarter of 2019.

A decision on this proposal will be taken by the annual general meeting on 30 April 2019. The proposed dividend is not accrued in the year-end balance sheet. The dividend will have effect on retained earnings in second quarter of 2019.

Notes 1 to 25 on the next pages are an integral part of these consolidated financial statements.

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GENERAL INFORMATION
Wilh. Wilhelmsen Holding ASA (referred to as the parent company) is domiciled in Norway. The consolidated accounts for fiscal year 2018 include the parent company and its subsidiaries (referred to collectively as the group) and the group's share of joint ventures and associated companies.

The annual accounts for the group and the parent company were issued by the board of directors on 14 March 2019.

The company is a public limited liability company, listed on the Oslo Stock Exchange.

BASIC POLICIES
The consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS), as endorsed by the European Union. The separate financial statements for the parent company have been prepared and presented in accordance with simplified IFRS as approved by Ministry of Finance 3 November 2014. In the separate statements the exception from IFRS for recognition of dividends and group contributions is applied. Otherwise, the explanations of the accounting policy for the group also apply to the separate statements, and the notes to the consolidated financial statements will to a large degree also cover the separate statements.

The accounts for the group and the parent company are referred to collectively as the accounts.

The group accounts are presented in US dollars (USD), rounded off to the nearest whole million.

Entities in Maritime Services, Supply Services and Holding and Investments are measured using currency of primary economic location in which the entity operates. The exceptions are investments activity in Malta, where AUD is the functional currency and the parent company Wilhelmsen Maritime Services (WMS AS) has USD.

The presentation currency of the separate statements of the parent is NOK which is also its functional currency.

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

- the balance sheet is translated at the closing exchange rate on the balance sheet date
- income and expense items are translated at a rate that is representative as an average exchange rate for the period, unless the exchange rates fluctuate significantly for that period, in which case the exchange rates at the dates of the transactions are used
- the translation difference is recognised in other comprehensive income and split between controlling and non-controlling interests

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

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

Preparing financial statements in conformity with IFRS and simplified IFRS requires the management to make use of estimates and assumptions which affect the application of the accounting policies 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 under the circumstances. The actual result may vary from these estimates.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are described in more detail in the section on critical accounting estimates and assumptions.

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

Standards, amendments and interpretations
IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group has applied IFRS 9 retrospectively, with the initial application date of 1 January 2018. The Group has not adjusted the comparative information for the period beginning 1 January 2017.

Classification and measurement
The Group continued measuring at fair value all financial assets previously held at fair value under IAS 39. The changes in the classification of the Group's financial assets are described in:

Note 12 "Financial assets at fair value" for evaluation of IFRS 9's presentation options, for assets accounted for as "Available-for-sale" under IAS 39, available from the effective date of 01.01.2018.

The group has evaluated the impact of IFRS 15. The implementation of the standard has no material impact on the consolidated and parent accounts.

There are no other new or amended standards adopted by the group or parent company in 2018.

New standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the group;
IFRS 16, 'Leases', issued in January 2016 and effective from 1 January 2019 covers the recognition of leases and related disclosure in the financial statements, and will replace IAS 17 'Leases'. In the financial statement of lessees, the new standard requires recognition of all contracts that qualify under its definition of a lease as right-of-use assets and lease liabilities in the balance sheet, while lease payments should be split in interest expense and reduction of lease liabilities. The right-of-use assets are to be depreciated in accordance with IAS 16 "Property, Plant and Equipment" over the shorter of each contract's term and the assets useful life. The standard consequently implies a significant change in lessees' accounting for leases currently defined as operating leases under IAS 17. While this definition is similar to that of IAS 17, it would have required further evaluation of each contract to determine whether all lease contracts in the group currently not defined as financial lease, would qualify as leases under new standard. The group has evaluated the impact of IFRS 16. The current material lease contracts are related to land and properties (see group account note 19). There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the group and the parent company.

COMPARATIVE FIGURES
When items are reclassified in the segment reporting, the comparative figures are included from the beginning of the earliest comparative period.

SHARES IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (PARENT COMPANY)
Shares in subsidiaries, joint ventures and associates are presented according to the cost method. Group contribution received is included in dividends from subsidiaries. Group contributions and dividends from subsidiaries are recognised in the year for which they are proposed by the subsidiary to the extent the parent company can control the decision of the subsidiary through its shareholdings on the balance sheet date. Shares in subsidiaries, joint ventures and associates are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may exceed the recoverable amount of the investment. An impairment loss is reversed if the impairment situation is deemed to no longer exist.

CONSOLIDATION POLICIES
Subsidiaries
Subsidiaries are all entities over which the group has the power to govern the

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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 deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains and losses on transactions between group companies are eliminated.

Business combination
The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition comprises the:

- fair value of the asset transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the group
- fair value of any assets or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the
- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interests in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in the income statement.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquire is remeasured to fair value at the acquisition date. Any gain or losses arising from such remeasurement are recognised in profit and loss.

Joint arrangements and associates
Joint arrangements and associates are entities over which the group or parent company has joint control or significant influence respectively but does not control alone.

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations to each investor. The group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Significant influence generally accompanies investments where the group or the parent company has 20-50% of the voting rights. The group's investments in joint ventures and associates are accounted for by the equity method. Such investments are recognised at the date of acquisition at cost, including excess values and possible goodwill.

The group's share of profit after tax from joint ventures and associates, are recognised in the income statement as an investing and financial activity. The share of profit after tax from joint ventures and associates is added to the carrying amount of the investments together with its share of equity movements not recognised in the income statement. Sale and dilution of the share of associate companies is recognised in the income statement when the transactions occur for the group. Unrealised gains on transactions are partially eliminated under the equity method.

When an investment ceases to be an associate, the difference between (1) the fair value of any retained investment and proceeds from disposing of the part interest in the associate and (2) the carrying amount of the investment at the date when significant influence is lost, is recognised in the income statement. If the ownership interest in a joint venture or an associate is reduced, but the investment continues to be a joint venture or an associate, a gain or loss is recognised in the income statement corresponding to the difference between the proportionate book value of the investment sold and the proceeds from disposing of the part interest in the joint venture or associate.

Non-controlling interests
The group treats transactions with non-controlling interests as transactions with equity owners of the group.

For purchases from non-controlling interests, the difference between any consideration paid and relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity.

Gains or losses on disposals to non-controlling interests are also recorded in equity.

Discontinued operations
A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area or operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The result of discontinued operations is presented separately in the income statement.

SEGMENT REPORTING
The operating segments are reported in a manner consistent with the internal financial reporting provided to the chief operating decision-maker.

Comparative figures have been reclassified in the segment's figures from the beginning of earliest comparative period.

The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board and Group Management Team, consisting of the group chief executive officer (group CEO) and five executive managers.

RELATED PARTIES TRANSACTIONS
The group and the parent company have transactions with joint ventures and associated companies. These contracts are based on commercial market terms.

See note 11 and 20 to the group accounts for transactions with joint ventures and associates and note 6 and 14 to the parent company accounts.

See note 6 to the group accounts concerning remuneration of senior executives in the group and note 2 to the parent company accounts for information concerning loans and guarantees for employees in the parent company.

FOREIGN CURRENCY TRANSACTION AND TRANSLATION
Transactions
Individual companies' transactions in foreign currencies are initially recorded in the functional currency by applying the rate of exchange as of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the respective functional currency at the rate of the exchange at the balance sheet date. The realised and unrealised currency gains or losses are included in financial income or expense. For qualified cash flow hedging derivatives, qualifying net investment hedges, gains and losses are recognised in other comprehensive income, and reclassified when the hedged object affects profit or loss.

Translations
In the consolidated financial statements, the assets and liabilities of the parent company (NOK functional) as well as all non USD functional currency subsidiaries, joint ventures and associates, including related goodwill, are translated into USD using the rate of exchange as of the balance sheet date. The results and cash flow of non USD functional currency subsidiaries, joint ventures and associates are translated into USD using average exchange rate for the period reported (unless this average is not a reasonable approximation

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of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions). Exchange adjustments arising when the opening net assets and the net income for the year retained by non USD operation are translated into USD are recognised in other comprehensive income. On disposals of a non USD functional currency subsidiary, joint ventures or associates, the deferred cumulative amount recognised in equity relating to that particular entity is recognised in the income statement.

REVENUE RECOGNITION
Revenue from sale of goods and services is recognised when the group entity sells a product or service to customer. Revenues are recognised at fair value of the consideration and presented net of value added tax and discounts.

Maritime Services
Revenue from the sale of goods and services is measured at fair value of the consideration, net of VAT, returns and discounts. Revenue from the sale of goods is recognised when ownership passes to the customers. Generally, this is when products are delivered. Rebates and incentive allowance are deferred and recognised in income upon the realisation or the closing of the rebate period. Services are recognised as they are rendered.

Supply Services
Recognition of revenue is when it is earned, i.e. when the main risk and control has been transferred to the customer. This will normally be when the goods are delivered to the customer. Revenue is measured at the fair value of the consideration on the time of the transaction.

INVENTORIES
Inventories of purchased goods and work in progress, are valued at cost in accordance with the weighted average cost method. Impairment losses are recognised if the net realisable value is lower than the cost price.

EMPLOYEE BENEFITS - CASH-SETTLED ARRANGEMENTS
Cash–settled payments / bonus plans
For cash-settled payments, a liability equal to the portion services received is recognised at fair value determined at each balance sheet date.

See note 6 to the group accounts and note 2 and 16 to the parent accounts concerning remuneration of senior executives.

TANGIBLE ASSETS
Vessel, property and other tangible assets acquired by group companies are stated at historical cost. Depreciation is calculated on a straight-line basis.

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

The group's borrowing costs are recognised in the income statement when they arise. Borrowing costs are capitalised to the extent that they are directly related to the acquisition of the asset.

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

Property	10-50 years
Vessel	25 years
Other tangible assets	3-10 years

Each component of a tangible 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.

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.

GOODWILL AND OTHER INTANGIBLE ASSETS
Amortisation of intangible fixed assets is based on the following expected useful lives:

Goodwill	Indefinite life
Software and licenses	3-5 years
Other intangible assets	5-10 years

Goodwill
Goodwill represents the excess of the consideration transferred, the amount of any non-controlling interests in the acquiree and the acquisition date fair value of any previous equity interests in the acquiree over the fair value of the identifiable net assets of the acquired subsidiary, joint venture or associate. Goodwill arising from the acquisition of subsidiaries is classified as an intangible asset. Goodwill arising from the acquisition of an interest in an associated company is included under investment in associated companies and tested for impairment as part of the carried amount of the investment annually.

Goodwill from acquisition of businesses is tested annually for impairment and carried at cost less impairment losses. Impairment losses on goodwill are not reversed. Gain or loss on the sale of a business includes the carried amount of goodwill related to the sold business.

For impairment testing goodwill is allocated to relevant cash-generating units ("CGU"). The allocation is made to those CGU or groups of CGU which are expected to benefit from the acquisition.

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

Other intangible assets
Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when the following criteria are met:
- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured

Trademark, technology/licenses and customer relationship have a finite life and are recognised at historical cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and licenses over their estimated useful life.

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

IMPAIRMENT OF GOODWILL AND OTHER NON- FINANCIAL ASSETS
Non-financial assets
At each reporting date the accounts are assessed whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, estimates of the asset's recoverable amount are done. The recoverable amount is the highest of the fair market value of the asset, less cost to sell, and the net present value (NPV) of future estimated cash flow from the employment of the asset ("value in use"). The NPV is based on a discount rate according to a weighted average cost of capital ("WACC") reflecting the company's required rate of return. The WACC is calculated based on the company's long-term borrowing rate and a risk-free rate plus a risk premium for the equity. If the recoverable amount is lower than the book value, impairment has occurred, and the asset shall be revalued. Impairment losses are recognised in profit or loss. Assets are grouped at the lowest level where there are separately identifiable independent cash flows.

Goodwill
Goodwill acquired through business combinations has been allocated to the relevant CGU. An assessment is made as to whether the carrying amount of the goodwill can be justified by future earnings from the CGU to which the goodwill relates. If the "value in use" of the CGU is less than the carrying amount of the CGU, including goodwill, goodwill will be written down first. Thereafter the carrying amount of the CGU will be written down. Impairment losses related to goodwill cannot be reversed.

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LEASES

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

Financial leases are capitalised at the commencement 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 non-current 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.

Financial leases are depreciated over the shorter of the 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.

FINANCIAL ASSETS

From 1 January 2018, the group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value through income statement
- those to be measured at amortised cost

Management determines the classification of financial assets at their initial recognition.

Financial assets subsequently carried at fair value are initially recognised at fair value, and transaction costs are expensed in the income statement.
The group and the parent company classified financial assets under IAS 39 into the following categories: trading financial assets at fair value through income statement, loans and receivables. The classification depended on the purpose of the asset.

Short term investments

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. Short term investments are measured at fair value. The resulting unrealised gains and losses are included in financial income and expense. Derivatives are also placed in this category unless designated as hedges. Assets in this category are classified as current.

Loans and receivables at amortised cost

Loans and receivables are non derivative financial assets with fixed or determinable payments, which are not traded 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 non-current assets in the balance sheet.

Loans and receivables are recognised initially at their fair value plus transaction costs. Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or are transferred, and the group has transferred by and large all risk and return from the financial asset.

Realised gains and losses are recognised in the income statement in the period they arise.

Financial assets to fair value

The Group continued measuring at fair value all financial assets previously held at fair value under IAS 39. The following are the changes in the classification of the Group's financial assets.

Equity investments in listed companies:
These financial assets were previously classified as "available-for-sale" financial assets are now classified and measured as equity instruments designated at fair value through the income statement.

Changes in fair value during the period, is recognised through the income statement.

Financial assets to fair value are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

FINANCIAL DERIVATIVES

Derivatives are included in current assets or current liabilities, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets or other non-current liabilities as they form part of the group's long-term economic hedging strategy and are not classified as held for trading.

Derivatives are recognised at fair value on the date a derivative contract is entered into and are revalued on a continuous basis at their fair value.

Derivatives which do not qualify for hedge accounting

Most 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 presented in the income statement as financial income/expense.

Derivatives which do qualify for hedge accounting

The group designates certain derivatives as 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 objective of its risk management and the strategy underlying the various hedge transactions. The group also documents the extent to which the applied derivatives are effective in offsetting changes in fair 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 17 to the group accounts. Changes in the valuation of qualified hedges are recognised directly in other comprehensive income until the hedged transactions are realised.

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

Cash flow hedge

The effective portion of changes in the fair value of derivatives designated as cash flow hedges are recognised in other comprehensive income together with the deferred tax effect. Gain and loss on the ineffective portion is recognised in the income statement. Amounts recognised in other comprehensive income 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.

Net investment hedge

Gain and losses arising from the hedging instruments relating to the effective portions of the net investment hedges are recognised in other comprehensive income. These translation reserves are reclassified to the income statement upon loss of control of the hedged net investments, offsetting the translation differences from these net investments. Any ineffective portion is recognised immediately in the income statement as financial income/(expenses).

DEFERRED TAX / DEFERRED TAX ASSET

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 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.

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PENSION OBLIGATIONS
Group companies have various pension schemes, and the employees are covered by pension plans which comply with local laws and regulations. These schemes are generally funded through payments to insurance companies or pension funds on the basis of periodic actuarial calculations. The group and the parent company have both defined contribution and defined benefit plans up to 31 December 2018.

The group has "Ekstrapensjon", a contribution plan for all Norwegian employees with salaries exceeding 12 times the Norwegian National Insurance base amount (G). The contribution plan replaced the group obligations mainly financed from operation. However, the group still has obligations for some employees' related to salaries exceeding 12 times the Norwegian National Insurance base amount (G) mainly financed from operations.

A defined contribution plan is one under which the group and the parent company pay fixed contributions to a separate legal entity. The group and the parent company have 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 end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

The pension obligation is calculated annually by independent actuaries using a straight-line earnings method. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past-service costs are recognised immediately in the income statement.

RECEIVABLES
Account receivables and other receivables, that have fixed or determinable payments that are not quoted in an active market are classified as receivables.

The group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables has been grouped based on shared credit risk characteristics and days past due.

CASH AND CASH EQUIVALENTS
Cash and cash equivalents include cash in hand, deposits held at call with banks and other liquid investments with maturities of three months or less. Bank overdrafts are presented under borrowings in current liabilities on the balance sheet.

SHARE CAPITAL AND TREASURY SHARES
When the parent 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 or reissued, any consideration received is included in share capital.

DIVIDEND IN THE GROUP ACCOUNTS
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 is approved by the general meeting.

DIVIDEND AND GROUP CONTRIBUTION IN PARENT ACCOUNTS
Proposed dividend for the parent company's shareholders is shown in the parent company account as a liability at 31 December current year. Group contribution to the parent company is recognised as a financial income and current asset in the financial statement at 31 December current year.

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 or the parent company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

PROVISIONS
The group and the parent company make provisions for 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.

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS
When preparing the financial statements, the group and the parent company 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 and parent company's control. This presents a substantial risk that actual conditions will vary from the estimates.

Impairment of goodwill
Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment.

The main risks are:
- Growth
- Net profit
- Cash flow

Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. The group has financial models which calculate and determine the value in use 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 estimate.

See note 7 in the group accounts for additional information.

Note 1 Combined items, income statement

USD mill	Note	2018	2017
OPERATING REVENUE			
Ships service revenue		535	525
Supply services revenue		283	
Ship management and crewing revenue		41	43
Other revenue		8	63
Total operating revenue	20	**867**	**632**
GAIN ON SALE OF ASSETS			
Gain on sale of assets		4	6
Disposal of associate (step up loss)	23		(40)
Gain from change in measurement of Hyundai Glovis	12		195
Total gain on sale of assets		**4**	**161**
OTHER EXPENSES			
Loss on sale of assets			(1)
Office expenses		(58)	(39)
Communication and IT expenses		(27)	(30)
External services		(31)	(35)
Travel and meeting expenses		(8)	(8)
Marketing expenses		(4)	(4)
Other operating expenses		(78)	(32)
Total other expenses	20	**(206)**	**(150)**
FINANCIAL INCOME AND EXPENSES			
Financial items			
Investment management		(6)	5
Interest income		4	5
Other financial items		18	12
Net financial items		**16**	**22**
Financial – interest expenses			
Interest expenses		(29)	(14)
Other financial expenses		(5)	
Net financial – interest expenses		**(34)**	**(14)**
Financial currency			
Net currency gain/(loss) – non financial currency		(4)	7
Net currency gain/(loss) – financial currency		(3)	(2)
Derivatives for hedging of cash flow risk – realised		(2)	
Derivatives for hedging of cash flow risk – unrealised		(15)	9
Net financial currency		**(23)**	**14**
Financial income/(expenses)		**(41)**	**22**
Spesification of financial income and expenses			
Net financial items		16	22
Net financial currency gain			14
Financial income		**16**	**36**
Net financial – interest expenses		(34)	(14)
Net financial currency loss		(23)	
Financial expenses		**(57)**	**(14)**

See note 17 on financial risk and the section of the accounting policies concerning financial derivatives.

Note 2 Segment reporting

SEGMENTS

The chief operating decision-maker monitors the business by combining entities with similar operational characteristics such as product services, market and underlying asset base, into operating segments.

The Maritime Services segment offers marine products, ship agency services and logistics to the merchant fleet and ship management including manning for all major vessel types, through a worldwide network of more than 255 offices in some 67 countries.

The Supply Services segment is mainly related to the operation of supply bases for the oil industry in Norway, as well as real estate development and operation of properties both on and off the supply bases. In addition to the activity in Norway, the segment offers its services in both Denmark and in the UK. The international activity consists of both operation of supply bases, maintenance of rigs and handling of logistics related to international pipeline projects and windmill parks.

The Holding and Investments segment includes the parent company, Wilh. Wilhelmsen Holding ASA, Treasure ASA group, Wilh. Wilhelmsen Holding Invest AS group and other minor activities (WilService AS, Wilhelmsen Accounting Services AS and corporate group activities like operational management, legal, finance, portfolio management, communication and human relations) which fail to meet the definition for other core activities. The groups investment in WalWil is presented as part of Holding and Investments as an investment in associates.

Eliminations are between the group's three segments mentioned above.

The segment income statement are measured in the same way as in the financial statements.

The segment information provided to the chief operating decision-maker for the reportable segments for the year ended 31 December 2018 is as follows:

USD mill	Maritime Services		Supply Services		Holding and Investments		Eliminations/ discontinued operations (2017)*		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
INCOME STATEMENT										
Operating revenue	580	574	283	57	11	16	(7)	(14)	867	632
Gain on disposals of assets	2	6	3			155			4	161
Total income	**582**	**580**	**285**	**57**	**11**	**171**	**(7)**	**(14)**	**871**	**793**
Cost of goods and change in inventory	(198)	(182)	(68)	(10)	(1)	(1)			(267)	(194)
Employee benefits	(212)	(214)	(96)	(20)	(13)	(19)			(320)	(252)
Other expenses	(130)	(133)	(71)	(18)	(12)	(13)	6	14	(206)	(150)
Depreciation and impairments	(16)	(15)	(26)	(6)	(1)				(42)	(22)
Total operating expenses	**(556)**	**(544)**	**(260)**	**(54)**	**(26)**	**(34)**	**7**	**14**	**(835)**	**(617)**
Operating profit/(loss)	**26**	**36**	**25**	**2**	**(15)**	**138**	**0**	**(0)**	**36**	**176**
Share of profit from associates	4	4	9	1	23	49			36	55
Changes in fair value financial assets	(61)				(56)				(116)	
Net financial income / expenses	(37)	6	(15)	(1)	10	16			(41)	22
Profit/(loss) before tax	**(68)**	**46**	**20**	**3**	**(38)**	**204**	**0**	**(0)**	**(86)**	**253**
Tax income/(expense)	13	(15)	(4)	1	3	(2)			12	(16)
Profit/(loss)	**(55)**	**30**	**15**	**4**	**(35)**	**202**	**0**	**0**	**(75)**	**236**
Result of discontinued operations								(239)		(239)
Non-controlling interests	2	1	4	1	(12)	52		7	(6)	62
Profit/(loss) to the owners of parent	**(56)**	**29**	**11**	**3**	**(23)**	**150**	**(0)**	**(246)**	**(69)**	**(64)**

*Discontinued operations, see note 22.

Supply Services; One customer represent about 13% of the total revenue.

Cont. note 2 Segment reporting

The amounts provided to the chief operating decision-maker with respect to total assets, liabilities and equity are measured in the same way as in the financial statements.

USD mill	Maritme Services		Supply Services		Holding and Investments		Eliminations		Total	
	31.12.18	31.12.17	31.12.18	31.12.17	31.12.18	31.12.17	31.12.18	31.12.17	31.12.18	31.12.17
BALANCE SHEET										
Assets										
Deferred tax asset	42	11	5	4	7	2			54	18
Intangible assets	149	163	6	8					156	171
Tangible assets	188	187	377	401	2	2			567	590
Investments in joint ventures and associates	11	12	159	176	848	832			1 018	1 019
Financial assets to fair value	27	83			623	718			650	801
Other non current assets	13	29	6	5	24	22	(20)	(19)	23	37
Current financial investments					88	101			88	101
Other current assets	294	305	107	62	14	38	(30)	(37)	385	368
Cash and cash equivalents	110	144	12	8	18	15			140	167
Total assets	**834**	**934**	**671**	**664**	**1 624**	**1 730**	**(50)**	**(56)**	**3 079**	**3 273**
Equity and liabilities										
Equity majority	237	329	152	150	1 431	1 497			1 821	1 975
Equity non-controlling interests	(1)	(1)	54	55	144	158			196	212
Deferred tax	12	6							12	6
Interest-bearing debt	197	196	330	369	23	54	(17)	(18)	533	601
Other non current liabilities	97	94	18	18	9	9	(3)	(1)	120	120
Other current liabilities	292	310	117	71	17	14	(30)	(37)	397	358
Total equity and liabilities	**834**	**934**	**671**	**664**	**1 624**	**1 730**	**(50)**	**(56)**	**3 079**	**3 273**
Investments in tangible assets	19	21	29	4					48	26

Cont. note 2 Segment reporting

The amounts provided to the chief operating decision-maker with respect to cash flows are measured in a manner consistent with that of the balance sheet.

USD mill	Maritime Services		Supply Services		Holding and Investments	
	2018	2017	2018	2017	2018	2017
CASH FLOW						
Profit/(loss) before tax	(68)	46	20	3	(38)	204
Changes in fair value financial assets	61				56	
Share of profit from joint ventures and associates	(4)	(4)	(9)	(1)	(23)	(49)
Net financial (income)/expenses	37	(6)	15	1	(10)	(16)
Depreciation/impairment	16	15	26	6	1	
Change in working capital	(20)	(10)	(6)	6	5	9
Net gain from sale of assets/change of accounting principle	(2)	(3)	(3)			(155)
Net cash provided by operating activities	**20**	**38**	**42**	**14**	**(9)**	**(8)**
Dividend received from joint ventures and associates	3	5	17			13
Net sale/(investments) in fixed assets	(13)	(15)	(24)	(5)		
Net sale/(investments) in entities and segments	18	(21)	6		(3)	(54)
Net investments in financial investments	(2)	1	1	3	40	
Net changes in other investments			1			
Net cash flow from investing activities	**7**	**(30)**	**(0)**	**(2)**	**36**	**(41)**
Net change of debt	1	20	(17)	(6)	(27)	19
Net change in other financial items	(15)	(12)	(14)	(4)	(3)	(2)
Net dividend from other segments/ to shareholders	(47)	(34)	(6)		7	(7)
Net cash flow from financing activities	**(61)**	**(25)**	**(38)**	**(10)**	**(23)**	**10**
Net increase in cash and cash equivalents	**(34)**	**(17)**	**4**	**2**	**3**	**(38)**
Cash and cash equivalents at the beginning of the period	144	161	8	6	15	54
Cash and cash equivalents at the end of period	**110**	**144**	**12**	**8**	**18**	**15**

GEOGRAPHICAL AREAS

USD mill	Europe		Americas		Asia & Africa		Oceania		Other		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Total income	513	429	66	63	262	271	30	30			871	793
Total assets	2 367	2 474	34	36	562	622	115	141			3 079	3 273
Investment in tangible assets	38	16		1	10	9					48	26

Russia is defined as Europe.

Total income
Area income is based on the geographical location of the company and includes sales gains.

Total assets
Area assets are based on the geographical location of the assets.

Investments in tangible assets
Area capital expenditure is based on the geographical location of the assets.

Note 3 Revenue from contracts with customers

OPERATING REVENUE

USD mill 2018

Revenue segments	Maritime services				Supply services			Holding and Investments	Elimination	Total
	Marine Products	Ships Agency	Technical/ crewing management	Other	Operation	Property	Other	Other		
Revenue from external customers	358	126	41	55	238	26	18	11	(7)	867
Total	**358**	**126**	**41**	**55**	**238**	**26**	**18**	**11**	**(7)**	**867**
Timing of revenue recognition										
At a point in time	358			55				11	(7)	417
Over time		126	41		238	26	18			450
Total	**358**	**126**	**41**	**55**	**238**	**26**	**18**	**11**	**(7)**	**867**

2017

Revenue segments	Marine Products	Ships Agency	Technical/ crewing management	Other	Operation	Property	Other	Other	Elimination	Total
Revenue from external customers	341	130	43	60	47	7	3	16	(14)	632
Total	**341**	**130**	**43**	**60**	**47**	**7**	**3**	**16**	**(14)**	**632**
Timing of revenue recognition										
At a point in time	341			60				16	(14)	402
Over time		130	43		47	7	3			230
Total	**341**	**130**	**43**	**60**	**47**	**7**	**3**	**16**	**(14)**	**632**

SUPPLY SERVICES
Revenues from external customers come from sale of services to the oil and gas industry (Operations), from the rental of properties (Property) and from the sale of services to other industries (Other).

Sale of services (Operations and Other)
The performance obligation is satisfied when the services are rendered. Revenue is recognised with the tranction value at the time of the transaction.

Rental (Property)
The group is the lessor in operating leases on property. Revenue is recognised when the revenue is earned.

MARITIME SERVICES
Sale of goods (Marine Products)
The performance obligation is satisifed upon delivery of Marine Products to the customer at vessel or warehouse. Recognition of revenue at the point of delivery is recognized net of discounts and customer bonus. Customer bonuses are regarded as a variable consideration estimated on monthly basis. At end of reporting period the variable consideration is re-assessed and recognized as the uncertainty is subsequently resolved.

Sale of services (Ships Agency)
The performance obligation is satisfied when the services are rendered. WSS acts as an agent by providing the customer with services from other parties. It is the other party that is responsible for fulfilling the performance obligation. WSS does not have inventory risk or the discretion in establishing prices for the specified goods and services provided by these other parties. Net revenue (agency fees and commissions) arriving from ships agency and maritime logistics services are recognized as incurred.

Technical / crewing management
The revenue from technical management and crew management services is based on a fixed fee per year negotiated between the parties and charged with 1/12 to the vessel owning companies monthly. Furthermore, Wilhelmsen Ship Management (WSM) invoice the vessel owning companies a fixed negotiated "manning fee" per crew on board the vessel on a monthly basis. The revenue arriving from Technical management and crew management services is recognized within the same month as the service have been provided to the vessel owner. The benefit of service rendered as per agreed in the Shipman is considered to be delivered to the vessel owner simultaneously as the service is being provided. Revenue from manning fee is based on crew on board the vessels and is recognised within the same month the seafarer has delivered his/her service on board the vessel.

Sale of goods (Other)
The performance obligation is satisifed upon delivery of ropes to non-maritime customers and chemicals to the consumer market. Recognition of revenue at the point of delivery is recognized net of discounts. The revenue from insurance broker activity is based on commission of the insurance premium. The fee is per year and charged 1/12 to the account monthly.

HOLDING & INVESTMENTS
The operation revenue is related inhouse services to external customers as house rent, canteen services, HR services and salary services.

Note 4 Investments in associates

	Business office/country	2018 Voting share/ownership	2017 Voting share/ownership
Holding and Investments			
Wallenius Wilhelmsen ASA	Lysaker, Norway	37.8%	37.8%
Denholm Port Services Limited	Grangemouth, United Kingdom	40.0%	
Raa Labs AS	Lysaker, Norway	50.0%	50.0%
Dolittle AS	Lysaker, Norway	50.0%	
Massterly AS	Lysaker, Norway	50.0%	
Maritime Services - companies with significant shares of profits			
Almoayed Wilhelmsen Ltd	Bahrain	50.0%	50.0%
Wilhelmsen Huayang Ships Services (Shanghai) Co Ltd	China	50.0%	50.0%
Wilhelmsen Huayang Ships Services (Beijing) Co Ltd	China	50.0%	50.0%
Diana Wilhelmsen Management Limited	Cyprus	50.0%	50.0%
Barwil Arabia Shipping Agencies SAE	Egypt	35.0%	35.0%
Wilhelmsen Ships Service Georgia Ltd	Georgia	50.0%	50.0%
Barwil Georgia Ltd.	Georgia	50.0%	50.0%
Barklav (Hong Kong) Ltd	Hong Kong	50.0%	50.0%
BWW LPG Limited	Hong Kong	49.0%	49.0%
Alghanim Barwil Shipping Co-Kutayba Yusuf Ahmed & Partner WLL	Kuwait	49.0%	49.0%
Wilhelmsen Ships Service Lebanon S.A.L.	Lebanon	49.0%	49.0%
BWW LPG Sdn. Bhd.	Malayisia	49.0%	49.0%
Wilhelmsen Ships Service (Private) Limited	Pakistan	50.0%	50.0%
Wilhelmsen-Smith Bell Shipping Inc	Philippines	49.0%	49.0%
Wilhelmsen-Smith Bell (Subic) Inc.	Philippines	50.0%	50.0%
Wilhelmsen-Smith Bell Manning, Inc.	Philippines	50.0%	50.0%
Perez Torres - Portugal Lda	Portugal	50.0%	50.0%
Wilhelmsen Hyopwoon Ships Services Ltd	Republic of Korea	50.0%	50.0%
Barklav S.R.L.	Romania	50.0%	50.0%
Binzagr Barwil Maritime Transport Co Ltd	Saudi Arabia	50.0%	50.0%
Krew-Barwil (Pty) Ltd	South Africa	49.0%	49.0%
Wilhelmsen Meridian Navigation Ltd, Sri Lanka	Sri Lanka	40.0%	40.0%
Baasher Barwil Agencies Ltd	Sudan	50.0%	50.0%
Triangle Shipping Agencies LLC	United Arab Emirates	50.0%	50.0%
Wilhelmsen Ships Service LLC	United Arab Emirates	43.0%	43.0%
Barwil Abu Dhabi Ruwais LLC	United Arab Emirates	50.0%	50.0%
Barwil Dubai LLC	United Arab Emirates	50.0%	50.0%
Denholm Port Services Limited	Grangemouth, United Kingdom		40.0%
Wilhelmsen Sunnytrans Co Ltd	Vietnam	50.0%	50.0%
Supply Services - companies with significant shares of profits			
Risavika Havn AS	Tananger, Norway	42.8%	42.8%
Risavika Eiendom AS	Tananger, Norway	42.0%	42.0%
Hammerfest Næringsinvest AS	Hammerfest, Norway	32.3%	32.3%
Bring Polarbase AS	Hammerfest, Norway	41.0%	41.0%
Strandparken Holding AS	Hammerfest, Norway	33.1%	33.1%
Eldøyane Næringspark AS	Stord, Noway	37.9%	37.9%
Risavika Havnering 14 AS	Stavanger, Norway	33.3%	33.3%

An overview of actual equity holdings can be found in the presentation of company structure on page 124.

With effect from 1 April, 2017 the group changed the accounting for Hyundai Glovis from Investment in associate to financial assets to fair value. See note 12.

On 4 April 2017, the subsidiary WWASA was merged with Wall Roll AB creating Wallenius Wilhelmsen ASA (WalWil). After the merger the group own 37.8% of WalWil. WalWil is an operating company within both shipping segment and logistics segment. The company provides global transportation services for the automotive, agricultural, mining and construction equipment industries and its services consist of supply chain management, ocean transportation, terminal services, inland distribution and technical services. WalWil is the contracting party in customer contracts with industrial manufacturers for cars, agricultural machinery etc.

With effect from 26 September 2017, the group increased its shareholding in NorSea Group from 40% to 72%. Following this transaction, the group has further acquired a minor portion of management controlled shares of 3.15% bringing the total shareholding to 75.15%. See note 22 for further information.

Cont. note 4 Investments in associates

USD mill	2018	2017
Share of profit/(loss) from associates		
WalWil group	23	44
NorSea Group AS		5
Other associates Holding and Investments	(1)	
Other associates Maritime Services	4	4
Other associates Supply Services		
Share of profit/(loss) from associates	**27**	**54**
Book value of material associates		
WalWil group	847	831
Specification of share of equity and profit/loss:		
Share of equity 01.01	900	491
Share of profit for the year	27	54
Merger WalWil		790
Business combination NorSea Group		(100)
Associates in Supply Services		60
Transfer to Available-for-sale Hyundai Glovis		(378)
Dividend	(16)	(18)
Financial derivatives in associates	(5)	
Other comprehensive income	(6)	1
Share of equity 31.12	**900**	**900**

There are no contingent liabilities relating to the group's interest in the associates.

Set out below are the summarised financial information for, based on 100%, for WalWil group, which, in the opinion of the directors, is the material associates to the group.

Associates not considered to be material is defined under "other" (based on 100%).

USD mill	WalWil		Other	
	2018	2017	2018	2017
SUMMARISED STATEMENT OF COMPREHENSIVE INCOME				
Total income	4 065	2 992	75	91
Operating expenses	(3 821)	(2 739)	(60)	(78)
Net operating profit	**244**	**253**	**16**	**13**
Finance income & expenses	(152)	(105)	(6)	
Other financial expenses	(15)	1		
Profit before tax	**78**	**148**	**10**	**12**
Tax	(20)	(3)	(2)	(2)
Profit/(loss) after non-controlling interests	**52**	**134**	**8**	**10**
Other comprehensive income	(16)	(3)	(1)	
Total comprehensive income	**36**	**132**	**7**	**10**
WWH share of dividend from associates			3	5

Cont. note 4 Investments in associates

USD mill	WalWil		Other	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
SUMMARISED BALANCE SHEET				
Non current assets	6 110	6 272	174	186
Other current assets	818	690	34	56
Cash and cash equivalents	485	797	77	79
Total assets	**7 414**	**7 759**	**285**	**321**
Non current financial liabilities	3 055	3 103	68	72
Other non current liabilities	361	389	5	6
Current financial liabilities	530	661	66	6
Other current liabilities	588	810	35	108
Total liabilities	**4 533**	**4 963**	**174**	**193**
Net assets	**2 880**	**2 796**	**112**	**128**

The information above reflects the 100% amount presented in the financial statements of the associates, adjusted for differences in accounting policies between the group and the associates.

USD mill	WalWil		Other	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
RECONCILIATION OF SUMMARISED FINANCIAL INFORMATION				
Net asset 01.01	**2 796**		**127**	**25**
Increased capital		2 664		105
Profit for the period	52	134	8	10
Other comprehensive income	(16)	(3)	(1)	
Currency translation differences			(1)	(2)
Transaction with non-controlling interests	48			
Dividend			(20)	(11)
Net assets 31.12	**2 880**	**2 796**	**112**	**127**
WWH share	1 088	1 057	53	69
Currency	(3)			
Fair value adjustment vessel and goodwill*	(239)	(226)		
Carrying value 31.12	**847**	**831**	**53**	**69**

*The share price of Wallenius Wilhelmsen ASA at the merger (April 2017) was lower than booked equity in Wallenius Wilhelmsen group.

The group market value of the investment in Wallenius Wilhelmsen ASA at 31 December 2018 was USD 547 million (2017: USD 1 155 million). WalWil is a separately listed company on Oslo Stock Exchange. The market capitalisation of its shares at year end is 35% lower than the carrying amount of the investment, as accounted for under the equity method.

The market price is an objective indicator of impairment. In spite of this, the value in use calculation based on projections prepared by management of WalWil, indicates that the recoverable amount is higher than WalWils carrying amounts for the key assets of WalWil. This impairment test has been reviewed by the management of WWH, and adjusted for factors related to the financing and working capital of WalWil in order to assess a reasonable value in use for the investment in the shares of WalWil. Based on this assessment, the recoverable amount attributable to the shares is higher than the carrying amount. The recoverable amount is particularly sensitive to volume and/or prices, and interest rate levels for the financing within WalWil.

Reconciliations of the group's income statement and balance sheet

USD mill	2018	2017
Share of profit from joint ventures	9	1
Share of profit from associates	27	54
Share of profit from joint ventures and associates	**36**	**55**
Share of equity from joint ventures	117	119
Share of equity from associates	900	900
Share of equity from joint ventures and associates	**1 018**	**1 019**

The group’s share of profit, after tax from joint ventures and associates is recognised in the income statement as an financial income. All joint ventures and associates are equity consolidated.

Note 4 Investments in joint ventures

		2018	2017
	Business office, country	Voting share/ownership	
NorSea Group			
Coast Center Base AS (CCB)	Fjell, Norway	50.0%	50.0%
KS Coast Center Base (CCB)	Fjell, Norway	50.0%	50.0%
Vikan Næringspark AS	Kristiansund, Norway	50.0%	50.0%
SørSea AS	Tananger, Norway	50.0%	50.0%
Polar Lift AS	Hammerfest, Norway	50.0%	50.0%

Coast Center Base AS is a joint venture between NorSea Group and Bernh. Larsen Holding AS and was established in 1998. It delivers services related to logistics, quay, project and maintenance to the oil & gas industry in addition to maritime industry.

KS Coast Center Base AS is a joint venture between NorSea Group and Bernh. Larsen Holding AS and was established in 1973. It is mainly a property company owning infrastructure rented out to Coast Center Base AS.

Vikan Næringspark AS is a joint venture between NorSea Group and Kristiansund Baseselskap AS. It owns property that is rented out to Vestbase AS, a subsidiary of NorSea Group, in Kristiansund.

SørSea AS is a joint venture between NorSea Group and Røsi AS/Stangeland Gruppen AS. It owns land in Risavika in Norway.

Polar Lift AS is a joint venture between NorSea Group and Havator AS. It rents out cranes and other equipment and is located in Hammerfest in Norway.

All companies are private companies and there are no quoted market price available for the shares.

There are no other contingent liabilities relating to the group's interest in the joint ventures.

Cont. note 4 Investments in joint ventures

USD mill	2018	2017
Summarised financial information – according to the group's ownership		
Share of total income	75	21
Share of operating expenses	(59)	(17)
Share of depreciation	(5)	(1)
Share of net financial items	(1)	(1)
Share of tax expense	(1)	
Share of profit/(loss) for the year	**9**	**1**
Share of equity (equity method)		
Book value	69	69
Excess value (goodwill)	48	50

USD mill	2018	2017
Joint ventures' assets, equity and liabilities (group's share of investments)		
Share of non current assets	153	169
Share of cash and cash equivalents	21	19
Share of current assets	6	13
Total share of assets	**180**	**201**
Share of equity	69	70
Share of profit for the period	9	1
Dividend received/repayments of share capital	(4)	
Currency translation differences	(5)	(2)
Share of equity 31.12	**68**	**69**
Share of non current financial liabilities	86	104
Share of other non current liabilities	3	3
Share of other current liabilities	22	25
Total share of liabilities	**111**	**132**
Total share of equity and liabilities	**180**	**201**

Set out below are the summarised financial information, based on 100%, for Coast Center Base (CCB), which, in the opinion of the directors, is a material joint venture to the group.

Joint venture not considered to be material, is defined under "other" (based on 100%).

USD mill	CCB		Other	
	2018	2017	2018	2017
SUMMARISED STATEMENT OF COMPREHENSIVE INCOME				
Total income	139	38	11	4
Operating expenses	(117)	(33)	(1)	(1)
Depreciation / amortisation	(7)	(2)	(3)	(1)
Net operating profit	**15**	**4**	**7**	**2**
Financial income/(expenses)		(2)	(3)	(1)
Profit before tax	**16**	**2**	**5**	**1**
Tax income/(expense)	(2)		(1)	
Profit after non-controlling interests	**14**	**2**	**3**	**0**
Other comprehensive income				
Total comprehensive income	**14**	**2**	**3**	**0**
WWH share of dividend from joint ventures				

Cont. note 4 Investments in joint ventures

USD mill	CCB		Other	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
SUMMARISED BALANCE SHEET				
Non current assets	179	200	128	138
Other current assets	39	37	3	
Cash and cash equivalents	11	22	1	4
Total assets	**229**	**260**	**132**	**142**
Non current financial liabilities	92	119	81	89
Other non current liabilities	3	3	2	3
Other current liabilities	38	45	7	5
Total liabilities	**132**	**167**	**90**	**97**
Net assets	**96**	**93**	**42**	**45**

The information above reflects the 100% amount presented in the financial statements of the joint ventures, adjusted for differences in accounting policies between the group and the joint ventures.

USD mill	CCB		Other	
	2018	2017	2018	2017
RECONCILIATION OF SUMMARISED FINANCIAL INFORMATION				
Opening net asset 31.12	**93**	**93**	**46**	**46**
Profit for the period	14	2	3	
Other comprehensive income				
Cash flow hedges, net of tax				
Currency translation differences	(11)	(3)	(7)	(1)
Remeasurement postemployment benefits, net of tax				
Dividend to shareholder				
Reclassification				
Closing net assets 31.12	**96**	**93**	**42**	**45**
WWH share	48	47	21	22
Goodwill/ Surplus value / Reversal of internal gain	52	56	(4)	(5)
Carrying value 31.12	**100**	**102**	**17**	**17**

Note 5 Principal subsidiaries

	Business office/country	Nature of business	Proportion of ordinary shares directly held by parent (%)	Proportion of ordinary shares held by the group (%)
Maritime Services				
Wilhelmsen Maritime Services AS	Lysaker, Norway	Maritime products and services	100%	100%
Wilhelmsen Ships Service AS	Lysaker, Norway	Maritime products and services		100%
Wilhelmsen Ship Management Ltd	Hong Kong	Ship management		100%
Supply Services				
NorSea Group AS	Tananger, Norway	Supply Services		75.15%
Holding and Investments				
Wilh. Wilhelmsen Holding Invest AS	Lysaker, Norway	Investment	100%	100%
Treasure ASA*	Lysaker, Norway	Investment	72.73%	72.73%
Wilh. Wilhelmsen Holding Invest Malta Ltd	Valletta, Malta	Investment		100%

The group's principal subsidiaries at 31 December 2018 are set out above. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

*Treasure ASA acquired during 2018 1.450.000 own shares (0.66%).

Note 6 Employee benefits

USD mill	Note	2018	2017
Pay		255	193
Payroll tax		24	26
Pension cost	10	10	10
Other remuneration		31	22
Total employee benefits		**320**	**252**

	2018	2017
Number of employees:		
Group companies in Norway	872	1 053
Group companies abroad	3 879	4 115
Seagoing personnel Ship Management	9 334	9 460
Total employees	**14 085**	**14 628**
Average number of employees	14 357	14 194

REMUNERATION OF SENIOR EXECUTIVES

USD thousand	Pay	Bonus	Pension premium	*Other remuneration	Total	Total in NOK thousand
2018						
Group CEO	598	243	226	208	1 276	10 385
Group CFO	416	116	55	57	642	5 228
President and CEO Wilhelmsen Ships Service	376	122	109	24	630	5 130
President and CEO Wilhelmsen Ship Management	272	56	51	102	482	3 923
CEO NorSea Group	267	65	9	21	362	2 946
2017						
Group CEO	575	841	215	205	1 837	15 186
Group CFO	398	329	46	51	825	6 818
President and CEO Wilhelmsen Maritime Services AS**	204	395	153	53	805	6 656
President and CEO Wilhelmsen Ships Service	360	39	102	23	524	4 333
President and CEO Wilhelmsen Ship Management	252	49	35	54	390	3 228
CEO NorSea Group	257	63	9	21	350	2 896

Remuneration is paid in NOK, which means that the USD amounts are not comparable from year to year. Rates of remuneration can be compared by taking account of changes in the USD exchange rate.

*Mainly related to gross up pension expenses and company car.
**Until 30.06.2017.

Cont. note 6 Employee benefits

Remuneration of the board of directors

USD thousand	2018	2017
Diderik Schnitler (chair)	80	79
Trond Westlie		
Carl E. Steen	46	45
Irene Waage Basili	46	45
Cathrine Løvenskiold Wilhelmsen	46	
Odd Rune Austgulen	46	45
Helen Juell		45

The board's remuneration for fiscal year 2018 will be approved by the general meeting 30 April 2019.

Remuneration of the nomination committee, for both Wilh. Wilhelmsen Holding ASA and Treasure ASA, totalled USD 21 thousand for 2018 (2017: USD 21 thousand).

Senior executives
Thomas Wilhelmsen – group CEO
Christian Berg – group CFO
Bjoerge Grimholt – President and CEO Wilhelmsen Ships Service
Carl Schou – President and CEO Wilhelmsen Ship Management
John Stangeland – CEO NorSea Group

See note 2 Employee benefits in the parent company accounts, and note 20 Related party transaction.

LONG-TERM INCENTIVE SCHEME
The long term incentive scheme (LTI) was introduced in 2015. Participants are members of the group management team and the presidents for Wilhelmsen Ships Service and Wilhelmsen Ship Management. For the group CEO, maximum annual payment is 100% of base salary. For the remaining participants, the maximum annual payment is 50% of base salary.

The LTI focuses on long term shareholder value creation and is based on positive development of the Wilhelmsen group's value adjusted equity. The ambitions set for the programme are to increase alignment with value creation for shareholders, to attract, retain and motivate participants and drive long-term group performance.

Settlement is based on return on value adjusted equity the last four years leading up to the settlement. The value adjusted equity is determined by using a "sum-of-the-parts" principle. For listed companies, value adjusted equity is based on market price, while earnings multiples or net asset value are used for non-listed entities.

The board sets value adjusted equity targets at the beginning of each four year measurement period. Without consultation or agreement with the individual, the board has the right to change or terminate the incentive programme after each year.

Per 31 December 2018, a provision has been made related to the LTI programme ending on 31 December 2018. Potential payment will be done in March 2019, pending approval from the board of directors. The provision has been calculated based on value adjusted equity per 31 December 2018, risk free return and standard deviation of historic annual value creation. No provision has been made for the LTI programme expiring on 31 December 2020.

EXPENSED AUDIT FEE

USD mill	2018	2017
Statutory audit	2.9	2.2
Other assurance services	0.4	0.3
Tax advisory fee	1.0	0.5
Other assistance	0.3	0.3
Total expensed audit fee	**4.6**	**3.3**

The fees above cover the group expenses to all external auditors and tax advisors.

Note 7 Property, vessels and other tangible assets

USD mill	Property	Vessels	Other tangible assets	Total tangible assets
TANGIBLE ASSETS				
2018				
Cost 1.1	575	36	269	880
Acquisition	28	1	24	53
Reclass/disposal	(18)		(32)	(50)
Currency translation differences	(34)	(2)	(10)	(46)
Cost 31.12	**550**	**35**	**251**	**836**
Accumulated depreciation and impairment losses 1.1	(159)	(17)	(114)	(290)
Depreciation/amortisation	(19)	(1)	(11)	(31)
Reclass/disposal	7		32	39
Currency translation differences	9	1	5	15
Accumulated depreciation and impairment losses 31.12	**(162)**	**(17)**	**(89)**	**(269)**
Carrying amounts 31.12	**388**	**18**	**162**	**567**
2017				
Cost 1.1	90	2 457	189	2 736
Acquisition	4		21	26
Business combination	479	38	57	574
Discontinued operations		(2 404)	(2)	(2 405)
Reclass/disposal	13	(54)	(8)	(49)
Currency translation differences	(11)	(1)	12	(1)
Cost 31.12	**575**	**36**	**269**	**880**
Accumulated depreciation and impairment losses 1.1	(38)	(579)	(72)	(689)
Depreciation/amortisation	(6)		(9)	(16)
Depreciation discontinued operations		(20)		(20)
Business combination	(100)	(17)	(37)	(155)
Discontinued operations		582	1	584
Reclass/disposal	(15)	17	5	7
Currency translation differences	1	1	(3)	(1)
Accumulated depreciation and impairment losses 31.12	**(159)**	**(17)**	**(114)**	**(290)**
Carrying amounts 31.12	**416**	**19**	**155**	**590**
Economic lifetime	10-50 years	25 years	3-10 years	
Depreciation schedule	Straight-line	Straight-line	Straight-line	

Cont. note 7 Goodwill and other intangible assets

USD mill	Goodwill	Other intangible assets	Software and licences	Total intangible assets
INTANGIBLE ASSETS				
2018				
Cost 01.01	133	16	95	244
Acquisition		2	1	3
Reclass/disposal	(3)	16	(26)	(12)
Currency translation differences	(6)	1	(4)	(10)
Cost 31.12	**124**	**34**	**67**	**225**
Accumulated amortisation and impairment losses 01.01	(2)	(7)	(63)	(72)
Amortisation/impairment		(7)	(4)	(11)
Reclass/disposal	1	(2)	11	11
Currency translation differences		1	3	4
Accumulated amortisation and impairment losses 31.12	**(1)**	**(15)**	**(53)**	**(68)**
Carrying amounts 31.12	**123**	**20**	**14**	**156**
2017				
Cost 01.01	118		91	209
Acquisition			3	3
Business combination	14	16		30
Discontinued operations	(6)		(1)	(7)
Reclass/disposal			(1)	(1)
Currency translation differences	6		4	10
Cost 31.12	**133**	**16**	**95**	**244**
Accumulated amortisation and impairment losses 01.01	(2)		(62)	(64)
Business combination		(7)		(7)
Discontinued operations			1	1
Currency translation differences			(2)	(2)
Accumulated amortisation and impairment losses 31.12	**(2)**	**(7)**	**(63)**	**(72)**
Carrying amounts 31.12	**131**	**9**	**32**	**171**

Segment-level summary of the goodwill allocation:	2018	2017
Maritime Services	123	131
Total goodwill allocation	**123**	**131**

In 2018 the group conducted no material aquisition.

In 2017 the group increased its ownership in NorSea Group from 40% to 74.11%. Following the transaction, Wilhelmsen acquired a portion of management controlled shares, 3.15%, bringing the total Wilhelmsen shareholding to 75.15%. The purchase did not generate goodwill.

In 2017 Wilhelmsen Chemical (Maritime Services segment) aquired Kemetyl Konsument AS for USD 20 million. The excess value (nominated in NOK) was split into intangible assets of USD 5 million and goodwill of USD 14 million.

Cont. note 7 Goodwill and other intangible assets

Impairment testing of goodwill
In the Maritime Services segment, USD 123 million relate to business area Ships Service mainly to the acquisition of Unitor ASA and Kemetyl. The goodwill figures are originally calculated in NOK and USD (2017: NOK and USD).

For the purpose of impairment testing, goodwill is allocated to the respective cash generating unit which are Ships Service. No impairment was conducted in 2018 (analogus for 2017).

Value in use was determined by discounting the future cash flows generated from the continuing operation of the units.

Cash flows were projected based on actual operating results and next year's forecast. Cash flows is based on a 5-year strategy plan period with terminal value (terminal growth rate 1%) were extrapolated using the following key assumptions:

	2018	2017
USD/NOK	8.30	7.80
Discount rate	7.6%	9.0%
Growth rate	1-5%	1-4%
Increase in material cost	1-5%	1-4%
Increase in pay and other remuneration	0-3%	1-4%
Increase in other expenses	0-3%	1-4%

The values assigned to the key assumptions represent management's assessment of future trends in the maritime industry and are based on both external sources and internal sources.

No reasonably possible change in any of the key assumptions on which management has based its determination of the recoverable amount would cause the carrying amount to exceed its recoverable amount.

Had the WACC been 0.5 percentage point higher, the estimated value would be reduced by USD 8 million for Ships Service net value. Had the WACC been 0.5 percentage point lower, the estimated value would be increased by USD 8 million for Ships Service.

Had the multiple, enterprise value / EBITDA been 1 point lower, the estimated value would be reduced by USD 22 million for Ships Service net value. Had the multiple, enterprise value / EBITDA been 1 point higher, the estimated value would be increased by USD 23 million for Ships Service.

Note 8 Tax

Ordinary taxation
The ordinary rate of corporation tax in Norway is 23% of net profit for 2018 (2017: 24%). Norwegian limited liability companies are encompassed by the participation exemption method for share income. Thus, share dividends and gains are tax free for the receiving company. Corresponding losses on shares are not deductible. The participation exemption method does not apply to share income from companies considered low taxed and that are located outside the European Economic Area (EEA), and on share income from companies owned by less than 10% resident outside the EEA.

For group companies located in the same country and within the same tax regime, taxable profits in one company can be offset against tax losses and tax loss carry forwards in other group companies. Deferred tax/deferred tax asset has been calculated on temporary differences to the extent that it is likely that these can be utilised in each country and for Norwegian entities the group has applied a rate of 22% (2017: 23%).

The effective tax rate for the group will, from period to period, change dependent on the group gains and losses from investments inside the exemption method and tax exempt revenues from tonnage tax regimes.

Foreign taxes
Companies domiciled outside Norway will be subject to local taxation, either on ordinary terms or under special tonnage tax rules. When dividends are paid, local withholding taxes may be applicable. This generally applies to dividends paid by companies domiciled outside the EEA.

USD mill	2018	2017
Allocation of tax income/(expense) for the year		
Payable tax in Norway	(10)	(4)
Payable tax foreign	(10)	(16)
Change in deferred tax	32	4
Total tax income/(expense)	**12**	**(16)**

Reconciliation of actual tax cost against expected tax cost in accordance with the ordinary Norwegian income tax rate of 23%

Profit/(loss) before tax	(86)	253
23% tax (2017: 24%)	**(20)**	**61**
Tax effect from:		
Permanent differences	14	16
Non-taxable income	(4)	(50)
Share of profits from joint ventures and associates	(8)	(17)
Change in difference tax rate and currency translation	1	5
Withholding tax and payable tax previous year	5	2
Calculated tax (income)/expense for the group	**(12)**	**16**
Effective tax rate for the group	13.4%	6.4%

Cont. note 8 Tax

USD mill	2018	2017
Net deferred tax assets at 01.01	12	63
Decrease due to discontinued operations		(55)
Increase due to business combinations		2
Currency translation differences	(2)	(2)
Tax charged to equity / acquisition	1	
Income statement charge	32	4
Net deferred tax assets at 31.12	**42**	**12**
Deferred tax assets in balance sheet	54	18
Deferred tax liabilities in balance sheet	(12)	(6)
Net deferred tax assets at 31.12	**42**	**12**

Deferred tax asset and liabilities has been netted in the balance sheet with USD 6 million (2017: USD 1 million) The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

USD mill	Fixed assets	Tonnage tax regime	Other	Total
Deferred tax liabilities				
At 31.12.2017	**(16)**	**(0)**	**(3)**	**(19)**
Through income statement	3		(2)	1
Charged directly to equity				
Currency translations				
Deferred tax liabilities at 31.12.2018	**(13)**	**(0)**	**(5)**	**(18)**
At 31.12.2016	**(52)**	**(15)**	**(4)**	**(71)**
Through income statement	(1)		3	3
Discontinued operations	37	15	(2)	50
Business combination			(2)	(2)
Deferred tax liabilities at 31.12.2017	**(16)**	**(0)**	**(3)**	**(19)**

Cont. note 8 Tax

USD mill	Non current assets and liabilities	Current assets and liabilities	Tax losses carried forward	Total
Deferred tax assets				
At 31.12.2017	**14**	**(1)**	**18**	**31**
Through income statement	4	26	1	31
Charged directly to equity	1			1
Currency translations			(2)	(2)
Deferred tax assets at 31.12.2018	**19**	**25**	**17**	**60**
At 31.12.2016	**60**	**2**	**72**	**134**
Through income statement	7	(4)	(3)	
Discontinued operations	(57)	1	(51)	(106)
Business combination	3	1	1	4
Currency translations	(1)		(1)	(2)
Deferred tax assets at 31.12.2017	**14**	**(1)**	**18**	**31**

Temporary differences related to joint ventures and associates are USD 0 for the group, since all the units are regarded as located within the area in which the exemption method applies, and no plans exist to sell any of these companies.

The Maritime Services segment will have shares in subsidiaries not subject to the exemption method which could give rise to a tax charge in the event of a sale, where no provision has been made for deferred tax associated with a possible sale or dividend. No plans exist at present to dispose of such companies.

Note 9 Earnings per shares

Earnings per share taking into consideration the number of outstanding shares in the period. Owned shares, 100.000 class A, were liquidated in 2018.

Basic / diluted earnings per share is calculated by dividing profit for the period after non-controlling interests, by average number of total outstanding shares.

Earnings per share is calculated based on 46 403 824 shares for 2018 and 2017.

Note 10 Pension

The group's defined contribution pension schemes for Norwegian employees are with financial institutions providing solutions based on investment funds.

Subsidiaries outside Norway have separate schemes for their employees in accordance with local rules, and the pension schemes are for the material part defined contribution plans.

The group has "Ekstrapensjon", a contribution plan for all Norwegian employees with salaries exceeding 12 times the Norwegian National Insurance base amount (G). The contribution plan replaced the group obligations, mainly financed from operation. However, the group still has obligations for some employees' related to salaries exceeding 12 times the Norwegian National Insurance base amount (G) mainly financed from operations.

In addition, the group has agreements on early retirement. These obligations are mainly financed from operations.

The group has obligations towards some employees in the group's senior executive management. These obligations are mainly covered via group annuity policies in Storebrand.

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.

The liability recognised in the balance sheet in respect of the remaining defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligations are calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

In a few countries without deep markets in such bonds, the market rates on government bonds are used.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

	Funded		Unfunded	
Number of people covered by pension schemes at 31.12	2018	2017	2018	2017
In employment	18	23	3	4
On retirement (inclusive disability pensions)	146	139	27	27
Total number of people covered by pension schemes	**164**	**162**	**30**	**31**

	Expenses		Commitments	
Financial assumptions for the pension calculations:	2018	2017	31.12.2018	31.12.2017
Discount rate	2.30%	2.40%	2.70%	2.30%
Anticipated pay regulation	2.00%	2.25%	2.50%	2.00%
Anticipated increase in National Insurance base amount (G)	2.00%	2.25%	2.50%	2.00%
Anticipated regulation of pensions	0.10%	0.40%	0.10%	0.10%

USD mill	2018			2017		
Pension expenses	Funded	Unfunded	Total	Funded	Unfunded	Total
Service cost			1		1	1
Termination gain defined benefit plan				(4)		(4)
Net interest cost						
Cost of defined contribution plan	9		9	13		13
Net pension expenses	**10**	**1**	**10**	**10**	**1**	**10**

USD mill	2018	2017
Remeasurements – Other comprehensive income		
Total remeasurements included in OCI	**1**	**0**

Cont. note 10 Pension

USD mill	2018	2017
Pension obligations		
Defined benefit obligation at end of prior year	45	71
Decrease due to discontinued operations		(43)
Increase due to business combination		19
Effect of changes in foreign exchange rates	(2)	2
Service cost	1	1
Termination gain defined benefit plan		(4)
Interest expense	2	1
Benefit payments from plan	(2)	(1)
Benefit payments from employer	(2)	
Remeasurements – change in assumptions	(2)	
Pension obligations 31.12	**40**	**45**
Fair value of plan assets		
Fair value of plan assets at end of prior year	22	7
Decrease due to discontinued operations		(3)
Increase due to business combination		16
Effect of changes in foreign exchange rates		1
Employer contributions		1
Benefit payments from plan	(1)	(1)
Return on plan assets (excluding interest income)	(1)	
Gross pension assets 31.12	**20**	**22**

USD mill		2018			2017	
Total pension obligations	Funded	Unfunded	Total	Funded	Unfunded	Total
Service cost			**1**	**1**	**2**	**3**
Defined benefit obligation	20	19	39	25	19	45
Fair value of plan assets	19		19	22		22
Net liability (asset)	**1**	**19**	**20**	**3**	**19**	**23**

USD mill	31.12.2018	31.12.2017	31.12.2016**	31.12.2015	31.12.2014	31.12.2013
Historical developments						
Gross pension obligations, including payroll tax	(40)	(45)	(71)	(73)	(109)	(213)
Gross pension assets	20	22	7	6	17	105
Net recorded pension obligations	**(20)**	**(23)**	**(63)**	**(67)**	**(92)**	**(108)**

**Net liability at 31.12.2016 and years before includes discontinued operations.

Note 11 Combined items, balance sheet

USD mill	Note	2018	2017
OTHER NON CURRENT ASSETS*			
Non current share investments	17	4	3
Other non current assets**	17	19	34
Total other non current assets		**23**	**37**
OTHER CURRENT ASSETS*			
Account receivables		229	217
Financial derivatives	17		2
Restricted cash	15	2	1
Other current assets	17	80	66
Total other current assets		**311**	**287**
OTHER NON CURRENT LIABILITIES*			
Other non current liabilities***		100	97
Total other non current liabilities		**100**	**97**
OTHER CURRENT LIABILITIES*			
Account payables		222	206
Financial derivatives	17	21	13
Other current liabilities		132	122
Total other current liabilities		**375**	**341**

*Current assets and current liabilities are due within 12 months. Non current assets and non current liabilities are due in more than 12 months.

**As part of the settlement of the sale of Callenberg group, Maritime Services agreed a vendor note and an earn out of USD 16.5 million and USD 6 million, respectively. The vendor note was paid in 2018. The earn out is accounted for as long term receivable. See note 19.

***Maritime Services has 611 683 (2017: 609 623) cylinders booked as other tangible asset in the balance sheet, see note 7. The cylinders are valued at USD 114 million (2017: USD 107 million). These cylinders are partly in the group's own possession and partly on board customers vessels. Most customers have paid a deposit for the cylinders they have onboard their vessels. The total deposit liability booked is USD 77 million (2017: USD 71 million).

If cylinders are not returned within 48 months statistics show that the cylinders will not be returned and the net between deposit value and booked value is booked to the income statement.

Cont. note 11 Combined items, balance sheet

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk charateristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 36 month before 31 December 2018 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The group has identified the GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as at 31 December 2018 and 1 January 2018 (on adoption of IFRS 9) was determined as follows for both trade receivables.

USD mill	Current	Less than 90 days past due	Between 90 and 180 days past due	More than 180 days past due
31 December 2018				
Expected loss rate	0%	1%	20%	21%
Gross carrying amount – trade receivables	208	3	10	12
Loss allowance	**0**	**0**	**(2)**	**(2)**
1 January 2018				
Expected loss rate	0%	0%	30%	58%
Gross carrying amount – trade receivables	200	9	9	6
Loss allowance		**0**	**(3)**	**(3)**

ACCOUNT RECEIVABLES
At 31 December 2018, USD 20 million (2017: USD 17 million) in account receivables had fallen due but not been subject to impairment. These receivables are related to a number of separate customers. Historically, the percentage of bad debts has been low and the group expects the customers to settle outstanding receivables. Receivables fallen due but not subject to impairment have the following age composition:

USD mill	2018	2017
Aging of account receivables past due but not impaired		
Up to 90 days	3	9
90-180 days	8	6
Over 180 days	9	2
Movements in group provision for impairment of account receivables are as follows		
Balance at 01.01	6	8
Net provision for receivables impairment	(1)	(2)
Balance 31.12	**4**	**6**
Account receivables per segment		
Maritime Services	159	170
Supply Services	70	47
Holding and Investments		
Total account receivables	**229**	**217**

See note 17 on credit risk.

ACCOUNT PAYABLES
At 31 December 2018, USD 17 million (2017: USD 17 million) in account payables had fallen due. These payables refer to a number of separate suppliers and are related to general business. The group expects to settle outstanding payables.

USD mill	2018	2017
Account payables per segment		
Maritime Services	181	183
Supply Services	40	22
Holding and Investments	1	1
Total account payables	**222**	**206**

See note 17 on credit risk.

Note 12 Financial assets to fair value

Effective from 1 January 2018 the financial assets to fair value are measured at fair value through the income statement in accordance with IFRS 9. Accumulated unrealised gain of USD USD 2.8 mill at 31.12.2017 included in equity will not be recycled through income statement. The unrealised gain has been transferred from the available-for-sale financial assets reserve to retained earnings on 1 January 2018.

USD mill	2018
Financial assets to fair value	
At 1 January 2018	801
Acquisition	6
Sale during the year	(27)
Return of capital	(1)
Currency translation adjustment through other comprehensive income	(13)
Change in fair value through income statement	(116)
Total financial assets to fair value	**650**

	2018
Financial assets to fair value	
Qube Holdings Limited	89
Kaplan Equity Limited/KEL Property Fund	11
Survitec UK Ltd.	27
Hyundai Glovis	523
Total financial assets to fair value	**650**

Financial assets to fair value are held in subsidiaries with different reporting currency and thereby creating translation adjustments.

Qube Holdings Limited is Australia's largest integrated provider of import and export logistics services. Qube is listed on the Australian Securities Exchange (ASX). As per 31 December 2018, Wilhelmsen held 50 million shares in Qube (approximately 3% of total). During the year the group sold 15 million shares, giving net proceeds of USD 27 millions. The shares serve as collateral for a credit facility. See note 16.

Survitec Group holds market-leading positions worldwide in marine, offshore, defence and aerospace survival technology. The company is majority owned by Onex Corporation, a private equity firm. Changes in fair value of the investment in Survitec has been recognised through the income statement.

Hyundai Glovis Co., Ltd., is a global Korean based general logistics and distribution company, providing business service such as logistics, marine transportation, KD, used cars and trading. Glovis is listed on the Korean Stock Exchange. As per 31 December 2018, Treasure ASA held 4.5 million shares in Glovis (12.04% of total). Treasure ASA is listed on the Oslo Stock Exchange.

USD mill	2017
Available-for-sale financial assets	
At 1 January 2017	209
Acquisition	12
Sale during the year	(11)
Transfer from equity method measurement – Hyundai Glovis	573
Currency translation adjustment	18
Total available-for-sale financial assets	**801**

Available-for-sale financial assets	
Qube Holdings Limited	132
Kaplan Equity Limited (KEL)	11
Survitec UK Ltd.	83
Hyundai Glovis	575
Total available-for-sale financial assets	**801**

Note 13 Inventories

USD mill	2018	2017
Inventories		
Raw materials	7	8
Goods/projects in process	2	1
Finished goods/products for onward sale	65	72
Total inventories	**74**	**81**
Obsolescence allowance, deducted above	3	2

Note 14 Current financial investments

USD mill	2018	2017
Market value current financial investments		
Equities	42	53
Bonds	45	48
Total current financial investments	**88**	**101**

The fair value of all equity securities, bonds and other financial assets is based on their closing prices in an active market.

The net unrealised gain/(loss) at 31.12	4	15

The parent company's portfolio of financial investments USD 88 million is held as collateral within a securities' finance facility. See note 16.

Note 15 Cash, restricted bank deposits and undrawn credit facilities

USD mill	2018	2017
Payroll tax withholding account	1	1

Companies that do not have payroll tax withholding account use bank guarantees. As per 31.12.2018 total guarantees amounted to USD 2.6 million (2017: USD 6.8 million).

Undrawn credit facilities	364	600

Undrawn credit facilities are key part of the liquidity reserve, amounting to USD 364 million at 31.12.2018 (2017: USD 600 million).

Cash and cash equivalents		
Banks	140	167
Total cash and cash equivalents	**140**	**167**

The group has cash pool arrangements within the Maritime Services and the Supply Services segment. The cash pool arrangements are presented within cash and cash equivalents.

Note 16 Interest-bearing debt

USD mill	Note	2018	2017
Interest-bearing debt			
Bank loan		533	601
Total interest-bearing debt	17	**533**	**601**
Book value of collateral, mortgaged and leased assets:			
Financial assets to fair value, current financial investments	14	175	171
Investment in NorSea Group AS			112
Assets NorSea Group AS		461	693
Total book value of collateral, mortgaged and leased assets		**636**	**976**

The parent company's portfolio of financial investments is held as collateral within a securities' finance facility.

Repayment schedule for interest-bearing debt	Note	2018	2017
Due in year 1		85	108
Due in year 2		27	25
Due in year 3		22	22
Due in year 4		217	22
Due in year 5 and later		182	425
Total interest-bearing debt	17	**533**	**601**

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.

Loan agreements entered into by the group contain financial covenants relating to liquidity, leverage and value-adjusted equity. The group was in compliance with all covenants at 31 December 2018.

USD mill	Note	2018	2017
The group net interest-bearing debt			
Non current interest-bearing debt		448	493
Current interest-bearing debt		85	108
Total interest-bearing debt		**533**	**601**
Cash and cash equivalents		140	167
Current financial investments	14	88	101
Net interest-bearing debt		**306**	**333**
Net interest-bearing debt in joint ventures			
Non current interest-bearing debt	4	86	104
Total interest-bearing debt in joint ventures		**86**	**104**
Cash and cash equivalents	4	21	19
Net interest-bearing debt in joint ventures		**65**	**85**

Cont. note 16 Interest-bearing debt

USD mill	2018	2017
Guarantee commitments		
Guarantees for group companies	34	70
Total	**34**	**70**

The carrying amounts of the group's borrowings are denominated in the following currencies		
USD	197	196
NOK	322	372
DKK	14	33
Total	**533**	**601**

See otherwise note 17 for information on financial derivatives (currency hedges) relating to interest-bearing debt.

USD mill	Note	2018	2017
Net debt			
Cash and cash equivalents		140	167
Liquid investments*		88	101
Borrowings – repayable within one year		(85)	(108)
Borrowings – repayable after one year		(448)	(493)
Net debt		**(306)**	**(333)**
Cash and cash equivalents and liquid investments		227	268
Gross debt – variable interest rates		(533)	(601)
Net debt		**(306)**	**(333)**

*Liquid investments comprise current investments that are traded in an acive market, being the group's financial assets held at fair value through the income statement.

	Other assets		Liabilites from financing activities				
USD mill	Cash/ bank overdrafts	Liquid invest- ments	Finance leases due within 1 year	Finance leases due after 1 year	Borrow. due within 1 year	Borrow. due after 1 year	Total
Net debt 01.01.2018	**167**	**101**	**(2)**	**(9)**	**(106)**	**(483)**	**(333)**
Reclass	2		1	(1)	(8)	5	
Cash flows	(29)	2			26	31	30
Foreign exchange adjustments		(8)			2	10	3
Other non-cash movements		(6)					(6)
Net debt 31.12.2018	**140**	**88**	**(1)**	**(10)**	**(86)**	**(437)**	**(306)**
Net debt 01.01.2017	**497**	**83**			**(115)**	**(1 418)**	**(953)**
Decrease by discontinued operations	(121)				112	1 155	1 146
Increase by business combination NorSea Group	5			(11)		(341)	(347)
Reclass			(2)	2	(106)	106	
Cash flows	(215)	18			3	16	(178)
Foreign exchange adjustments						(1)	(1)
Net debt 31.12.2017	**167**	**101**	**(2)**	**(9)**	**(106)**	**(483)**	**(333)**

Note 17 Financial risk

The group has exposure to the following financial risks from its operations:

- Market risk
  - Foreign exchange rate risk
  - Interest rate risk
  - Equity market risk
- Credit risk
- Liquidity risk

MARKET RISK
The group has established hedging strategies to mitigate risks on material exposures originating from movements in currencies and interest rates. This is compliant with the financial strategy approved by the board of directors.

Changes in the market value of financial derivatives are recognised through the income statement with the exception of the Supply Service segment, where derivatives are recognised in Other Comprehensive Income.

Associates hedge their own exposures. The group records the effects of realised and unrealised changes in financial derivatives held in these entities in accordance with the equity method under "share of profit from joint ventures and associates". The material associates are Wallenius Wilhelmsen ASA group in Holding and Investment segment and Coast Center Base group in Supply Service segment.

Foreign exchange rate risk
The group is exposed to currency risk on revenues and costs in non-functional currencies (transaction risk), and balance sheet items denominated in currencies other than non-functional currencies (translation risk).

The group's largest foreign exchange exposures are NOK, EUR, SGD and KRW – all against USD.

TRANSACTION RISK HEDGING (CASH FLOW)
The group's operating segments are responsible for hedging their own material transaction risk. Within Maritime Services, USDNOK, EURUSD and USDSGD exposures are subject to a systematic 3-year rolling hedge program, utilizing a portfolio of currency options and currency forwards. Remaining exposures are non-material and not hedged.

TRANSLATION RISK HEDGING (BALANCE SHEET)
The group's policy for mitigating translation risk is to match the denomination currency of assets and liabilities to as large extent as possible.

FX SENSITIVITES (TRANSLATION RISK)
The group monitors the net exposure and calculates sensitivities on a regular basis, based on average market volatility per currency cross. Sensitivities showing a potential accounting effect below USD 5 million on group level are considered non-material.

USD mill	Note	2018	2017
Through income statement			
Financial currency			
Net currency gain/(loss) – Operating currency		(4)	7
Net currency gain/(loss) – Financial currency		(3)	(2)
Currency derivatives – realised		(2)	
Currency derivatives – unrealised		(15)	9
Net financial currency	1	**(23)**	**14**
Through other comprehensive income			
Currency translation differences through other comprehensive income		(57)	47
Total net currency effect		**(79)**	**61**

Cont. note 17 Financial risk

For Maritime Services, Supply Services and Holding and Investments, material translation risks are booked to other comprehensive income due to the functional currency for most of the entities being different from the reporting currency USD.

The group's segments perform sensitivity analyses on the unhedged part of the transaction risk on a regular basis.

The portfolio of derivatives used to hedge the group's transaction risk (described above), exhibit the following income statement sensitivity:

USD mill					
Sensitivity	(10%)	(5%)	0%	5%	10%
Income statement sensitivities of economic hedge program					
Transaction risk					
USD/NOK spot rate	7.83	8.26	8.70	9.13	9.57
Income statement effect (post tax)	**13**	**6**		**(7)**	**(13)**
EUR/USD spot rate	1.03	1.09	1.14	1.20	1.26
Income statement effect (post tax)	**(6)**	**(2)**		**3**	**6**
USD/SGD spot rate	1.23	1.29	1.36	1.43	1.50
Income statement effect (post tax)	**5**	**2**		**(2)**	**(4)**

(Tax rate used is 23% that equals the Norwegian tax rate)

Interest rate risk
The group's strategy is to hedge material parts of the interest-bearing debt against rising interest rates. As the capital intensity varies across the group's business segments, which have their own policies on hedging of interest rate risk, hedge ratios vary.

Within Holding and Investments and Maritime Services respectively, no interest rate hedging is implemented due to low net interest-bearing debt (NIBD), whereas Supply Services have hedged about 50% of its NIBD as of 31 December 2018.

USD mill	2018	2017
Maturity schedule interest rate hedges (nominal amounts)		
Due in year 1	12	25
Due in year 2	23	13
Due in year 3		25
Due in year 4		
Due in year 5 and later	125	81
Total interest rate hedges	**161**	**144**

The Supply Services segment has entered swaption contracts with a notional value of about USD 16 million, with expiry date in 2022. Depending on interest rate levels on the expiry date, exercising the swaptions by the counterparties will extend the maturity of expiring swaps until 2032.

The average remaining term of the existing total debt portfolio is approximately 5 years. The hedges have an average remaining term of approximately 6 years.

Cont. note 17 Financial risk

Interest rate sensitivity
The group's interest rate risk originates from differences in duration between assets and liabilities. On the asset side, bank deposits and investments in interest-bearing instruments are subject to risk from changes in the general level of interest rates, primarily in USD.

The group uses the weighted average duration of interest-bearing assets, liabilities and financial interest rate derivatives to compute the group's sensitivity towards changes in interest rates.

Sensitivities resulting in a potential accounting effect below USD 5 million on group level are considered non-material. On 31 December 2018, the group has no material exposure subject to interest rate risk.

USD mill	2018		2017	
	Assets	Liabilities	Assets	Liabilities
Interest rate derivatives				
Maritime Services				
Supply Services		7		11
Holding and Investments				
Total interest rate derivatives	**0**	**7**	**0**	**11**
Currency derivatives				
Maritime Services		12	2	1
Supply Services				
Holding and Investments		2		1
Total currency derivatives	**0**	**14**	**2**	**1**
Total market value of financial derivatives	**0**	**21**	**2**	**13**

Book value equals market value.

Cont. note 17 Financial risk

Equity market risk
The group holds several assets listed on equity markets as well as a defined portfolio of financial assets for a proportion of the group's short-term liquidity.

Below table summarizes the equity market sensitivity towards the market value of all listed equities held:

Income statement sensitivities of equity market risk

USD mill					
Change in equity prices					
Change in market value	(20%)	(10%)	0%	10%	20%
Income statement effect	**(77)**	**(38)**		**38**	**77**

(Tax rate used is 23% that equals the Norwegian tax rate)

CREDIT RISK
Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial derivative fails to meet its contractual obligations The group's credit risk originates primarily from the account receivables, financial derivatives used to hedge interest rate risk or foreign exchange risk, as well as investments, including bank deposits.

Loans and receivables
Trade receivables
The group's exposure to credit risk on its receivables varies across segments and subsidiaries.

Within the Maritime Services and Supply Services, the global customer base provides diversification with respect to credit risk on receivables. The segments monitor and manage their respective credit risk on a regular basis. Reference is made to note 11.

Given the negative market sentiment in several shipping and offshore segments, some customers are currently facing increased financial difficulties relative to previous years, implying that the group's credit risk has increased somewhat, but is still regarded as moderate.

Bank deposits and financial derivatives
The group maintains cash management operations and trades financial derivatives with a selection of financially solid banks (as determined by their official credit ratings), limiting the corresponding credit risk.

Other credit exposures
No material loans or receivables were past due or impaired at 31 December 2018 (analogous for 2017).

Guarantees
The group's policy is that no financial guarantees are provided by the parent company. However, financial guarantees are provided within Maritime Services and Supply Services. See note 16 for further details.

Credit risk exposure
The carrying amount of financial assets represents the maximum credit exposure.

The maximum exposure to credit risk at the reporting date was as per below table.

USD mill	Note	2018	2017
Exposure to credit risk			
Financial derivatives	11		2
Account receivables	11	229	217
Financial investments	14	45	48
Other non current assets	11	23	37
Other current assets	11	80	81
Cash and bank deposits	15	140	167
Total exposure to credit risk		**516**	**553**

Cont. note 17 Financial risk

LIQUIDITY RISK
The group's approach to managing liquidity is to ensure that the group meets its liabilities, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation.

The group's liquidity risk is low in that it holds significant liquid assets in addition to credit facilities with the banks.

At 31 December 2018, the group had in excess of USD 227 million (2017: USD 268 million) in liquid assets, in addition to USD 364 million (2017: USD 600 million) in undrawn credit facilities. The reduction in undrawn credit facility is mainly due to no acquisition of Drew Marine.

USD mill	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Later than 5 years
Undiscounted cash flows financial liabilities 2018				
Mortgages	59	23	37	182
Finance lease liabilities	3	3	5	
Bank loan	23		197	
Interest due	21			
Financial derivatives	21	21	63	
Total undiscounted cash flow financial liabilities	**127**	**47**	**302**	**182**
Current liabilities (excluding next year's instalment on interest-bearing debt)	271			
Total gross undiscounted cash flows financial liabilities 31.12.2018	**399**	**47**	**302**	**182**

Undiscounted cash flows financial liabilities 2017				
Mortgages	43	25	43	229
Finance lease liabilities	11			
Bank loan	54			196
Financial derivatives	13			
Total undiscounted cash flow financial liabilities	**121**	**25**	**43**	**425**
Current liabilities (excluding next year's instalment on interest-bearing debt)	274			
Total gross undiscounted cash flows financial liabilities 31.12.2017	**395**	**25**	**43**	**425**

Cont. note 17 Financial risk

COVENANTS
The group's bank and lease financing are subject to financial or non-financial covenant clauses related to one or several of the following:

- Limitation on the ability to pledge assets
- Change of control
- Minimum liquidity
- NIBD / EBITDA or equivalent Debt-Service Coverage-Ratios
- Loan-to-Value

As of the balance date, the group is not in breach of any financial or non-financial covenants.

CAPITAL RISK MANAGEMENT
The group's overall policy is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain future business development. The board of directors monitors various return metrics, where Return on Equity and dividend levels are predominant.

The group seeks to maintain a balance between the potential higher returns stemming from higher levels of financial gearing and the advantages of a strong balance sheet. The financial strategy and setting of thresholds for capital structure, return requirements and risk (and corresponding metrics) will be revised by the board of directors during 2019, following the significant structural changes taking place in 2018.

FAIR VALUE ESTIMATION
The fair value of financial instruments traded in an active market is based on quoted market prices at the balance sheet date. The fair value of financial instruments not traded in an active market (over-the-counter contracts) is based on third party quotes. These quotes use observable market rates for price discovery. Specific valuation techniques used by financial counterparties (banks) to value financial derivatives include:

- Quoted market prices or dealer quotes for similar derivatives

- The fair value of interest rate swaps is calculated as the net present value of the estimated future cash flows based on observable yield curves

- The fair value of interest rate swap option (swaption) contracts is determined using observable volatility, yield curve and time-to-maturity parameters at the balance sheet date, resulting in a swaption premium. Options are typically valued by applying the Black-Scholes model

- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to net present value

- The fair value of foreign exchange option contracts is determined using observable forward exchange rates, volatility, yield curves and time-to-maturity parameters at the balance sheet date, resulting in an option premium. Options are typically valued by applying the Black-Scholes model

The carrying value less impairment provision of receivables and payables are assumed to approximate their fair values. The group estimates the fair value of financial liabilities for disclosure purposes by discounting the future contractual cash flows at current market interest rates available to the group for similar financial derivatives.

USD mill	Note	Fair value	Book value
Interest-bearing debt			
Mortgages		302	302
Finance lease liabilities		11	11
Bank loan		223	220
Total interest-bearing debt 31.12.2018	16	**536**	**533**
Mortgages		340	340
Finance lease liabilities		11	11
Bank loan		246	250
Total interest-bearing debt 31.12.2017	16	**597**	**601**

Cont. note 17 Financial risk

The fair values are based on cash flows discounted using a rate based on market rates including margins and are within level 2 of the fair value hierarchy.

USD mill	Level 1	Level 2	Level 3	Total
Financial assets at fair value				
Equities	42			42
Bonds	45			45
Financial assets to fair value	611		38	650
Total financial assets 31.12.2018	**699**	**0**	**38**	**737**
Financial liabilities at fair value				
Financial derivatives		21		21
Total financial liabilities 31.12.2018	**0**	**21**	**0**	**21**
Financial assets at fair value				
Equities	52		1	52
Bonds	48			48
Financial derivatives		2		2
Financial assets to fair value	707		93	801
Total financial assets 31.12.2017	**807**	**2**	**94**	**904**
Financial liabilities at fair value				
Financial derivatives		13		13
Total financial liabilities 31.12.2017	**0**	**13**	**0**	**13**

USD mill	2018	2017
Changes in level 3 instruments		
Opening balance 01.01	94	86
Acquisition	6	4
Return of capital	(1)	
Gains and losses recognised through other comprehensive income		1
Gains and losses recognised through income statement	(60)	3
Closing balance 31.12	**38**	**94**

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The quoted market price used for financial assets held by the group is the current close price. These instruments are included in level 1. Instruments included in level 1 at the end of 2018 are liquid investment grade bonds and listed equities (analogous for 2017).

The fair value of financial instruments not traded in an active market (over-the-counter contracts) are based on third party quotes (Mark-to-Market). These quotes use observable market rates for price discovery. The different techniques typically applied by financial counterparties (banks) were described above. These instruments - FX and IR derivatives - are included in level 2.

If one or more of the significant inputs is not based on observable market data, the derivatives is in level 3. This is the case for unlisted equity securities.

Cont. note 17 Financial risk

Financial instruments by category

USD mill	Note	Financial assets at amortised cost	Fair value through the income statement	Other	Total
Assets					
Other non current assets	11		4	19	23
Financial asset to fair value	12		650		650
Current financial investments	14		88		88
Current financial derivatives	11				
Other current assets	11	308		2	311
Cash and cash equivalent	15	140			140
Assets at 31.12.2018		**449**	**741**	**21**	**1 211**

	Note		Liabilites at fair value throug the income statement	Other financial liabilites at amortised cost	Total
Liabilities					
Non current interest-bearing debt	16			448	448
Current interest-bearing liabilities	16			85	85
Current financial derivatives	11		21		21
Other non current liabilities	11		23	77	100
Other current liabilities	11			354	354
Liabilities 31.12.2018			**121**	**887**	**1 009**

	Note	Financial assets at amortised cost	Fair value through the income statement	Other	Total
Assets					
Other non current assets	11	23	3	15	40
Financial asset to fair value	12		801		801
Current financial investments	14		101		101
Current financial derivatives	11		2		2
Other current assets	11	298		1	300
Cash and cash equivalent	15	167			167
Assets at 31.12.2017		**488**	**906**	**16**	**1 410**

	Note		Liabilites at fair value throug the income statement	Other financial liabilites at amortised cost	Total
Liabilities					
Non current interest-bearing debt	16			493	493
Current interest-bearing liabilities	16			108	108
Current financial derivatives	11		13		13
Other non current liabilities	11		112		112
Other current liabilities	11			328	328
Liabilities 31.12.2017			**125**	**929**	**1 054**

Note 18 Operating lease commitments

In the Supply Services segment the group has lease agreements for variuos properties on operating leases. The rental agreements are subject to various lifespan with the longest agreement ending on 1 July 2064.

In addition the group has:
Sale and leaseback agreement for the office building, Strandveien 20 for 15 years from 1 October 2009, with an option to extend for additional 5 years + 5 years.

The lease agreement for the office building (including storage and parking) at Strandveien 12 was terminated in February 2019.

The commitment related to this is as set out below (nominal amounts):

USD mill	2018	2017
Due in year 1	21	22
Due in year 2	21	22
Due in year 3	21	23
Due in year 4	21	22
Due in year 5 and later	121	124
Nominal amount of operating lease commitments	**204**	**214**

In connection to the daily operation the group has additional lease agreements for office rental, office equipment and other fixed assets. The additional lease agreements are not material for the group.

Note 19 Leasing IFRS 16

The new IFRS 16 Leasing standard is effective from 1 January 2019. The standard will significantly change how the company accounts for its lease contracts for land, buildings and equipment currently accounted for as operating leases. Virtually all leases will be brought into the balance sheet increasing the groups assets and liabilities, in addition to affecting income statement figures. This note summarizes the expected impact on the financial reporting of Wilhelmsen group from implementing the new standard. According to the company's existing loan agreements, the new standard will not result in breach of debt covenants.

The Lease Contracts
The company has a number of leases related to property and land that account for the significant part of the lease liability. The group also leases vechicle and equipment. A lease liability and right-of-use asset will be presented for these contracts which previously were reported as operating leases.

Recognition and Measurement Approach on Transition
Wilhelmsen group will apply IFRS 16 retrospectively with recognition of the cumulative implementation effect recognised at the date of initial application 1 January 2019. By doing this, comparative financial information shall not be restated, but the cumulative effect of initially applying this standard shall be reflected as an adjustment to the opening balance. At the time of transition, leases entered under IAS 17 will not be reassessed.

As of 1 January 2019, the lease liabilities will be measured at the present value of remaining lease payments, discounted using the incremental borrowing rate at such date. The right-of-use assets will be measured at an amount equal to the lease liability.

The standard has provided options on scope and exemptions and below the group's policy choices are described:

- The standard will not be applied to leases of intangible assets and these will continue to be recognized in accordance with IAS 38 Intangible assets
- All leases deemed short-term by the standard are exempt from reporting
- All leases deemed to be of low value by the standard are exempt from reporting
- Non-lease components shall be separated from the lease component in all vessel leases. For other lease agreements, the group will apply a materiality threshold when evaluating separation

Implementation effect
Impact on equity
The net effect on equity as at January 1, 2019 is presented below.

USD mill	
Lease liability at 1 January 2019	228
Right-of-use asset at 1 January 2019	231
Difference between lease liability and right-of-use asset per January 1, 2019	**3**
Effect from prepayments and currency translation	3
Equity at 1 January 2019	**3**

Reconciliation of lease commitment and lease liability

USD mill	
Material operating lease commitment as at 31 December 2018	204
Operating lease commitment as at 31 December 2018 (not included in material operating lease committment)	16
Relief option for leases of low-value assets	(1)
Option periods not previously reported as lease commitments	23
Undiscounted lease libililty	242
Effect of discounting lease commitment to net present value	(14)
Lease liability as at 1 January 2019	**228**

Expected future impact on the income and cash flow statement
IFRS 16 Leasing will have a significant impact on the income statement when implemented in 2019. The estimated reduction of annual lease expense gives an improvement of EBITDA in the range of approximately USD 40 million. Annual depreciation expense of leased assets will increase approximately USD 35 million. Annual net interest expense will increase approximately USD 12 million. In the cash flow statement, operating cash flows will increase and financing cash flows will decrease as the lease payments will be classified as financial rather than operational. It is expected that IFRS 16 will be implemented in the reporting from the operating segments. The actual impact upon implementation may change as a result of changed interest rates, signing of new lease contracts, re-assessment of renewal options and re-assessment of onerous leases. The impact may also change if new information and guidance becomes known before the group presents its first consolidated financial statements using the new standard.

Note 20 Related party transaction

The ultimate owner of the group is Tallyman AS, which controls about 60% of voting shares of the group. The beneficial owners of Tallyman AS are the Wilhelmsen family and Mr Wilhelm Wilhelmsen controls Tallyman AS.

Remuneration to Mr Wilhelm Wilhelmsen for 2018 totalled USD 334 thousand (2017: USD 323 thousand) whereof USD 92 thousand (2017: USD 93 thousand) was consulting fee, USD 9 thousand (2017: USD 8 thousand) in nomination committee for Wilh. Wilhelmsen Holding ASA and Treasure ASA and USD 233 thousand (2017: USD 221 thousand) in ordinary paid pension and other remuneration paid from Wallenius Wilhelmsen ASA.

See note 6 regarding fees to board of directors, and note 2 and note 9 in the parent company regarding ownership.

The group has undertaken several agreements and transactions with related parties in WalWil ASA group, Maritime Services, Supply Services and Holding and Investments segment in 2018 and 2017. All transactions are entered into market terms.

The services are:
- Ship management including crewing, technical and management service
- Agency services
- Freight and liner services
- Marine products
- Shared services

Generally, Shared Services are priced using a cost plus 5% margin calculation, in accordance with the principles set out in the OECD Transfer Pricing Guidelines and are delivered according to agreements that are renewed annually.

Material related parties in the group are:	**Business office, country**	**Ownership**
Wallenius Wilhelmsen ASA	Lysaker, Norway	37.80%
Coast Center Base AS/KS Coast Center Base	Fjell, Norway	50.00%
Risavika Havn AS	Tananger, Norway	42.82%

Wallenius Wilhelmsen ASA is a result of the merger between Wilh. Wilhelmsen ASA and Wall Roll AB on 4 April 2017. The company brings together the jointly owned shipping activities and relevant assets of Wilh. Wilhelmsen ASA and Wallenius Lines. It unites their ownership of the shipping and logistics businesses of EUKOR Car Carriers, WWL AS and American RoRo Carriers.

Coast Center Base and Risavika Havn AS in the Supply Services segment delivers IT project, administration and handling services and the transactions are based on market terms.

USD mill	Note	2018	2017
OPERATING REVENUE FROM RELATED PARTY			
Sale of goods and services to joint ventures and associates from:			
WalWil group		16	13
Maritime Services		6	7
Supply Services			1
Operating revenue from related party		**22**	**21**
OPERATING EXPENSES FROM RELATED PARTY			
Purchase of goods and services from joint ventures and associates to:			
Maritime Services			
Supply Services		31	7
Operating expenses to related party		**31**	**7**
ACCOUNT RECEIVABLES FROM RELATED PARTY			
Maritime Services		19	19
Account receivables from related party		**19**	**19**
ACCOUNT PAYABLES TO RELATED PARTY			
Maritime Services		4	5
Supply Services		8	7
Account payables to related party		**12**	**11**
NON CURRENT ASSETS TO RELATED PARTY			
Holding and Investments			
Non current assets to related party		**0**	**0**

Note 21 Subsidiaries with material non-controlling interests

	Business office/country	2018 Voting/control share
NorSea Group AS	Tananger, Norway	75.15%
Treasure ASA*	Lysaker, Norway	72.73%

* Treasure ASA acquired during 2018 1 450 000 own shares (0.66%).

Set out below is the summarised financial information for the subsidiary that has non-controlling interests (NCI) material to the group. The amounts disclosed are 100% and before inter-company eliminations.

	NorSea Group AS		Treasure ASA	
USD mill	2018	2017	2018	2017
Summarised balance sheet				
Non current assets	552	594	523	576
Current assets	119	66	2	2
Total assets	671	660	525	578
Non current liabilities	286	333		
Current liabilities	180	123		
Total liabilities	466	456		
Net assets	206	204	525	578
Summarised income statement/OCI				
Total income	285	53	13	12
Profit/(loss) for the year	15	1	(43)	(128)
Other comprehensive income	2			134
Total comprehensive income	17	1	(30)	18
Profit allocated to NCIs	4		(12)	2
Dividends paid to NCIs	1		2	7
Summarised cash flows				
Net cash flow provided by/(used in) operating activities	46	15	11	11
Net cash flow provided by/(used in) investing activities	(30)	(4)		
Net cash flow provided by/(used in) financing activities	7	(10)	(10)	(25)
Net increase/(decrease) in cash and cash equivalents	23	2	(0)	(14)

USD mill	2018	2017
Total allocation to NCIs		
Profit/(loss) for the period to material NCIs	(7)	2
Profit/(loss) for the period to other immaterial NCIs	2	7
Profit to NCI in Treasure ASA related to change of investment from equity asset to Available-for-sale		53
Profit for the period to NCIs	(6)	62

Note 22 Discontinued operations

On 4. April, 2017 the subsidiary WWASA was merged with Wall Roll AB. After the merger the group own 37.8% of WalWil. The profit in WWASA previous periods is presented as discontinued operations in WWH in 2017. Financial information (income statement and net assets) relating to the discontinued operations for each period to the date of disposal is set out below.

Prior to the merger, WWH held 160 000 000 shares in WWASA (renamed to Wallenuis Wilhelmsen ASA). Number of shares remains unchanged after the merger.

The financial performance and cash flow information presented are for the Q1 2017.

USD mill	2017
Operating revenue	59
Other income	
Share of profits from associates	14
Gain/(loss) on sale of assets	9
Total income	**82**
Operating expenses	
Vessel expenses	(15)
Employee benefits	(11)
Other expenses	(3)
Depreciation and impairments	(20)
Total operating expenses	**(49)**
Operating profit	**33**
Financial income/(expenses)	(8)
Profit before tax	25
Tax income/(expense)	1
Profit from discontinued operations	**26**
Non-controlling interests	7
Changes in fair value cash flow hedge	
Exchange differences on translation of discontinued operations	2
Other comprehensive income from discontinued operations	**1**
Cash flow from discontinued operations	
Net cash flow from operating activities	7
Net cash flow from investing activities	107
Net cash flow from financing activities	(74)
Net increase in cash generated by the discontinued operations	**40**
Details of the merger between WWASA and Wall Roll AB	
Cash received	14
Shares in WalWil ASA (market value)	789
Total disposals consideration	804
Carrying amount of net assets disposal	1 062
Currency translation differences in WWASA group	(5)
Accounting loss (discontinued operations) majority	**(264)**
Net profit before non-controlling interests	26
Loss from discontinued operations	**(239)**

Note 23 Business combinations

There were no material acquisitions in the group in 2018.

With effect from 26 September 2017, the group increased its shareholding in NorSea Group from 40% to approximately 72%. Eidesvik Eiendomsinvest AS and Simon Møkster Eiendom AS will hold approximately 12% each, while management in NorSea Group controls the remaining 4%. Following the transaction in 2017 and in 2018, Wilhelmsen acquired a portion of management controlled shares, 3.15%, bringing the total Wilhelmsen shareholding to 75.15%.

Total consideration for the Wilhelmsen's additional 32% investment in NorSea Group is NOK 545 million (USD 70 million). The acquistion from management increased the total consideration with USD 6 million. (USD 4 million in 2017 and USD 2 million i 2018)

The investment is financed through existing liquidity and funding reserves. The group originally acquired 35.4% of the shares in NorSea Group in July 2012, and increased to 40% ownership in April 2014. In addition, the group has USD 18 million in shareholder loans to NorSea Group.

The acquistion balance from NorSea Group is consolidated at the end of September 2017 and a part of the segment "Supply Services". With effect from the 26 September 2017, NorSea Group will be reported as a subsidiary in the group accounts. Total income, cost and balance sheet items of NorSea Group will then be consolidated on a 100% basis, with non-controlling interests deducted on a net basis.

NorSea Group has previously been reported as associate in the group accounts. Accounting loss of the disposal of associate is USD 40 million, mainly due to change in NOK/USD from 2012 to 2017.

The Purchase Price Allocation is:

Details of net assets acquired and goodwill are as follows:

USD mill	
Cash	74
Option fair value*	2
Non-controlling interests	56
Fair value of previously held equity interest	80
Total purchase consideration	**211**
Fair value of net identifiable assets acquired (see below)	211
Goodwill	**0**

*The option is related to remaining part of the shares, currently held by non-controlling interests.

The preliminary purchase price allocation are as follows:

USD mill	Fair value
Intangible assets	10
Property, fixtures and vessel	417
Other long-term assets/ associate and joint arrangements	185
Other current assets	67
Cash and cash equivalents	5
Non current interest-bearing debt	(352)
Other non-current liabilities	(4)
Other current liabilities	(118)
Net identifiable assets acquired	**211**

Summary of acquisition
The group recognises non-controlling interests in an acquired entity at fair value. This decision is made on an acquisition-by-acquisition basis. For the non-controlling interests in NorSea group, the group elected to recognise the non-controlling interests in at its proportionate share of the acquired net identifiable assets.

Cont. Note 23 Business combinations

Revenue and profit contribution
The acquired business contributed revenues of USD 53 million and net profit before non-controlling interests of USD 3.9 million to the group for the period from 26 September to 31 December 2017.

If the acquisition had occurred on 1 January 2017, consolidated pro-forma revenue and profit before non-controlling interests for the period from 1 January to 26 September 2017 would have been USD 186 million and USD 12 million respectively.

USD mill	
Purchase consideration – cash outflow	
Cash consideration September 2017	74
Less balance acquired	
– Cash	5
– Net	5
Net outflow of cash => investing activities during 2017	**(69)**

Acquisition-related costs
Acquisition-related costs of USD 1 million that were not directly attributable to the issue of shares are included in other expenses in income statement and in operating cash flows in the statement of cash flows.

Reported net profit from NorSea group as an associate up to consolidation 26 September 2017 are:

USD mill	26.09.2017
Net profit from NorSea group as an associate a part of segment Holding and Investments	5
Loss upon consolidation of the former NorSea Group	(40)

There were no material acquisitions in the group in 2018.

Kemetyl Konsument Norge AS
On 1 April 2017 the group acquired Kemetyl Konsument Norge AS. The investment cost was approximately USD 20 mill.

SIGNIFICANT DISPOSALS

Merger WW ASA
On 4 April 2017, the subsidiary Wilh. Wilhelmsen ASA (WWASA) was merged with Wall Roll AB. After the merger the group own 37.8% of the Wallenius Wilhelmsen ASA.

Note 24 Contingencies

The size and global activities of the group dictate that companies in the group will be involved from time to time in disputes and legal actions.

The group is not aware of any financial risk associated with disputes and legal actions which are not largely covered through insurance arrangements. Nevertheless, any such disputes/actions which might exist are of such a nature that they will not significantly affect the group's financial position.

Note 25 Events after the balance sheet date

No material 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.

Cyber security

Beyond building a common-sense culture in our company, making sure employees exercise good practise in handling data, navigating in a digital world is a hot topic in our industry. We need to protect a wide range of data and ensure our systems, whether on board a vessel or onshore, operate efficiently and without interruptions. To be able to operate and not least deserve the trust of all our stakeholders, we need to professionally manage cyber security threats, handle the consequences of connectivity and digitalisation, and respond to increasing legal and customer requirements.

Income statement Wilh. Wilhelmsen Holding ASA

NOK thousand	Note	2018	2017
Operating income	1	**23 899**	**66 971**
Operating expenses			
Employee benefits	2	(75 446)	(130 537)
Operating expenses	1	(45 375)	(65 533)
Depreciation	3	(2 266)	(2 190)
Total operating expenses		**(123 086)**	**(198 260)**
Operating profit/(loss)		**(99 187)**	**(131 289)**
Financial income/(expenses)			
Net financial income	1	428 285	397 395
Net financial expenses	1	(8 231)	(10 147)
Financial income/(expenses)		**420 054**	**387 248**
Profit before tax		**320 866**	**255 960**
Tax income/(expense)	4	38 265	7 023
Profit for the year		**359 131**	**262 982**
Transfers and allocations			
To equity	9	150 464	30 813
Proposed dividend	9	116 010	162 413
Interim dividend paid	9	92 658	69 756
Total transfers and allocations		**359 131**	**262 982**

Comprehensive income Wilh. Wilhelmsen Holding ASA

NOK thousand	Note	2018	2017
Profit for the year		359 131	262 982
Items that will not be reclassified to the income statement			
Remeasurement postemployment benefits, net of tax	9/10	3 200	1 156
Total comprehensive income		**362 332**	**264 138**

Notes 1 to 16 on the next pages are an integral part of these financial statements.

Balance sheet Wilh. Wilhelmsen Holding ASA

NOK thousand	Note	31.12.2018	31.12.2017
ASSETS			
Non current assets			
Deferred tax asset	4	42 398	2 653
Intangible assets	3	2 486	3 764
Tangible assets	3	11 402	11 693
Investments in subsidiaries and associates	5	4 872 004	4 872 004
Other non current assets	6	27 000	7 613
Total non current assets		**4 955 291**	**4 897 727**
Current assets			
Current financial investments	7/8	761 231	824 661
Trade and other receivables	6	11 924	16 171
Other current assets	6/8/13	399 768	265 206
Cash and cash equivalents	8	81 190	78 624
Total current assets		**1 254 112**	**1 184 663**
Total assets		**6 209 403**	**6 082 390**
EQUITY AND LIABILITIES			
Equity			
Paid-in capital	9	928 076	930 076
Own shares	9		(2 000)
Retained earnings	9	4 845 902	4 692 238
Total equity		**5 773 979**	**5 620 314**
Non current liabilities			
Pension liabilities	10	40 856	44 948
Other non current liabilities	6	34 350	42 671
Total non current liabilities		**75 206**	**87 619**
Current liabilities			
Public duties payable		6 756	7 105
Trade and other payables	6	5 273	10 017
Other current liabilities	6/11/13	348 190	357 334
Total current liabilities		**360 219**	**374 456**
Total equity and liabilities		**6 209 403**	**6 082 390**

Lysaker, 14 March 2019
The board of directors of Wilh. Wilhelmsen Holding ASA

Diderik Schnitler
chair

Trond Ø. Westlie

Carl Erik Steen

Irene Waage Basili

Cathrine Løvenskiold Wilhelmsen

Thomas Wilhelmsen
group CEO

Notes 1 to 16 on the next pages are an integral part of these financial statements.

Cash flow statement Wilh. Wilhelmsen Holding ASA

NOK thousand	Note	2018	2017
Cash flow from operating activities			
Profit before tax		320 866	255 960
Financial (income)/expenses		(420 054)	(402 710)
Depreciation	3	2 266	2 190
Gain on sale of fixed asset	3	(274)	(233)
Change in net pension liability		64	(3 587)
Change in other current assets		4 467	1 996
Change in working capital		(20 561)	1 137
Net cash provided by operating activities		**(113 226)**	**(145 247)**
Cash flow from investing activities			
Proceeds from sale of fixed assets		296	1 132
Investments in fixed assets	3	(719)	(1 871)
Investments in subsidaries			(506 027)
Loan repayments received from subsidiaries			3 500
Loans granted to subsidiaries		(105 148)	(2 500)
Proceeds from sale of financial investments		252 467	265 255
Current financial investments		(261 335)	(336 166)
Dividend/ group contribution from subsidiaries		423 000	477 000
Dividend received from financial assets		14 713	12 769
Paid witholding tax dividend portfolio management		(2 436)	(2 005)
Interest received	1	2 609	1 573
Cash from financial derivatives			119 657
Net cash flow from investing activities		**323 446**	**32 316**
Cash flow from financing activities			
Proceeds from issue of debt	11	50 000	150 000
Interest paid		(2 584)	(520)
Dividend to shareholders	9	(255 071)	(232 169)
Net cash flow from financing activities		**(207 656)**	**(82 689)**
Net increase in cash and cash equivalents		**2 565**	**(195 620)**
Cash and cash equivalents, at the beginning of the period		78 624	274 244
Cash and cash equivalents at 31.12		**81 190**	**78 624**

The company has several bank accounts in different currencies. Unrealised currency effects are included in net cash provided by operating activities.

Notes 1 to 16 on the next pages are an integral part of these financial statements.

Note 1 Combined items, income statement

NOK thousand	Note	2018	2017
OPERATING INCOME			
Other income		1 817	3 976
Income from group companies	14	21 809	62 762
Gain on sale of assets		274	233
Total operating income		**23 899**	**66 971**
OTHER OPERATING EXPENSES			
Expenses to group companies	14	(18 262)	(23 044)
Communication and IT expenses		(4 356)	(4 382)
External services	2	(12 379)	(11 769)
Travel and meeting expenses		(5 033)	(6 354)
Marketing expenses		(2 977)	(6 141)
Other administration expenses		(2 368)	(13 842)
Total other operating expenses		**(45 375)**	**(65 533)**
FINANCIAL INCOME/(EXPENSES)			
Financial income			
Investment management	7	(60 198)	21 840
Interest income	14	2 609	1 573
Dividend/group contribution from subsidiaries	14	473 000	227 000
Other financial income			119 657
Net currency gain		12 874	27 326
Net financial income		**428 285**	**397 395**
Financial expenses			
Interest expenses		(6 166)	(8 271)
Other financial items		(2 066)	(1 876)
Net financial expenses		**(8 231)**	**(10 147)**
Net financial income		**420 054**	**387 248**

Note 2 Employee benefits

NOK thousand	2018	2017
Pay	47 578	99 156
Payroll tax	10 856	14 107
Pension cost	11 105	9 025
Other remuneration	5 908	8 250
Total employee benefits	**75 446**	**130 537**
Average number of employees	35	45

REMUNERATION OF SENIOR EXECUTIVES

NOK thousand	Pay	Bonus	Pension premium	*Other remuneration	Total
2018					
Group CEO	4 870	1 977	1 842	1 696	10 385
Group CFO	3 381	940	446	460	5 228
2017					
Group CEO	4 753	6 957	1 779	1 696	15 186
Group CFO	3 293	2 717	383	425	6 818

*Mainly related to gross up pension expenses and company car.

Board of directors
Remuneration of the five directors totalled NOK 2 150 thousand for 2018 (2017: NOK 2 150 thousand). The board's remuneration for the fiscal year 2018 will be approved by the general assembly 30 April 2019.

Remuneration of the nomination committee totalled NOK 85 thousand for 2018 (2017: NOK 85 thousand).

Senior executives
Thomas Wilhelmsen – group CEO
Christian Berg – group CFO

The group CEO has a severance pay guarantee under which he has the right to receive up to 100% of his annual salary for 24 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%, which comes into force after six months' notice period. Group CEO has the right to a life-long pension constituting 50% of his annual salary ritirement above 12G.

The group CFO is following the company pension policy for salary below and above 12G (defined contribution plan). His retirement age is 67. In additional, he has a right to receive 60% of his annual salary between 67 and 70 year.

Loans and guarantees employees
There were no loan or guarantees to employees per 31.12.2018.

Cont. note 2 Employee benefits

SHARES OWNED OR CONTROLLED BY REPRESENTATIVES OF WILH. WILHELMSEN HOLDING ASA AT 31 DECEMBER 2018

Name	A shares	B shares	Total	Part of total shares	Part of voting stock
Board of directors					
Diderik Schnitler (chair)	2 000	25 000	27 000	0.06%	0.01%
Trond Ø. Westlie				0.00%	0.00%
Carl E. Steen	8 000		8 000	0.02%	0.02%
Irene Waage Basili				0.00%	0.00%
Cathrine Løvenskiold Wilhelmsen	730		730	0.00%	0.00%
Senior executives					
Thomas Wilhelmsen – group CEO	22 100	750	22 850	0.05%	0.06%
Christian Berg – group CFO	188		188	0.00%	0.00%
Nomination committee					
Wilhelm Wilhelmsen*	20 881 114	2 302 444	23 183 558	49.96%	60.46%
Gunnar Fredrik Selvaag				0.00%	0.00%
Jan Gunnar Hartvig				0.00%	0.00%

*Following a gift in kind the shares owned and controlled by Wilhelm Wilhelmsen was reduced with 1 000 A-shares in December 2018. This transaction has not yet been registered in the Norwegian CSD

OPTION PROGRAM FOR EMPLOYEES AT A SPECIFIED LEVEL OF MANAGEMENT

Long term incentive scheme

The long term incentive scheme (LTI) was introduced in 2015. Participants are members of the group management team and the presidents for Wilhelmsen Ships Service and Wilhelmsen Ship Management. For the group CEO, maximum annual payment is 100% of base salary. For the remaining participants, the maximum annual payment is 50% of base salary.

The LTI focuses on long term shareholder value creation and is based on positive development of the Wilhelmsen group's value adjusted equity. The ambitions set for the programme are to increase alignment with value creation for shareholders, to attract, retain and motivate participants and drive long-term group performance.

Settlement is based on return on value adjusted equity the last four years leading up to the settlement. The value adjusted equity is determined by using a "sum-of-the-parts" principle. For listed companies, value adjusted equity is based on market price, while earnings multiples or net asset value are used for non-listed entities.

The board sets value adjusted equity targets at the beginning of each four year measurement period. Without consultation or agreement with the individual, the board has the right to change or terminate the incentive programme after each year.

Per 31 December 2018, a provision has been made related to the LTI programme ending on 31 December 2018. Potential payment will be done in March 2019, pending approval from the board of directors. The provision has been calculated based on value adjusted equity per 31 December 2018, risk free return and standard deviation of historic annual value creation. No provision has been made for the LTI programme expiring on 31 December 2020.

EXPENSED AUDIT FEE (excluding VAT)

NOK thousand	2018	2017
Statutory audit	535	540
Other service fees	277	708
Total expensed audit fee	**811**	**1 248**

Note 3 Intangible and tangible assets

NOK thousand	Intangible assets	Buildings	Other tangible assets	Total
2018				
Cost 01.01	6 180	10 582	8 815	25 577
Additions			719	719
Disposals			(450)	(450)
Cost 31.12	**6 180**	**10 582**	**9 084**	**25 846**
Accumulated depreciation 01.01	(2 415)	(2 597)	(5 107)	(10 119)
Depreciation/amortisation	(1 278)	(423)	(564)	(2 266)
Disposals			428	428
Accumulated depreciation 31.12	**(3 693)**	**(3 021)**	**(5 243)**	**(11 957)**
Carrying amounts 31.12	**2 486**	**7 562**	**3 841**	**13 889**
2017				
Cost 01.01	5 309	10 582	9 842	25 733
Additions	871		1 000	1 871
Disposals			(2 027)	(2 027)
Cost 31.12	**6 180**	**10 582**	**8 815**	**25 577**
Accumulated depreciation 01.01	(1 242)	(2 174)	(5 579)	(8 995)
Depreciation/amortisation	(1 173)	(423)	(594)	(2 190)
Disposals			1 066	1 066
Accumulated depreciation 31.12	**(2 415)**	**(2 597)**	**(5 107)**	**(10 119)**
Carrying amounts 31.12	**3 764**	**7 985**	**3 708**	**15 458**
Useful life	Up to 3 years	Up to 25 years	3-10 years	
Amortisation/depreciation schedule	Straight-line	Straight-line	Straight-line	

Note 4 Tax

NOK thousand	2018	2017
Allocation of tax income		
Payable tax/withholding tax	(2 436)	(2 005)
Change in deferred tax	40 702	9 028
Total tax income/(expense)	38 265	7 023
Basis for tax computation		
Profit before tax	320 866	255 960
23% tax (2017: 24%)	73 799	61 430
Tax effect from		
Permanent differences	(115 409)	(62 830)
Withholding tax	2 436	2 005
Change in different tax rate	907	284
Adjustment group contribution		(7 913)
Current year calculated tax	**(38 265)**	**(7 023)**
Effective tax rate		(2.7%)
Deferred tax asset/(liability)		
Tax effect of temporary differences		
Fixtures	713	643
Current assets and liabilities	(337)	(6 221)
Non current liabilities and provisions for liabilities	4 363	8 230
Tax losses carried forward	37 659	
Deferred tax asset/(liability)	**42 398**	**2 653**
Deferred tax asset/(liability) 01.01	2 653	1 488
Charge to equity (tax of OCI)	(956)	(365)
Change of deferred tax through income statement	40 702	9 028
Tax effect of group contribution		(7 500)
Deferred tax asset/(liability) 31.12	**42 398**	**2 653**

Note 5 Investments in subsidiaries and associates

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

NOK thousand	Business office country	Voting share/ ownership share	2018 Book value	2017 Book value
Associate				
Wallenius Wilhelmsen ASA	Lysaker, Norway	37.8%	1 130 964	1 130 964
Subsidiaries				
Treasure ASA*	Lysaker, Norway	72.7%	1 043 967	1 043 967
Wilhelmsen Maritime Services AS	Lysaker, Norway	100%	1 264 440	1 264 440
WilService AS	Lysaker, Norway	100%	17 550	17 550
Wilh. Wilhelmsen Holding Invest AS	Lysaker, Norway	100%	1 405 014	1 405 014
Wilhelmsen Accounting Services AS	Lysaker, Norway	100%	3 622	3 622
WilNor Governmental Services AS	Lysaker, Norway	51%	6 439	6 439
Wilhelmsen GRC Sdn Bhd	Kuala Lumpur, Malaysia	100%	8	8
Total investments in subsidiaries and associates			**4 872 004**	**4 872 004**

*At 31.12.2018 Treasure ASA had own shares of 1 450 000 shares.

Note 6 Combined items, balance sheet

NOK thousand	Note	2018	2017
OTHER NON CURRENT ASSETS			
Non current loan group companies (subsidiary and associates)	13/14	27 000	7 613
Total other non current assets		**27 000**	**7 613**
Of which non current debitors falling due for payment later than one year:			
Loans to subsidiary and associates	13/14	27 000	7 613
Total other non current assets due after one year		**27 000**	**7 613**
OTHER CURRENT ASSETS			
Group contribution	14	300 000	250 000
Other current assets	13	14 007	15 206
Current loan to group companies (subsidiary and associates)	13/14	85 760	
Total other current assets		**399 768**	**265 206**
OTHER NON CURRENT LIABILITIES			
Allocation of commitment		34 350	42 671
Total other non current liabilities		**34 350**	**42 671**

Allocation of commitment relates to a sale leaseback contract for house rental, including both deferred revenue and provision for loss contract. Net change of NOK 7 955 thousand (current and non current liability) has been reversed through income statment in 2018. Per 31 December 2018 NOK 3 641 thousand was reclassed to short term liability (2017: NOK 3 275 thousand).

	Note	2018	2017
OTHER CURRENT LIABILITIES			
Next year's instalment on interest-bearing debt	11/13	200 000	150 000
Proposed dividend	9	116 010	162 413
Other current liabilities	13	32 181	44 920
Total other current liabilities		**348 190**	**357 334**

The fair value of current receivables and payables is virtually the same as the carried amount, since the effect of discounting is insignificant.

Lending is at floating rates of interest. Fair value is virtually identical with the carried amount. See note 13.

Note 7 Current financial investments

NOK thousand	2018	2017
Market value asset management portfolio		
Equities	367 709	430 114
Bonds	393 642	394 183
Other financial derivatives	(13 113)	(5 961)
Total current financial investments	**748 239**	**818 336**

The fair value of all equity securities, bonds and other financial assets is based on their closing prices in an active market.
Other financial derivatives are classified as other current liabilities.

The net unrealised gain at 31.12	32 714	123 915

The portfolio of financial investments is held as collateral within a securities' finance facility. See note 11.

Note 8 Restricted bank deposits and undrawn committed drawing rights

NOK thousand	2018	2017
Restricted bank deposits		
Payroll tax withholding account	4 331	3 781

NOK thousand	2018	2017
Undrawn committed drawing rights		
Undrawn committed drawing rights for 31 December	1 000 149	1 019 630

NOK thousand	2018	2017
Cash and cash equivalents		
Banks	81 190	78 624
Total Cash and cash equivalents	**81 190**	**78 624**

Note 9 Equity

NOK thousand	Share capital	Own shares	Retained earnings	Total
Current year's change in equity				
Equity 31.12.2017	930 076	(2 000)	4 692 238	5 620 314
Interim dividend paid			(92 658)	(92 658)
Proposed dividend			(116 010)	(116 010)
Profit for the year			359 131	359 131
Comprehensive income for the year			3 200	3 200
Disposal of own shares	(2 000)	2 000		
Equity 31.12.2018	**928 076**	**0**	**4 845 902**	**5 773 979**

NOK thousand	Share capital	Own shares	Retained earnings	Total
2017 change in equity				
Equity 31.12.2016	930 076	(2 000)	4 660 268	5 588 344
Interim dividend paid			(69 756)	(69 756)
Proposed dividend			(162 413)	(162 413)
Profit for the year			262 982	262 982
Comprehensive income for the year			1 156	1 156
Equity 31.12.2017	**930 076**	**(2 000)**	**4 692 238**	**5 620 314**

At 31 December 2018 the company's share capital comprises 34 657 092 Class A shares and 11 866 732 Class B shares, totalling 46 403 824 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.

The annual general meeting on 26 April 2018 approved liquidation of 100 000 own class A shares, denominated NOK 20 per share. The share capital is reduced from NOK 930 076 480 by NOK 2 000 000 to NOK 928 076 480.

Dividend
The proposed dividend for fiscal year 2018 is NOK 2.50 per share, payable in the second quarter 2019. A decision on this proposal will be taken by the annual general meeting on 30 April 2019.

Dividend for fiscal year 2017 was NOK 5.50 per share, where NOK 3.50 per share was paid in May 2018 and NOK 2.00 per share was paid in November 2018.

Dividend for fiscal year 2016 was NOK 5.00 per share, where NOK 3.50 per share was paid in May 2017 and NOK 1.50 per share was paid in November 2017.

Cont. note 9 Equity

The largest shareholders at 31 December 2018

Shareholders	A shares	B shares	Total number of shares	% of total shares	% of voting stock
Tallyman AS	20 784 730	2 281 044	23 065 774	49.71%	60.18%
Folketrygdfondet	1 231 880	1 008 832	2 240 712	4.83%	3.57%
VPF Nordea Norge Verdi	267 695	1 555 724	1 823 419	3.93%	0.78%
Citibank Europe plc	886 187	809 650	1 695 837	3.65%	2.57%
Pareto Aksje Norge Verdipapirfond	971 815	617 576	1 589 391	3.43%	2.81%
J. P. Morgan Bank Luxembourg S.A.	638 658		638 658	1.38%	1.85%
Stiftelsen Tom Wilhelmsen	370 400	236 000	606 400	1.31%	1.07%
Nordea Nordic Small Cap Fund	126 875	415 630	542 505	1.17%	0.37%
UBS Switzerland AG	511 435	6 791	518 226	1.12%	1.48%
Skagen Vekst	512 647		512 647	1.10%	1.48%
State Street Bank and Trust Comp	475 722		475 722	1.03%	1.38%
Clearsteam Banking S.A.	189 071	191 369	380 440	0.82%	0.55%
Forsvarets Personellservice	375 400		375 400	0.81%	1.09%
MP Pensjon PK	79 965	276 636	356 601	0.77%	0.23%
Euroclear Bank S.A./N.V.	251 610	104 656	356 266	0.77%	0.73%
VPF Eika Spar		321 038	321 038	0.69%	0.00%
VPF Nordea Kapital	115 161	193 278	308 439	0.66%	0.33%
Eika Norge		287 325	287 325	0.62%	0.00%
Oslo Pensjonsforsikring AS PM		270 187	270 187	0.58%	0.00%
VPF Nordea Avkastning	112 359	157 119	269 478	0.58%	0.33%
Other	6 635 482	3 133 877	9 769 359	21.05%	19.21%
Total number of shares	**34 537 092**	**11 866 732**	**46 403 824**	**100.00%**	**100.00%**

Shares on foreigners hands
At 31. December 2018 – 5 150 032 (14.11%) A shares and 2 838 453 (23.92%) B shares.
Corresponding figures at 31. December 2017 – 5 200 373 (15.01%) A shares and 2 448 814 (20.64%) B shares.

Note 10 Pension

Description of the pension scheme
The company's defined contribution pension schemes for Norwegian employees are with financial institute, similar solutions with different investment funds.

The company has "Ekstrapensjon", a contribution plan for all Norwegian employees with salaries exceeding12 times the Norwegian National Insurance base amount (G). The contribution plan replaced the company obligations mainly financed from operation.

In addition the company has agreements on early retirement. This obligations are mainly financed from operations.

The company has obligations towards some employees in the company's senior executive management. These obligations are mainly covered via group annuity policies in Storebrand.

Pension costs and obligations includes payroll taxes. No provision has been made for payroll tax in pension plans where the plan assets exceed the plan obligations.

The liability recognised in the balance sheet in respect of the remaining defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligations are calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

	Funded		Unfunded	
Number of people covered by pension schemes at 31.12	2018	2017	2018	2017
In employment	1	1		
On retirement (inclusive disability pensions)	2	2	4	4
Total number of people covered by pension schemes	3	3	4	4

	Expenses		Commitments	
	2018	2017	31.12.2018	31.12.2017
Financial assumptions for the pension calculations:				
Discount rate	2.30%	2.40%	2.70%	2.30%
Anticipated pay regulation	2.00%	2.25%	2.50%	2.00%
Anticipated increase in National Insurance base amount (G)	2.00%	2.25%	2.50%	2.00%
Anticipated regulation of pensions	0.10%	0.40%	0.10%	0.10%

Anticipated pay regulation are business sector specific, influenced by composition of employees under the plans. Anticipated increase in G is tied up to the anticipated pay regulations. Anticipated regulation of pensions is determined by the difference between return on assets and the hurdle rate.

Actuarial assumptions: all calculations are calculated on the basis of the K2013 mortality tariff. The disability tariff is based on the KU table.

Cont. note 10 Pension

NOK thousand	2018 Funded	2018 Unfunded	2018 Total	2017 Funded	2017 Unfunded	2017 Total
Pension expenses						
Service cost	1 643	54	1 697	2 440	52	2 492
Net interest cost	141	761	902	162	774	936
Cost of defined contribution plan	8 506		8 506	5 597		5 597
Net pension expenses	**10 290**	**815**	**11 105**	**8 199**	**826**	**9 025**

NOK thousand	2018	2017
Remeasurements – Other comprehensive income		
Effect of changes in financial assumptions	(4 647)	
Effect of experience adjustments	2 492	(171)
(Return) on plan assets (excluding interest income)	(2 001)	(1 350)
Gross remeasurement (gain) loss included in OCI	**(4 156)**	**(1 521)**
Tax effect	(956)	(365)
Remeasurement (gain) loss recognised in OCI – net of tax	**(3 200)**	**(1 156)**

NOK thousand	2018	2017
Pension obligations		
Defined benefit obligation at end of prior year	91 698	91 344
Service cost	1 697	2 492
Interest expense	1 978	1 988
Benefit payments from plan	(3 962)	(3 955)
Effect of changes in financial assumptions	(4 647)	
Effect of experience adjustments	2 492	(171)
Pension obligations 31.12	**89 256**	**91 698**
Fair value of plan assets		
Fair value of plan assets at end of prior year	46 750	43 600
Interest income	1 076	1 052
Employer contributions	1 699	3 274
Benefit payments from plan	(2 526)	(2 526)
Administrative expenses paid from plan assets	(548)	(597)
Return on plan assets (excluding interest income)	1 949	1 947
Gross pension assets 31.12	**48 400**	**46 750**

Cont. note 10 Pension

NOK thousand	2018 Funded	2018 Unfunded	2018 Total	2017 Funded	2017 Unfunded	2017 Total
Specification of funded and unfunded obligation						
Service cost	**1 643**	**54**	**1 697**	**2 440**	**52**	**2 492**
Defined benefit obligation	51 730	37 526	89 256	54 187	37 511	91 698
Fair value of plan assets	48 400		48 400	46 750		46 750
Net liability	**3 330**	**37 526**	**40 856**	**7 437**	**37 511**	**44 948**

Premium payments in 2019 are expected to be NOK 5.1 million (2018: NOK 4.9 million). Payments from operations are estimated at NOK 2.2 million (2018: NOK 2.3 million).

NOK thousand	31.12.2018	31.12.2017
Historical developments		
Gross pension obligations, including payroll tax	89 256	91 698
Gross pension assets	48 400	46 750
Net recorded pension obligations	**40 856**	**44 948**

Note 11 Interest-bearing debt

NOK thousand	2018	2017
Interest-bearing debt		
Bank loan	200 000	150 000
Total interest-bearing debt	**200 000**	**150 000**
Repayment schedule for interest-bearing debt		
Due in year 1	200 000	150 000
Total interest-bearing debt	**200 000**	**150 000**
Held as collateral within a securities' finance facility		
The portfolio of financial investments	761 352	824 297

The parent company had in addition undrawn revolving facilities at 31 December 2018. The parent company's financing arrangement provides for customary financial covenants related to minimum liquidity, and minimum value adjusted equity ratio. The company was in compliance with these covenants at 31 December 2018 (analougue for 31 December 2017).

FINANCIAL RISK
See note 13 to the parent accounts and note 17 to the group accounts for further information on financial risk, and note 16 to the group accounts concerning the fair value of interest-bearing debt.

Note 12 Operating lease commitments

The company has a sale and leaseback agreement for the office building, Strandveien 20. The lease run over 15 years from 1 October 2009, with an option to extend for additional 5 years + 5 years.

The lease agreement for the office building (including storage and parking) at Strandveien 12, was terminated in February 2019.

NOK thousand	2018	2017
Due in year 1	44 119	51 365
Due in year 2	45 222	52 392
Due in year 3	46 353	53 440
Due in year 4	47 511	49 131
Due in year 5 and later	202 224	141 377
Total expense related to operating leasing commitments	**385 429**	**347 705**

Note 13 Financial risk

CREDIT RISK

Guarantees

The group's policy is that the parent company will not provide any financial guarantees.

Cash and bank deposits

The parent's exposure to credit risk on cash and bank deposits is considered to be very limited as the parent maintain banking relationships with a selection of banks with strong credit ratings.

LIQUIDITY RISK

The parent's approach to managing liquidity is to ensure sufficient liquidity to meet its liabilities, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the parent and group's reputation.

The parent's liquidity risk is considered to be low in the sense that it holds significant liquid assets in addition to undrawn credit facilities.

FAIR VALUE ESTIMATION

The fair value of financial instruments traded in an active market is based on quoted market prices on the balance sheet date. The fair value of financial instruments not traded in an active market (over-the-counter contracts) are based on third party quotes. Specific valuation techniques used to value financial instruments include:

Quoted market prices or dealer quotes for similar instruments.

The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.

The fair value of interest rate swap option (swaption) contracts is determined using observable yield curve, volatility and time-to-maturity parameters at the balance sheet date, resulting in a swaption premium.

The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value. The fair value of foreign exchange option contracts is determined using observable forward exchange rates, volatility, yield curves and time-to-maturity parameters at the balance sheet date, resulting in an option premium.

The carrying value less impairment provision of receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the company for similar financial instruments.

NOK thousand		
2018	Fair value	Carrying amount
Interest-bearing debt		
Bank loan	200 000	200 000
Total interest-bearing debt 31.12	**200 000**	**200 000**
2017		
Interest-bearing debt		
Bank loan	150 000	150 000
Total interest-bearing debt 31.12	**150 000**	**150 000**

The fair value of financial instruments traded in active markets is based on closing prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The price used for valuation of financial assets held by the group is the closing price. These instruments are included in level 1. Instruments included in level 1 at the end of 2018 and 2017 are investment grade bonds, equities and listed financial derivatives.

The fair value of financial instruments not traded in an active market is determined by using valuation techniques. These valuation techniques use observable market data where available and rely as little as possible on entity specific estimates. These instruments are included in level 2. Instruments included in level 2 are FX and IR derivatives.

If one or more of significant valuation inputs is not based on observable market data, the instruments are included in level 3.

Total financial instruments and short term financial investments

NOK thousand	Level 1	Level 2	Level 3	Total balance
Financial assets at fair value through income statement 2018				
– Bonds	393 642			393 642
– Equities	366 707	1 002		367 709
Total assets 31.12	**760 350**	**1 002**	**0**	**761 352**
Financial liabilities fair value through income statement 2018				
– Financial derivatives		(13 113)		(13 113)
Total liabilities 31.12	**0**	**(13 113)**	**0**	**(13 113)**

Cont. note 13 Financial risk

NOK thousand	Level 1	Level 2	Level 3	Total balance
Financial assets at fair value through income statement 2017				
– Bonds	394 183			394 183
– Equities	423 522		6 593	430 114
Total assets 31.12	**817 705**	**1 828**	**6 593**	**824 297**
Financial liabilities fair value through income statement 2017				
– Financial derivatives	(270)	(5 691)		(5 961)
Total liabilities 31.12	**(270)**	**(5 691)**	**0**	**(5 961)**

Financial instruments by category

	Note	Financial assets at amortised cost	Fair value through income statement	Total
Assets				
Other non current assets	6	27 000		27 000
Current financial investments	7		761 352	761 352
Other current assets	6	399 768		399 768
Cash and cash equivalent		81 190		81 190
Assets at 31.12.2018		**507 958**	**761 352**	**1 269 309**

	Note	Other financial liabilities at amortised cost	Fair value through income statement	Total
Liabilities				
Financial derivatives	6		13 113	13 113
Current interest-bearing debt	6	200 000		200 000
Other current liabilities	6	143 775		143 775
Liabilities 31.12.2018		**343 775**	**13 113**	**348 190**

	Note	Loans and receivables	Assets at fair value through the income statement	Total
Assets				
Other non current assets	6	7 613		7 613
Current financial investments	7		824 297	824 297
Other current assets	6	279 549		279 549
Cash and cash equivalent		78 624		78 624
Assets at 31.12.2017		**365 786**	**824 297**	**1 190 083**

	Note	Other financial liabilities at amortised cost	Assets at fair value through the income statement	Total
Liabilities				
Financial derivatives	6		5 961	5 961
Current interest-bearing debt	6	150 000		150 000
Other current liabilities	6	209 562		209 562
Liabilities 31.12.2017		**359 562**	**5 961**	**365 523**

See note 17 to the group financial statement for further information about the group risk factors.

Note 14 Related party transaction

The ultimate owner of the group Wilh.Wilhelmsen Holding ASA is Tallyman AS, which control about 60% of voting shares of the group. The ulimate owners of Tallyman AS are the Wilhelmsen family and Mr Wilhelm Wilhelmsen controls Tallyman AS.

Shares owned or controlled by related party of Wilh. Wilhelmsen Holding ASA at 31 December 2018

Name	A shares	B shares	Total	Part of total shares	Part of voting stock
Family Wilhelm Wilhelmsen	20 881 114	2 302 444	23 183 558	49.96%	60.46%

Wilhelm Wilhelmsen has in 2018 received remuneration of NOK 750 thousand (2017: NOK 750 thousand) in consulting fee, NOK 70 thousand (2017: NOK 70 thousand) in nomination committee for Wilh. Wilhelmsen Holding ASA and Treasure ASA and NOK 1 894 thousand (2017: NOK 1 846 thousand) in ordinary paid pension and other remunerations.

WWH ASA delivers services to other group companies, primarily human resources, communication, treasury ("Shared Services").

In accordance with service level agreements, WilService AS delivers in-house services such as canteen, post, switchboard and rent of office facilities, Wilhelmsen Accounting Services delivers accounting services and Maritime Services delivers IT services to WWH. Generally, Shared Services are priced using a cost plus 5% margin calculation, in accordance with the principles set out in the OECD Transfer Pricing Guidelines and are delivered according to agreements that are renewed annually.

NOK thousand	Note	2018	2017
OPERATING REVENUE FROM GROUP COMPANIES			
WalWil group		4 912	4 130
Maritime Services		13 083	54 312
Holding and Investments		3 814	4 320
Operating revenue from group companies	1	**21 809**	**62 762**
OPERATING EXPENSES TO GROUP COMPANIES			
Maritime Services		(3 547)	(5 801)
Holding and Investments		(14 715)	(17 243)
Operating expenses to group companies	1	**(18 262)**	**(23 044)**
FINANCIAL INCOME FROM GROUP COMPANIES			
Maritime Services		425 000	
Holding and Investments		49 860	227 279
Financial income from group companies	1	**474 860**	**227 279**
ACCOUNT RECEIVABLES AND ACCOUNT PAYABLES WITH GROUP COMPANIES			
Account receivables			
Maritime Services		9 406	264 346
Holding and Investments		1 333	922
Supply Services		272	
Account receivables from group companies	6	**11 010**	**265 269**
Account payables			
Maritime Services			(1 455)
Holding and Investments		(1 844)	(1 012)
Account payables to group companies	6	**(1 844)**	**(2 467)**

Cont. note 14 Related party transaction

NOK thousand	Note	2018	2017
NON CURRENT LOAN TO GROUP COMPANIES			
Holding and Investments*		27 000	7 613
Non current loan to group companies	6	**27 000**	**7 613**

*Loan to WilService (Holding and Investments segment) was provided at commercially reasonable market terms (average margins 3%). Interest rates are based on floating LIBOR-rates.

NOK thousand	Note	2018	2017
CURRENT LOAN TO GROUP COMPANIES			
Holding and Investments*		85 760	
Current loan to group companies	6	**85 760**	**0**

*Loan to Wilh.Wilhelmsen Holding Invest AS (Holding and Investments segment) was provided at commercially reasonable market terms (average margins 3%). Interest rates are based on floating LIBOR-rates.

Note 15 Events after the balance sheet date

No material 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 16 Statement on the remuneration for senior executives

The statement on senior executives' remuneration has been prepared in accordance with the Norwegian Public Limited Companies Act, the Norwegian Accounting Act and the Norwegian Code of Practice and is adopted by the board of directors.

For the purpose of this statement, senior executives include Thomas Wilhelmsen (group CEO), Christian Berg (group CFO), Jan Eyvin Wang (senior vice president industrial investments), Benedicte Teigen Gude (senior vice president HR and communications), Bjørge Grimholt (CEO and president Ships Service), Carl Schou (CEO and president Ship Management), and John Stangeland (CEO of NorSea Group).

The following guidelines are applicable for 2019.

General principles for the remuneration of senior executives
The remuneration of the group CEO is determined by the board. Remuneration of other senior executives is determined administratively based on frameworks specified by the board.

Remuneration shall be at a competitive level in the relevant labour market(s). It should be a tool for the board to retain and attract required leadership and motivational for the individual executive. The total remuneration package shall therefore consist of fixed remuneration (basic salary and benefits in kind) and variable, performance-based remuneration (short- and long-term incentive schemes). The remuneration system should be flexible and understandable.

The remuneration level shall reflect the complexity and responsibilities of each role and shall consider the group's breadth of international operations. With most of the positions based in Norway, the board primarily looks to other Norwegian companies operating in an international environment to ensure that remuneration levels are competitive.

Fixed salary
The main element of the remuneration package shall be the annual base salary. This is normally evaluated once a year in June based on individual performance, achieved results, how the results are achieved, market competitiveness, and local labour market trends.

Benefits in kind
The senior executives receive benefits in kind that are common for comparable positions. These include newspapers, mobile phone, broadband, insurance, and car salary.

Short-term variable remuneration
An annual variable pay scheme is a key component in the total reward package and is meant to emphasises the link between performance and pay. It aligns the senior executives with relevant, clear targets derived from the group's long-term strategy. The variable pay scheme includes a financial target (return of capital employed), a discretionary element and/or an individual/team target. Maximum opportunities for annual payments for senior executives are capped at four to six months' salary, depending on role.

Long-term variable remuneration
The senior executives (less the CEO of NorSea Group) also participate in a long-term incentive scheme running over a four-year period, based on the development of the group's value adjusted equity. The scheme aims to increase alignment with the shareholders' interests and how senior executives executes strategy and develop value for the group and its shareholders.

The value adjusted equity is determined using a sum-of-the-parts method: non-listed entities are valued using earnings multiples, earnings multiples less debt and minorities or at net asset value, while listed entities are valued at market price.

For the group CEO, maximum annual payment is 100% of base salary. For the remaining, the maximum payment is 50% of base salary.

For further details, see note 6 page 52 and note 2 page 90.

Pension scheme
Pension benefits for senior executives include coverage for old age, disability, spouse and children, and supplement payments by the Norwegian National Insurance system.

Pension obligations related to salaries above 12G (NOK 1 161 996) and the option to take early retirement, are insured in the case of group CEO. Group CEO has the right to a life-long pension constituting 50% of his annual salary retirement above 12G.

The group CFO has a special agreement to retire at the age of 67, with a gross compensation equal to 60% of base salary to the age of 70 The agreement includes pensions.

The presidents for Ships Service and Ship Management have a defined benefit plan for salary exceeding 12G financed through operations.

The remaining executives have a defined contribution plan for salary above 12G. For salary below 12G, they are all a part of the collective agreement.

Severance package scheme
The group CEO has a severance pay guarantee under which he has the right to receive up to 100% of his annual salary for 24 months after leaving the company because of mergers, substantial changes in ownership, or a decision by the board. After six months' notice period, possible income during the severance pay period will be deducted by up to 50%.

The other senior executives also have arrangements for severance payment beyond redundancy period following departure from the group.

Statement on senior executive remuneration in the previous fiscal year
Remuneration policy and development for the senior executives in the previous fiscal year built upon the same policies as those described above. For further details regarding the individual remuneration elements, see note 2 concerning pay and other remuneration for senior executives of the parent company and note 6 of the group accounts concerning senior executives of the group.

Auditor's report

To the General Meeting of Wilh. Wilhelmsen Holding ASA

Independent auditor's report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Wilh. Wilhelmsen Holding ASA, which comprise:

- The financial statements of the parent company Wilh. Wilhelmsen Holding ASA (the Company), which comprise the balance sheet as at 31 December 2018, the income statement, comprehensive income and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Wilh. Wilhelmsen Holding ASA and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2018, the income statement, comprehensive income, consolidated statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act.
- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In 2017, we focused on Discontinuing of the operations in the shipping and logistics segment and Completion of a material business combination. These two issues are now resolved and consequently no longer a focus area for our audit. In 2018, an area of focus for the audit has been Revenue from contracts with customers in the Maritime Services and Supply Services segments. We focused on this

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Auditor's report

Auditors Report - Wilh. Wilhelmsen Holding ASA

issue due to material amounts, the inherent complexity in handling many revenue streams, and the use of judgement in some of the areas within revenue.

Key Audit Matter	How our audit addressed the Key Audit Matter
Revenue from contracts with customers	
This has been an area of focus for the audit due to the amounts involved. Revenue from contracts with customers in the Maritime Services and Supply Services segments was USD 581 million and USD 283 million respectively for the year ended December 31, 2018. Further, there is an inherent risk of errors when a business handles multiple revenue streams, where each of them consists of large numbers of transactions that adds up to material amounts. The inherent risk of errors increase from the complexity that sometimes accompany the implementation of a new accounting standard; in this case IFRS 15 – Revenue from contracts with customers. The implementation of IFRS 15 required management to use judgement, particularly to determine the transaction price and to decide when performance obligations is satisfied. Furthermore, we focused on management's assessment of certain contracts where judgements was an integral part of the assessment of whether Wilh. Wilhelmsen Holding ASA acts as the agent or the principal. We refer to note 3 Revenue from contracts with customers, where management explain the various revenue streams and how they are accounted for under IFRS 15 - Revenue from contracts with customers. Here, management also explain the different performance obligations, measurement of the transaction price and whether income should be recognized net or gross.	We obtained and studied managements' accounting policy to assess it against relevant IFRSs. We discussed with management how the specific requirements of the standards, in particular IFRS 15 – Revenue from contracts with customers, were met. Our discussions included the impact the implementation and adoption of IFRS 15 had on accounting practices and policies within the Maritime Services and Supply Services Segments. We found that we were able to agree with management about their accounting policies and that their assessment of implementations effects were reasonable. To assess the accuracy of their practices, we tested, on a sample basis, each revenue stream towards information such as contract terms, invoices and bank payments. We found that the revenue was recorded accurate and in accordance with the underlying documentation. Further, to assess the determined transaction prices, we obtained an understanding of the price for services and products, including discounts and customer bonus through interviews with management, walkthroughs and review of process descriptions. In addition, we obtained and read a selection of customer contracts to understand whether the determined prices was in accordance with the contract terms. We found no significant deviations in management's assessments. Through interviews with management and review of a selection of sales documentation such as customer contracts and invoices; we obtained an understanding of the assumptions managements assessed to decide on when the performance obligations was satisfied. We concluded that management's assumptions were reasonable. To assess whether the accounting should reflect whether the company acted as an agent or a principal, we obtained and read a selection of contracts. We considered the specific contract terms, and held them up against the requirements in IFRS 15 and discussed with management and challenged their assessment. The accounting is arranged to reflect that Wilh. Wilhelmsen Holding ASA is an agent. We found management's

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Auditor’s report

Auditors Report - Wilh. Wilhelmsen Holding ASA

assessment to be appropriate.

We evaluated the appropriateness of the related disclosures in the accounting policies and note 3 to the financial statements for the Group to the requirements of the applicable financial reporting framework, IFRS. We found that the disclosure appropriately explained the revenue from contracts with customers.

Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (Management) are responsible for the preparation in accordance with law and regulations, including fair presentation of the financial statements of the Company in accordance with simplified application of international accounting standards according to the Norwegian Accounting Act section 3-9, and for the preparation and fair presentation of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company’s and the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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Auditor’s report

Auditors Report - Wilh. Wilhelmsen Holding ASA

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

(4)

Auditor's report

Auditors Report - Wilh. Wilhelmsen Holding ASA

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report and in the reports on Corporate Governance and Sustainability concerning the financial statements, the going concern assumption and the proposed allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements *(ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 14 March 2019
PricewaterhouseCoopers AS

Thomas Fraurud
State Authorised Public Accountant

(5)

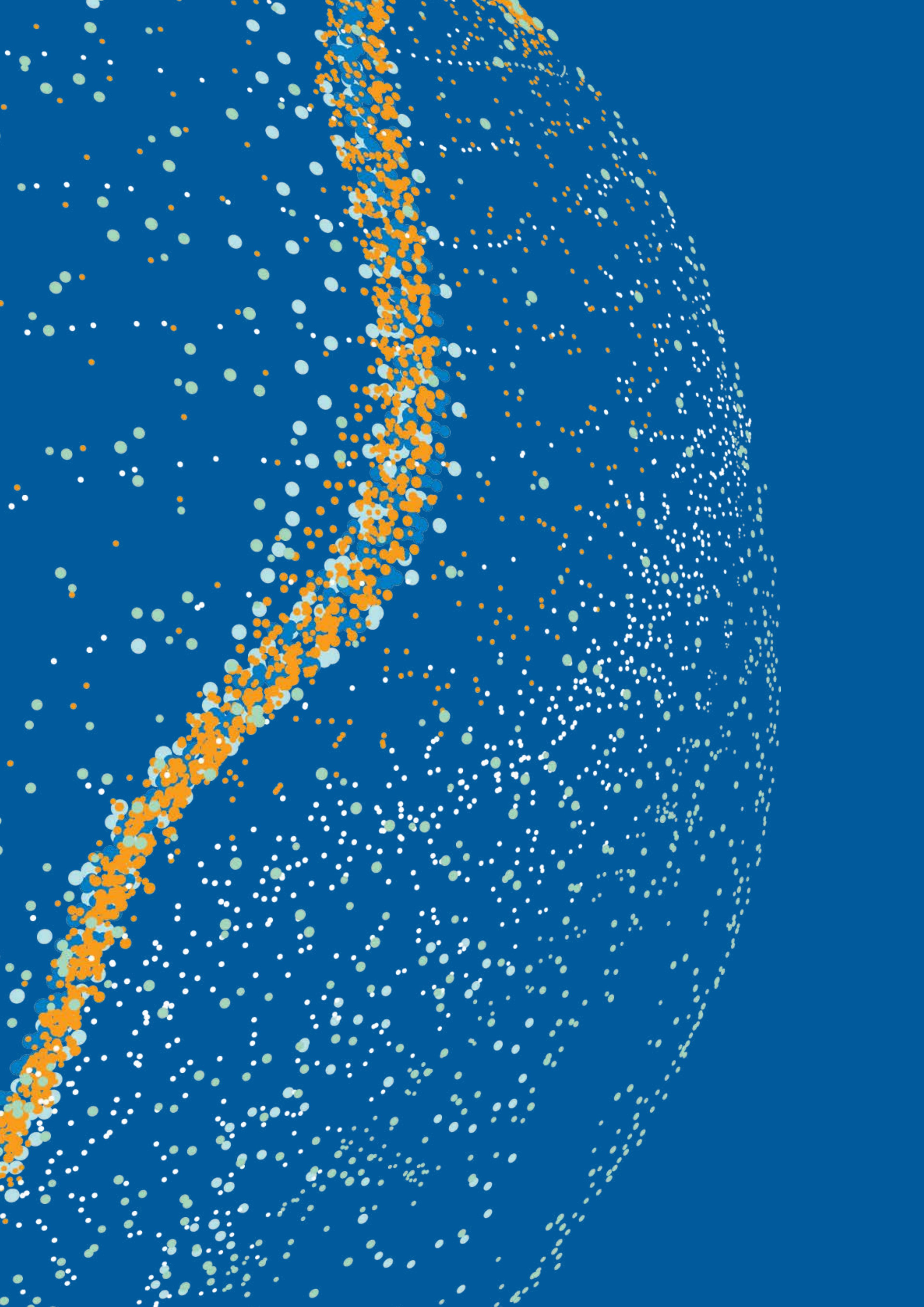
Responsibility statement

We confirm, to the best of our knowledge, that the financial statements for the period 1 January to 31 December 2018 have been prepared in accordance with current applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit for the entity and the group taken as a whole.

We also confirm that the Board of Directors' Report includes a true and fair review of the development and performance of the business and the position of the entity and the group, together with a description of the principal risks and uncertainties facing the entity and the group.

Lysaker, 14 March 2019
The board of directors of Wilh. Wilhelmsen Holding ASA

Diderik Schnitler chair	Trond Ø. Westlie	Carl Erik Steen
Irene Waage Basili	Cathrine Løvenskiold Wilhelmsen	Thomas Wilhelmsen group CEO



Ethics and anti-corruption

Our various stakeholders depend on us being transparent and compliant. Nothing less, nothing more. We do the right things, the right way. It is simply how we do business. We expect the same of our employees as we do of our customers, suppliers and other business partners.

Corporate governance

Corporate governance

A summary of the corporate governance report for 2018

Corporate governance comply or explain overview			
Section	Topic	Deviation	Reference in this report
01.	Implementation and reporting on corporate governance	None	Page 115
02.	Business	None	Page 115
03.	Equity and dividends	None	Page 115
04.	Equal treatment of shareholders and transactions with close associates	None	Page 116
05.	Shares and negotiability	None	Page 116
06.	General meetings	There is no requirement for the full board to attend the general meeting, and the board chair opens and directs the meeting	Page 116
07.	Nomination committee	None	Page 117
08.	Board of directors: composition and independence	The board chooses its own chair	Page 117
09.	The work of the board of directors	The full board serves as audit committee	Page 118
10.	Risk management and internal control	None	Page 118
11.	Remuneration of the board of directors	None	Page 118
12.	Remuneration of executive personnel	None	Page 119
13.	Information and communications	None	Page 119
14.	Take-overs	None	Page 119
15.	Auditor	None	Page 119

Reducing risk and improving accountability

We, as the board of Wilh. Wilhelmsen Holding ASA, are responsible for ensuring that the company is directed and controlled in an appropriate and satisfactory manner according to existing laws and regulations.

We believe sound corporate governance is important because it:
- reduces risk
- contributes to the greatest possible value creation over time in the best interests of the company’s shareholders, employees and other stakeholders
- ensures fair treatment of all our stakeholders
- ensures easy access to timely, accurate and relevant information about the company’s business
- strengthens the confidence in the company and increases the company’s attractiveness.

The Corporate governance report for 2018 is, amongst others, based on the requirements of the Norwegian Accounting Act and the recommendations of the Norwegian Code of Practice for Corporate Governance.

We, as the board, assess the company’s corporate governance to be of high standard, and discussed and approved the report on 14 March 2019. All the directors were present at the meeting.

Diderik Schnitler
Chair of the board

The board's corporate governance report for 2018

1. Implementation and reporting on corporate governance
Wilh. Wilhelmsen Holding ASA (Wilhelmsen) is a public limited company organised under Norwegian law. Listed on a regulated market (Oslo Børs), the company is subject to general Norwegian securities' legislation and Oslo Børs' regulations.

This corporate governance report follows the requirements of the Norwegian Accounting Act (§3-3b) and the recommendations in the Norwegian Code of Practice for Corporate Governance (Code of Practice, dated 17 October 2018). The Code of Practice includes provisions and guidance that in part elaborate on existing legislation and in part cover areas not addressed by legislation. The structure of this report is aligned with the structure of the Code of Practice.

This report is published as part of the company's annual report and available on the company's website.

Comply or explain principle
The corporate governance report follows the "comply and explain" principles. Where Wilhelmsen does not fully comply with the Code of Practice, an explanation of the reason for the deviation and what solution the company has selected has been included.

Deviations from the Code of Practice: None

2. Business
Business activities
According to Wilhelmsen's Articles of association, the company's objective 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. While present business activities mainly are within maritime services, shipping and related logistics services, the board finds it appropriate to maintain a broad objective to allow for a wider range of activities and investments.

Strategy and risk
The board has a yearly strategy review of the business portfolio and ownership strategy for main activities and investments, supplemented by selective business reviews on a regular basis.

The board further evaluate the risk profile on a quarterly basis.

A summary of the company's strategic direction and a risk review is included in the directors' report for 2018.

Stakeholder interests
Wilhelmsen is in regular dialogue with key stakeholders engaged in issues relating to the maritime industry and the corporate activities of the group. A description of various stakeholder interests and how this may impact Wilhelmsen is described in the group's sustainability report available on the company's website.

Sustainable business model
A responsible business model is necessary to be sustainable. Acknowledging that the company's activities affect its surroundings, the company issues an annual Sustainability report. The report is based on the requirements stated in the GRI Sustainability Reporting Standards (GRI Standards) and the ten principles of the UN Global Compact. The report, which also describes how the company actively contributes to reaching the Sustainable Development Goals, is available on the company's website.

The Sustainability report describes how Wilhelmsen combines long-term profitability with emphasis on ethical business conduct including respect for human rights, the natural environment and the societies in which the company operates. The report includes how the company addresses employee rights and working environment, human rights, health and safety issues, the external environment, prevention of corruption and how the company contributes to communities in which it operates.

Deviations from the Code of Practice: None

3. Equity and dividends
Capital structure
The board considers it appropriate for the parent company to maintain a low debt profile, with group business activities primarily financed on a non-recourse basis by the relevant subsidiary. This is consistent with the holding nature of the parent company.

Dividend
The dividend policy states that "the goal is to provide shareholders with a high return over time through a combination of value creation for the company's shares and payment of dividend. The objective is to have consistent yearly dividend paid twice annually".

Wilhelmsen has a history of paying dividend twice a year, with total consideration varying between NOK 5.00 and NOK 5.50 per share for the five-year period 2014-18. The first dividend has varied been NOK 3.00 and NOK 3.50 per share while the second dividend has been between NOK 1.50 and NOK 2.00 per share. In 2018, the company paid a total dividend of NOK 5.50 per share, split on NOK 3.50 and NOK 2.00 as first and second dividend respectively.

To be able to continue the practice of dividend paid twice annually, the board is proposing to the annual shareholder meeting scheduled for 30 April 2019 a first dividend of NOK 2.50, and that the board is authorised to pay additional dividend of up to NOK 2.50 per share.

Mandate to increase share capital or purchase own shares
At the 26 April 2018 annual general meeting, the board proposed and was granted an authorisation to acquire shares in the company with a nominal value of up to NOK 92 807 648, equivalent to 10% of the current share capital. The reason for the proposal was that it enables the adjustment of capital structure and balance to the company's needs, as framework conditions for the industry change.

The board has not used the authority during the period up to date of this report, and has made a proposal to the next annual general meeting to be held on 30 April 2019 for a renewal of the mandate for a period of one year.

The board has not requested, and the general meeting has as such not granted, any board mandate to increase the company's share capital.

Deviations from the code: None

4. Equal treatment of shareholders and transactions with close associates

Transactions in own shares
Any transactions the company carries out in its own shares are carried out through the stock exchange and at prevailing stock exchange prices, or in such other ways which will ensure equal treatment of all shareholders.

Transaction with close associates
Any transactions taking place between a principal shareholder or close associates and the company will apply prices and other terms and conditions common for such agreements. A similar principle is used for transactions between companies within the group. In the event of material transactions, the company will seek independent valuation. Relevant transactions will be publicly disclosed to seek transparency. The board instruction includes procedures for how to handle any situations where a board member has a personal or financial interest related to a board matter.

Deviations from the Code of Practice: None

5. Freely negotiable shares

Listed on the Oslo børs with the tickers "WWI" and "WWIB" for the Class A and Class B shares respectively, all shares are freely negotiable. There are no restrictions on negotiability in the company's Articles of associations.

Deviations from the Code of Practice: None

6. General meetings

Matters to be dealt with and decided by the annual general meeting and procedures related to general meetings are outlined in article 7 of the Articles of associations.

The annual general meeting is normally held late April or early May. In addition, extraordinary general meetings may be convened if required.

Shareholders with Norwegian VPS accounts or known addresses are notified electronically through the Norwegian VPS system or by mail no later than 21 days prior to a general meeting.

Proposed resolutions, together with relevant supporting documents are published on the Wilhelmsen website no later than 21 days prior to the general meeting. For annual general meetings, this include the annual report (including directors report, annual accounts and the auditor's report), statement on the remuneration for senior executives, statement on corporate governance, and the nomination committee report. Shareholders may, upon request, receive hard copies of the material.

Shareholders may attend the general meeting in person, nominate a proxy, or vote in advance. The vote may be through electronic communication. The attendance form, proxy nomination, or advance vote must be received by the company's registrar no later than two working days before the meeting takes place. As a general rule, shareholders may vote on each individual matter, including individual candidates nominated for election.
The board chair, nomination committee chair, group CEO, group CFO, and auditor will

normally attend the annual general meeting, together with other members of the board and management if available. There is no requirement for the full board to attend a general meeting.

The board chair opens and directs the general meeting in accordance with Article 7 of the Articles of association.

The minutes of general meetings are published on the Oslo Børs news service and available on the company's website.

Deviations from the Code of Practice: There is no requirement for the full board to attend the general meeting, and the board chair opens and directs the meeting

7. Nomination committee

The work of the Wilhelmsen nomination committee follows the "Guidelines for the duties of the nomination committee" approved by the general meeting on 28 April 2011. A revised guideline has been proposed for approval by the general meeting scheduled for 30 April 2019, together with a proposal to amend the Articles of association to include the role of the nomination committee.

The nomination committee consists of the following members:

Nomination committee member	Elected	Period	Elected to
Wilhelm Wilhelmsen (chair)	26.04.2018	2 years	2020
Frederik Selvaag	26.04.2018	2 years	2020
Jan Gunnar Hartvig	26.04.2018	2 years	2020

Wilhelm Wilhelmsen is related to the group CEO and acts as an advisor to the board. The other nomination committee members are independent of the board and executive employees.

As part of the nomination process, the committee has contact with relevant stakeholders. A revised procedure has been established and published on the company website, whereby shareholders may propose candidates for election.

The nomination committee provides its recommendation to the annual general meeting in form of a report, which among other includes justification of individual candidates.

Deviations from the Code of Practice: None (subject approval of proposed changes to the Articles of association by the annual general meeting)

8. Board of directors: composition and independence

According to article 5 of the Articles of association, the company's board is made up of five to seven members and up to three deputy members. It chooses its own chair.

The composition of the board is made to ensure it meets the company's need for expertise, capacity and diversity. Focus is also on ensuring that the board can function effectively as a collegiate body. Information on the background and experience of the individual board members are available on the company's website.

During 2018, the board consisted of the following members:

Board member	Last time elected	Period	Elected to
Diderik Schnitler (chair)	27.04.2017	2 years	2019
Carl Erik Steen	27.04.2017	2 years	2019
Cathrine Løvenskiold Wilhelmsen	27.04.2017	2 years	2019
Irene Waage Basili*	26.04.2018	2 years	2018/20
Trond Westli**	26.04.2018	2 years	2020
Odd Rune Austgulen***	03.05.2016	2 years	2018

* Re-elected at the 26.04.2018 Annual general meeting
** Elected at the 26.04.2018 Annual general meeting
*** Resigned from the board at the 26.04.2018 annual general meeting

The board does not include executive employees, and all board members are independent of the executive management. Cathrine Løvenskiold Wilhelmsen is related to the Wilhelmsen family, which is the main shareholder group of the company. All other board members are independent of the main shareholder group.

The group CEO and group CFO are normally present at board meetings, as is other executives depending on agenda and issues to be discussed.

The board instruction encourages board members to own shares in the company.

Deviations from the Code of Practice: The board chooses its own chair

9. The work of the board of directors

Board instruction and work of the board

The board has issued instructions for its own work. The instruction reflects the role, responsibilities, and work procedures of the board as laid down in the Norwegian Public Companies Act. This includes procedures for how to handle any situations where a board member has a personal or financial interest related to a board matter.

The board evaluates its performance and expertise on an annual basis. A summary of the evaluation is provided as input to the nomination committee.

During 2018, the board held eight meetings, in addition to a full day strategy session.

According to article 5 of the Articles of association, “the full board shall jointly serve as the company’s audit committee.” As the Wilhelmsen board consists of five members, this is regarded the most effective solution. For the same reason, the board has not deemed it desirable to have a separate remuneration committee, nor other separate committees to follow up on specific issues.

Executive committee for industrial democracy

Wilhelmsen maintains an executive committee for industrial democracy in foreign trade shipping (“Rederistyret”), securing the interest of the employees related to the board. The committee meet prior to a corresponding board meeting.

The present committee consists of seven members, elected for a period of four years from 2018. Five members were elected by and among the employees and two were appointed by the management. Each employee representative has a personal deputy, and the management representatives have a joint deputy. One of the management representatives is the group CEO.

During 2018, the committee held three meetings.

Executive management instructions

The duties, responsibilities and authority of the group CEO follows instructions made by the board and the Norwegian Public Companies Act. The instructions made by the board also include authorities given to other executive employees.

The executive management of the Wilhelmsen group includes a group management team and the board and management of subsidiaries.

Members of the group management team chairs or sits on the board of main subsidiaries and companies where Wilhelmsen has material ownership interests and/or a shareholder agreement which defines board composition. Management of subsidiaries are based on the Wilhelmsen group policies and governance principles.

Deviations from the Code of Practice: The full board serves as audit committee.

10. Risk management and internal control

The board believes that the company’s internal control and risk management are sound and appropriate given the extent and nature of the company’s activities. The system contributes to sound control characterised by integrity and ethical attitudes throughout the organisation.

Governing documents, the code of conduct, policies, policy descriptions and procedures are documented and electronically available to the company’s employees through the company’s global integrated management system. Various internal control activities give management assurance that the internal control of financial systems, group policies and subsidiary boards are working adequately and according to management’s expectations.

The group has a global whistleblowing system including procedures and channels for giving notice to the company about potential non-compliance. The whistleblowing channel is available for internal and external parties.

The board reviews the company’s risk matrix on a quarterly basis and the internal control arrangements at least once a year.

Financial reporting

Financial reporting is covered by the company’s policies, policy descriptions, and procedures. Financial statements are prepared monthly, and Wilhelmsen reports to the market on a quarterly basis.

The board performs an internal financial audit review prior to the release of quarterly results, and when otherwise deemed required.

Deviations from the Code of Practice: None

11. Remuneration of the board of directors

Remuneration of directors is determined by the annual general meeting and is not dependent upon the company’s results. The fee reflects the responsibilities of the board, its expertise, the amount of time devoted to its work and the complexity of the company's businesses. No director holds share options in the company.

In 2018, none of the directors performed assignments for the company other than serving on the board of the company.

An overview of the directors' remuneration is specified in note 6 to Wilhelmsen group accounts and note 2 to the parent company accounts, of which the latter includes an overview of shares in Wilhelmsen held by the individual director.

Deviations from the Code of Practice: None

12. Remuneration of executive personnel
A statement on the remuneration for senior executives is provided in note 16 to the Wilhelmsen parent company accounts. An advisory vote is to be held at the annual general meeting concerning the statement.

The remuneration of senior executives is further detailed in note 6 to the group accounts and note 2 to the parent company accounts.

Deviations from the Code of Practice: None

13. Information and communication
The board has established an investor relations policy which is published on the company's website. The policy complies with the Oslo Børs Code of Practice for IR of 1 March 2017.

According to the policy, Wilhelmsen will publish interim reports each quarter in addition to half-year and annual reports. In 2018, two of the quarterly reports were covered through webcast presentations which included a Q&A session.

The investor relations policy further states that the main source of information about the Wilhelmsen group is the Wilhelmsen website, including financial information, governing elements and company news.

Deviations from the Code of Practice: None

14. Takeovers
The board will handle any possible take-over bid in accordance with Norwegian corporate law. There are no defence mechanisms against take-over bids in the Articles of association, and the company has not implements any measures to limit the opportunity to acquire shares in the company. In the event of a take-over bid for the company's shares, the board will undertake an evaluation of the proposed bid terms and provide a recommendation as to whether shareholders should or should not accept the bid. The recommendation will state whether the boards' evaluation is unanimous and the reasons for any dissent.

Deviations from the Code of Practice: None

15. Auditor
The auditor for Wilhelmsen is PricewaterhouseCoopers AS.

The key features of the external audit plan are reviewed by the board on an annual basis, with the auditor being present if deemed required.

The auditor is also invited to attend the meeting where the board deal with the annual accounts (preliminary and/or final accounts), and at other occasions where the board so requests.

Finally, the board has a yearly meeting with the auditor without the presence of management.

The board has established the principle that use of the auditor for services other than audit shall be limited.

The fee to external auditors, broken down by statutory work, other assurance services, tax services, and other assistance, is specified in note 6 to the Wilhelmsen group accounts and note 2 to the parent company accounts.

Deviations from the Code of Practice: None

Group mangement team

From left:
Benedicte Teigen Gude
(SVP HR and communications)

Thomas Wilhelmsen
(group CEO)

Jan Eyvin Wang
(SVP Industrial investments)

Christian Berg
(group CFO)

Innovation

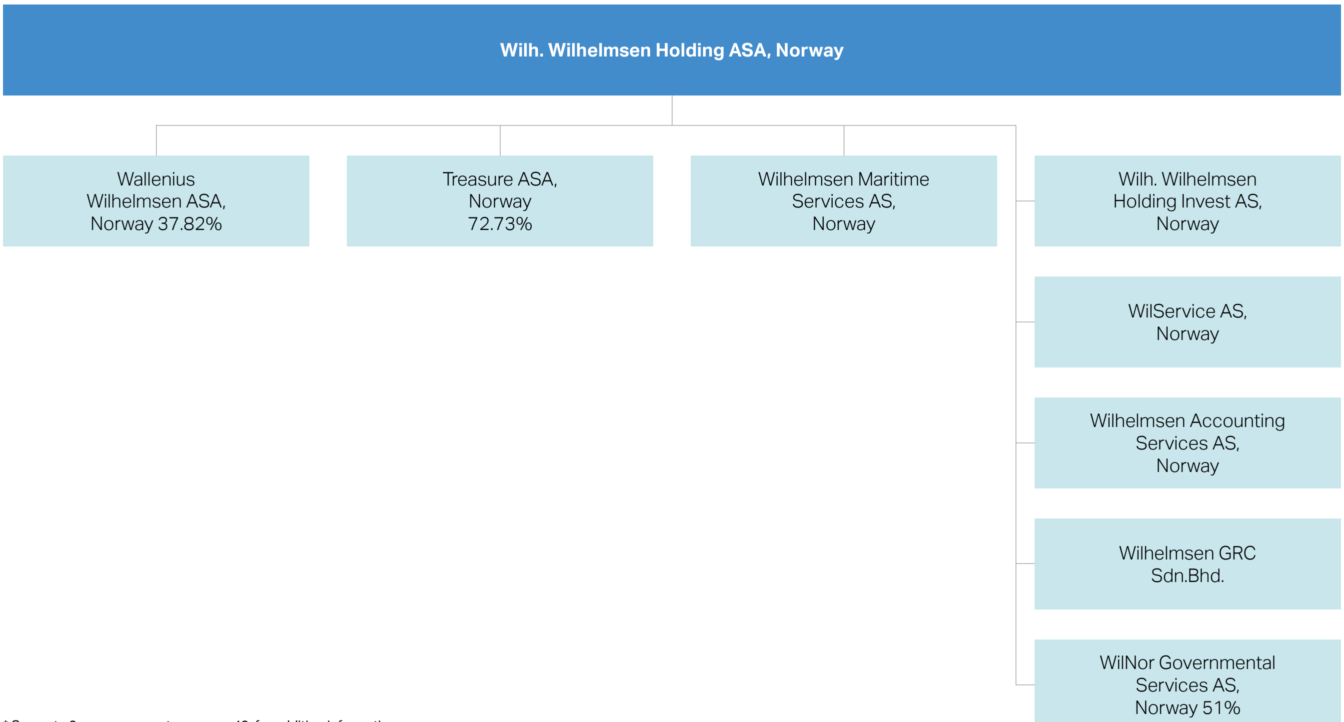
We need to pursue initiatives aimed at building and meeting our stakeholders' ever-changing needs. The maritime industry finds itself amid a perfect storm of economic stresses, regulatory changes and technological disruption. The changes needed to meet the challenges will not come from what worked yesterday, but rather from cleverly leveraging the potential of technology and digitalisation. We shape the maritime industry.

Corporate structure

Corporate structure

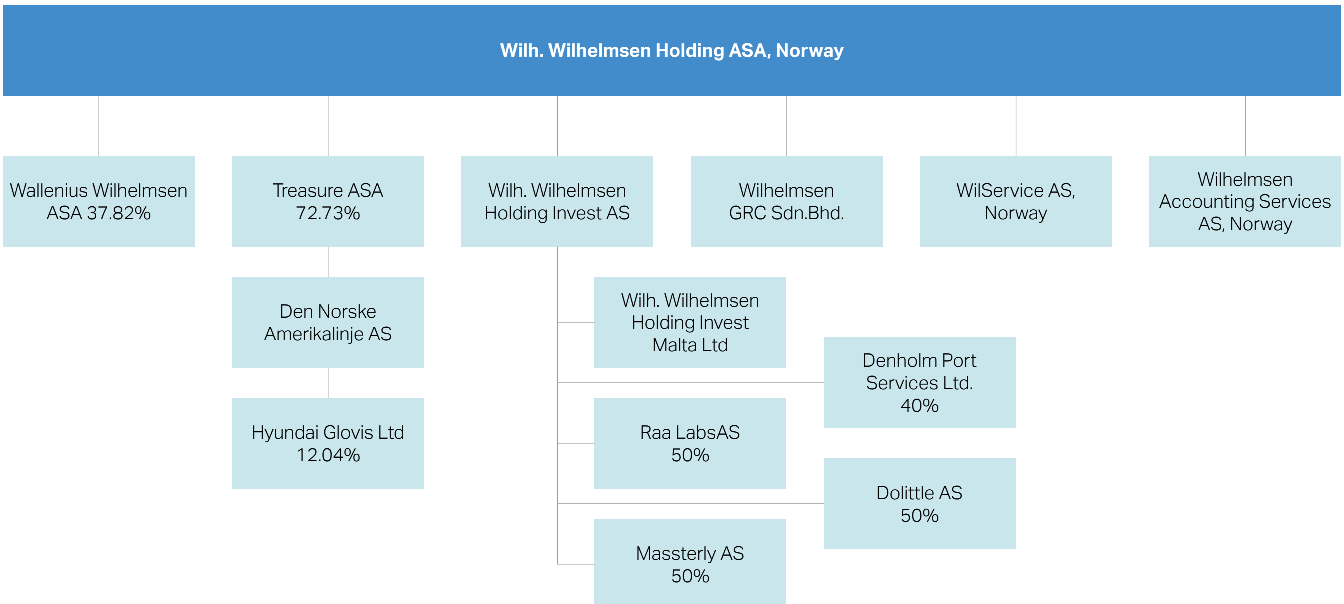
As of 31 December 2018

WWH group*



* See note 2, group accounts on page 42, for addition information

Holding and investments segment



Unless otherwise stated, the company is wholly-owned.

Supply services segment

Wilh. Wilhelmsen Holding ASA, Norway

- WilNor Governmental Services AS 51%
- Wilh. Wilhelmsen Holding Invest AS
  - NorSea Group AS 75.15%
    - For group company list sorted by business area see below list.

cont. Supply services segment

Company name	Country	Business office	Share
Norsea Group AS			
Companies owned by NorSea Group AS			
NorSea Group Property AS	Norway	Tananger	100.00%
NorSea Group Operations AS	Norway	Tananger	100.00%
NorSea Group DENMARK A/S	Denmark	Esbjerg	100.00%
NorSea Group UK Ltd	Scotland	Aberdeen	100.00%
NorSea Group Australia PTY Ltd	Australia	Perth	100.00%
Wilnor Governmental Services AS	Norway	Lysaker	49.00%
NSG Wind A/S	Denmark	Aarhus	100.00%
Norsea 123 Ltd.	Scotland	Aberdeen	100.00%
Companies owned through subsidiaries			
Vestbase AS	Norway	Kristiansund	100.00%
Vestbase Eiendom AS	Norway	Kristiansund	100.00%
Averøy Eiendom AS	Norway	Kristiansund	100.00%
Orvikan Eiendom AS	Norway	Kristiansund	100.00%
Stordbase AS	Norway	Stord	100.00%
NorSea AS	Norway	Stavanger	100.00%
Maritime Logistic Services AS	Norway	Stavanger	100.00%
Viking Fighter AS	Norway	Tananger	100.00%
NorSea Eiendom Dusavik AS	Norway	Stavanger	100.00%
NorSea Eiendom Tananger AS	Norway	Tananger	100.00%
NorSea Tananger 107 AS	Norway	Tananger	100.00%
Tananger Eiendom AS	Norway	Tananger	100.00%
Nsg Digital As	Norway	Stavanger	100.00%
Øer Energy Ltd		UK	100.00%
Øer GMBH	Germany	Germany	100.00%
Øer A/S	Denmark	Denmark	100.00%
Øer BV	Netherland	Netherland	100.00%

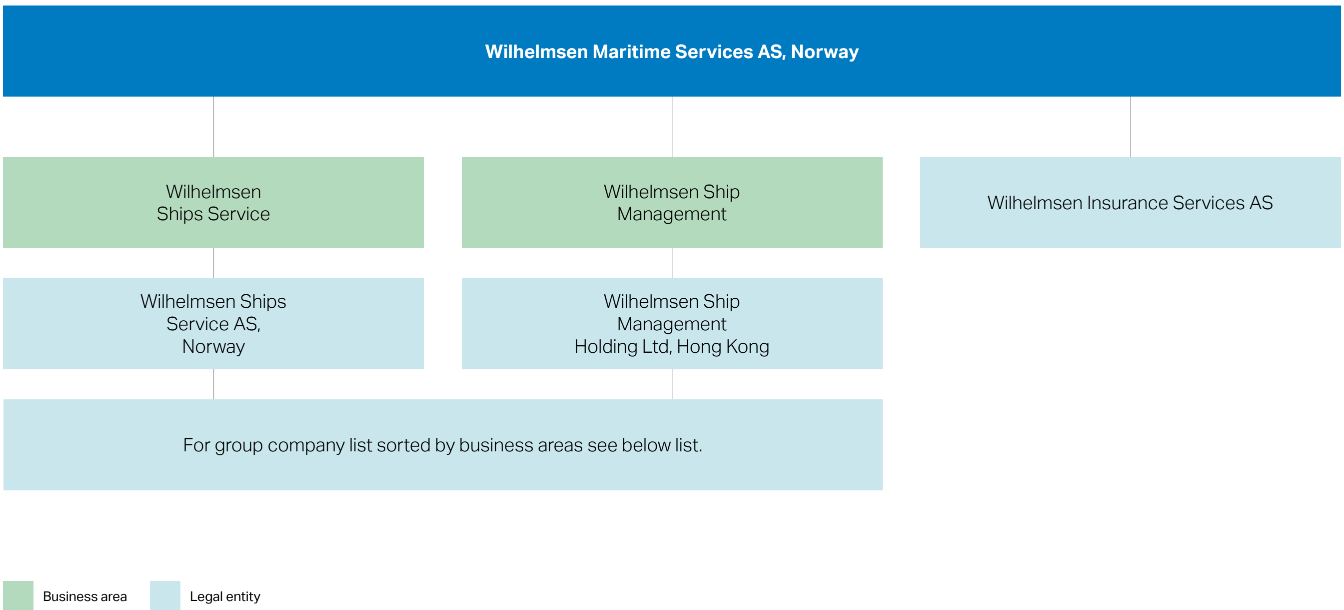
cont. Supply services segment

Company name	Country	Business office	Share
Companies owned through subsidiaries			
Polarbase Eiendom AS	Norway	Hammerfest	95.62%
Polarbase AS	Norway	Hammerfest	94.96%
Maritime Waste Management AS *	Norway	Kristiansund	75.00%
Norbase AS	Norway	Harstad	75.00%
Mid-Nor Yard Service AS ***	Norway	Kristiansund	75.00%
NSG Maritime AS	Norway	Stavanger	73.00%
Westport AS	Norway	Tananger	66.66%
Dusavik Utvikling AS *****	Norway	Stavanger	50.10%
Coast Center Base AS	Norway	Fjell	50.00%
SørSea AS	Norway	Tananger	50.00%
Polarlift AS	Norway	Hammerfest	50.00%
KS Coast Center Base	Norway	Fjell	49.75%
Risavika Havn AS **	Norway	Tananger	42.82%
Risavika Eiendom AS	Norway	Tananger	42.00%
Bring Logistics Polarbase AS	Norway	Hammerfest	41.00%
Eldøyane Næringspark AS	Norway	Stord	37.91%
Risavika Havnering 14 AS	Norway	Stavanger	33.33%
Strandparken Holding AS ***	Norway	Hammerfest	33.07%
Logiteam AS******	Norway	Kokstad	17.00%
CCB Subsea AS*******	Norway	Aagotnes	17.00%
Hammerfest Næringsinvest AS	Norway	Hammerfest	32.26%

* NorSea Group Operations AS owns 50% of Maritime Waste Management AS, remaining 50% is owned by Coast Center Base AS. NorSea Group Operations AS owns 50% of Coast Center Base AS. Total direct and indirect NorSea Group AS owns 75% of Maritime Waste Management AS.
** NorSea Eiendom Tananger AS owns 34% of Risavika Havn AS. NorSea Eiendom Tananger AS owns 42% of Risavika Eiendom AS which owns 21% of Risavika Havn AS. Total direct and indirect NorSea Group AS owns 42.82% of Risavika Havn AS.
*** Polarbase Eiendom AS owns 25% of Strandparken Holding AS. Polarbase Eiendom AS owns 32.26% of Hammerfest Næringsinvest AS. Hammerfest Næringsinvest AS owns 25% of Strandparken Holding AS. Total direct and indirect NorSea Group AS owns 33.07% of Strandparken Holding AS.
**** Vestbase Eiendom AS owns 50% of Mid-Nor Yard Services AS, remaining 50% is owned by Coast Center Base AS. NorSea Group Operations owns 50% of Coast Center Base AS. Total direct and indirect NorSea Group AS owns 75% of Mid-Nor Yard Services AS.
***** NSG own 40% of Dusavik Utvikling AS. K2 owns 60% of Dusavik Utvikling. NorSea Eiendom dusavik owns 16.83% of K2.
****** NSG Operation 17%, CCB 51%.
******* NSG Operation 17%, CCB 18%, Logiteam 51%.

Investments in subsidiaries and associates are measured according to cost method in the financial statements.
In the consolidated accounts associated companies are measured according to the equity method.

Maritime services segment



Unless otherwise stated, the company is wholly-owned.

cont. Maritime services segment

Company name	Country	Ownership %
Wilhelmsen Maritime Services		
Wilhelmsen Insurance Services AS	Norway	100.00%
Wilhelmsen Ship Management		
Wilhelmsen Ship Management Serviços Marítimos do Brasil Ltda	Brazil	100.00%
Wilhelmsen Marine Personnel d.o.o.	Croatia	100.00%
BWW LPG Limited	Hong Kong	49.00%
Barklav (Hong Kong) Limited	Hong Kong	50.00%
Wilhelmsen Marine Personnel (Hong Kong) Ltd	Hong Kong	100.00%
Wilhelmsen Ship Management Holding Limited	Hong Kong	100.00%
Wilhelmsen Ship Management Limited	Hong Kong	100.00%
WSM Global Services Limited	Hong Kong	100.00%
Wilhelmsen Ship Management (India) Private Limited	India	100.00%
BWW LPG Sdn Bhd	Malaysia	49.00%
Wilhelmsen Ship Management Sdn Bhd	Malaysia	100.00%
Wilhelmsen Ship Management Services Sdn Bhd	Malaysia	100.00%
Diana Wilhelmsen Management Limited	Marshall Islands	50.00%
Unicorn Shipping Services Limited	Mauritius	79.00%
Barber Moss Ship Management AS	Norway	100.00%
Wilhelmsen Marine Personnel (Norway) AS	Norway	100.00%
Wilhelmsen Ship Management (Norway) AS	Norway	100.00%
OOPS (Panama) SA	Panama	100.00%
Wilhelmsen-Smith Bell Manning Inc	Philippines	50.00% *
Wilhelmsen Marine Personnel Sp z.o.o.	Poland	100.00%
Wilhelmsen Ship Management Korea Ltd	Republic of Korea	100.00%
Barklav SRL	Romania	50.00%
Wilhelmsen Marine Personnel Novorossiysk Ltd	Russia	100.00%
Wilhelmsen Ship Management Singapore Pte Ltd	Singapore	100.00%
Wilhelmsen Marine Personnel (Ukraine) Ltd	Ukraine	100.00%
Wilhelmsen Ship Management UK Limited	United Kingdom	100.00%
Wilhelmsen Ship Management (USA) Inc	United States	100.00%
Wilhelmsen Ships Service		
Wilhelmsen Ships Service Algeria SPA	Algeria	75.00%
Wilhelmsen Ships Service Argentina SA	Argentina	100.00%
New Wave Maritime Services Pty Ltd	Australia	100.00%
Wilhelmsen Ships Service Pty Limited	Australia	100.00%
WLB Shipping Pty Ltd	Australia	100.00%
WWHI Property Australia Pty Ltd	Australia	100.00%
Almoayed Wilhelmsen Ltd	Bahrain	50.00%
Wilhelmsen Ships Service NV	Belgium	100.00%
Wilhelmsen Ships Service do Brasil Ltda	Brazil	100.00%
Wilhelmsen Ships Service Ltd	Bulgaria	100.00%
Wilhelmsen Ships Service Inc	Canada	100.00%
Wilhelmsen Ships Service Agencia Maritima SA	Chile	100.00%
Wilhelmsen Ships Service (Chile) S.A.	Chile	100.00%
Wilhelmsen Huayang Ships Service (Beijing) Co Ltd	China	50.00%
Wilhelmsen Huayang Ships Service (Shanghai) Co Ltd	China	50.00%
Wilhelmsen Ships Service Co Ltd	China	100.00%
Wilhelmsen Ships Service Colombia SAS	Colombia	100.00%
Wilhelmsen Ships Service Cote d'Ivoire SARL	Cote d'Ivoire	100.00%
Wilhelmsen Ships Service Cyprus Ltd	Cyprus	100.00%
Wilhelmsen Ships Service A/S	Denmark	100.00%
Wilhelmsen Ships Service Ecuador SA	Ecuador	100.00%
Barwil Arabia Shipping Agencies SAE	Egypt	35.00%
Barwil Egytrans Shipping Agencies SAE	Egypt	70.00%
Scan Arabia Shipping Agencies SAE	Egypt	70.00%
Wilhelmsen Ships Services LLC (Egypt)	Egypt	100.00%

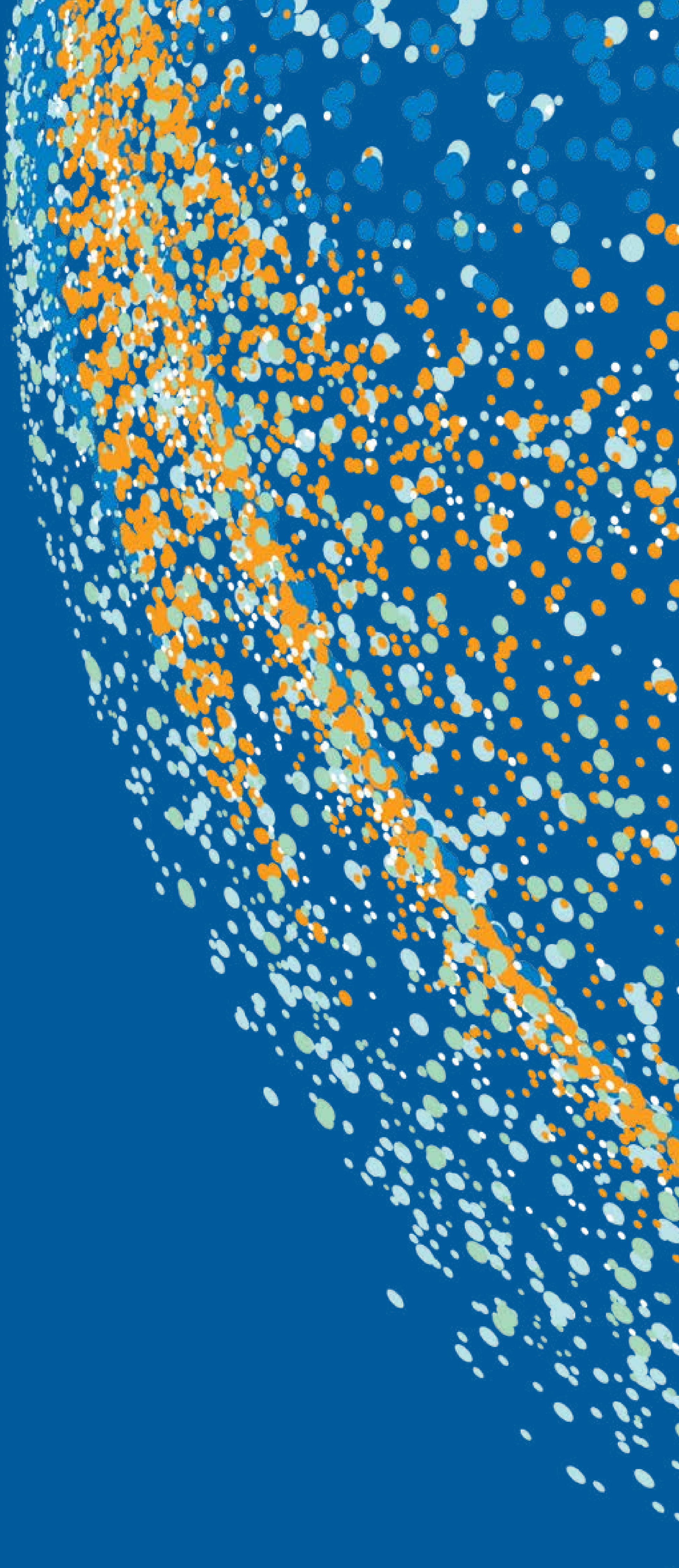
cont. Maritime services segment

Company name	Country	Ownership %
Wilhelmsen Ships Service		
Wilhelmsen Ships Service Oy Ab	Finland	100.00%
Auxiliaire Maritime SAS	France	100.00%
Wilhelmsen Ships Service France SAS	France	100.00%
Barwil Georgia Ltd	Georgia	50.00%
Wilhelmsen Ships Service Georgia Ltd	Georgia	50.00%
Barwil Agencies GmbH	Germany	100.00%
Wilhelmsen Ships Service GmbH	Germany	100.00%
Wilhelmsen Ships Service (Gibraltar) Limited	Gibraltar	100.00%
Wiltrans (Gilbraltar) Limited	Gibraltar	100.00%
Barwil Hellas Ltd	Greece	60.00%
Uniref SA	Greece	100.00%
Wilhelmsen Ships Service Hellas SA	Greece	100.00%
Wilhelmsen Ships Service Limited	Hong Kong	100.00%
Wilhelmsen Maritime Services Private Limited	India	100.00%
Barwil For Maritime Services Co Ltd	Iraq	100.00%
Iraqi-Norwegian Company For Marine Navigation and Maritime Services Ltd	Iraq	100.00%
Wilhelmsen Ships Service SpA	Italy	100.00%
Wilhelmsen Ships Service (Japan) Pte Ltd - Japan Branch	Japan	100.00%
Wilhelmsen Ships Service Co Ltd	Japan	100.00%
Wilhelmsen Ships Service Ltd	Kenya	100.00%
Alghanim Barwil Shipping Co-Kutayaba Yusuf Ahmed & Partners WLL	Kuwait	49.00%
Wilhelmsen Ships Services Lebanon S.A.L.	Lebanon	49.00%
Wilhelmsen Freight & Logistics Sdn Bhd	Malaysia	100.00%
Wilhelmsen IT Services Sdn Bhd	Malaysia	100.00%
Wilhelmsen Ships Service Holdings Sdn Bhd	Malaysia	100.00%
Wilhelmsen Ships Service Malaysia Sdn Bhd	Malaysia	100.00%
Wilhelmsen Ships Service Trading Sdn Bhd	Malaysia	100.00%
WSS Global Business Services Sdn Bhd	Malaysia	100.00%
Wilhelmsen Ships Service Malta Limited	Malta	100.00%
Unitor de Mexico, SA de CV	Mexico	100.00%
Wilhelmsen Ships Service (Mozambique), Limitada	Mozambique	100.00%
Wilhelmsen Ships Service (Myanmar) Limited	Myanmar	100.00%
Wilhelmsen Ships Service BV	Netherlands	100.00%
Unitor Ships Service NV Netherland Anthilles	Netherlands Antilles	100.00%
Wilh. Wilhelmsen (New Zealand) Limited	New Zealand	100.00%
Wilhelmsen Ships Service Limited	New Zealand	100.00%
Barwil Agencies AS	Norway	100.00%
Wilhelmsen Chemicals AS	Norway	100.00%
Wilhelmsen IT Services AS	Norway	100.00%
Wilhelmsen Ships Service AS	Norway	100.00%
Wilhelmsen Towell Co LLC	Oman	60.00%
Wilhelmsen Ships Service (Private) Limited	Pakistan	49.00% *
Barwil Agencies SA	Panama	100.00%
Intertransport Air Logistics SA	Panama	100.00%
Lowill SA	Panama	100.00%
Scan Cargo Services SA	Panama	100.00%
Transcanal Agency SA	Panama	100.00%
Wilhelmsen Ships Service SA	Panama	100.00%
Wilhelmsen-Smith Bell (Subic) Inc	Philippines	50.00%
Wilhelmsen-Smith Bell Shipping Inc	Philippines	49.00% *
Wilhelmsen Ships Service Philippines Inc	Philippines	100.00%
Wilhelmsen Ships Service Polska Sp z.o.o.	Poland	100.00%
Wilhelmsen Business Service Center sp. Z.o.o.	Poland	100.00%
Argomar-Navegcao e Transportes SA	Portugal	100.00%
Wilhelmsen Ships Service Portugal, S.A	Portugal	100.00%
Perez Torres Portugal Lda	Portugal	50.00%
Wilhelmsen Ship Services Qatar Ltd	Qatar	100.00%

cont. Maritime services segment

Company name	Country	Ownership %
Wilhelmsen Ships Service		
Wilhelmsen Hyopwoon Ships Service Ltd	Republic of Korea	50.00%
Wilhelmsen Ship Services Co Ltd	Republic of Korea	100.00%
Barwil Star Agencies SRL	Romania	100.00%
Wilhelmsen Ships Service OOO	Russia	100.00%
Limited Liability Company "Wilhelmsen Marine Products"	Russia	100.00%
Binzagr Barwil Maritime Transport Co Ltd	Saudi Arabia	50.00%
Wilhelmsen Ships Service Senegal SUARL	Senegal	100.00%
Unitor Cylinder Pte Ltd	Singapore	100.00%
Wilhelmsen Ships Service (Japan) Pte Ltd	Singapore	100.00%
Wilhelmsen Ships Service (S) Pte Ltd	Singapore	100.00%
Wilhelmsen Global Husbandry Services Pte. Ltd.	Singapore	100.00%
Timm Slovakia s.r.o	Slovakia	100.00%
Barwil (South Africa) Pty Ltd	South Africa	100.00%
Krew-Barwil (Pty) Ltd	South Africa	49.00%
Wilhelmsen Ships Services (Pty) Ltd	South Africa	100.00%
Wilhelmsen Ships Services South Africa (Pty) Ltd	South Africa	70.00%
Wilhelmsen Ships Service Canarias SA	Spain	100.00%
Wilhelmsen Ships Service Spain SA	Spain	100.00%
Wilhelmsen Meridian Navigation Ltd	Sri Lanka	40.00%
Ocean Shipping Co. Ltd.	Sudan	80.00%
Alarbab For Shipping Co. Ltd	Sudan	80.00%
Wilhelmsen Ships Service AB	Sweden	100.00%
Wilhelmsen Ships Service Inc	Taiwan	100.00%
Wilhelmsen Ship Services Ltd	Tanzania	100.00%
Wilhelmsen Ships Service (Thailand) Ltd	Thailand	51.00%
Wilhelmsen Denizcilik Hizmetleri Ltd Sirketi	Turkey	100.00%
Wilhelmsen Lojistick Hizmetleri Ltd Sirketi	Turkey	100.00%
Wilhelmsen Ships Service Ukraine Ltd	Ukraine	100.00%
Barwil Abu Dhabi Ruwais LLC	United Arab Emirates	50.00%
Barwil Dubai LLC	United Arab Emirates	50.00%
Wilhelmsen Ship Services LLC	United Arab Emirates	42.50%
Triangle Shipping Agencies LLC	United Arab Emirates	50.00%
Wilhelmsen Ships Service AS (Dubai Branch)	United Arab Emirates	100.00%
Wilhelmsen Maritime Services JAFZA	United Arab Emirates	100.00%
Wilhelmsen Ships Service (LLC)	United Arab Emirates	49.00% *
Wilhelmsen Ships Service Limited	United Kingdom	100.00%
Wilhelmsen Ships Service Inc	United States	100.00%
Unitor Holding Inc.	United States	100.00%
Wilhelmsen Sunnytrans Co Ltd	Vietnam	50.00%
International Shipping Co Ltd	Yemen	55.00%

* Additional profit share agreement



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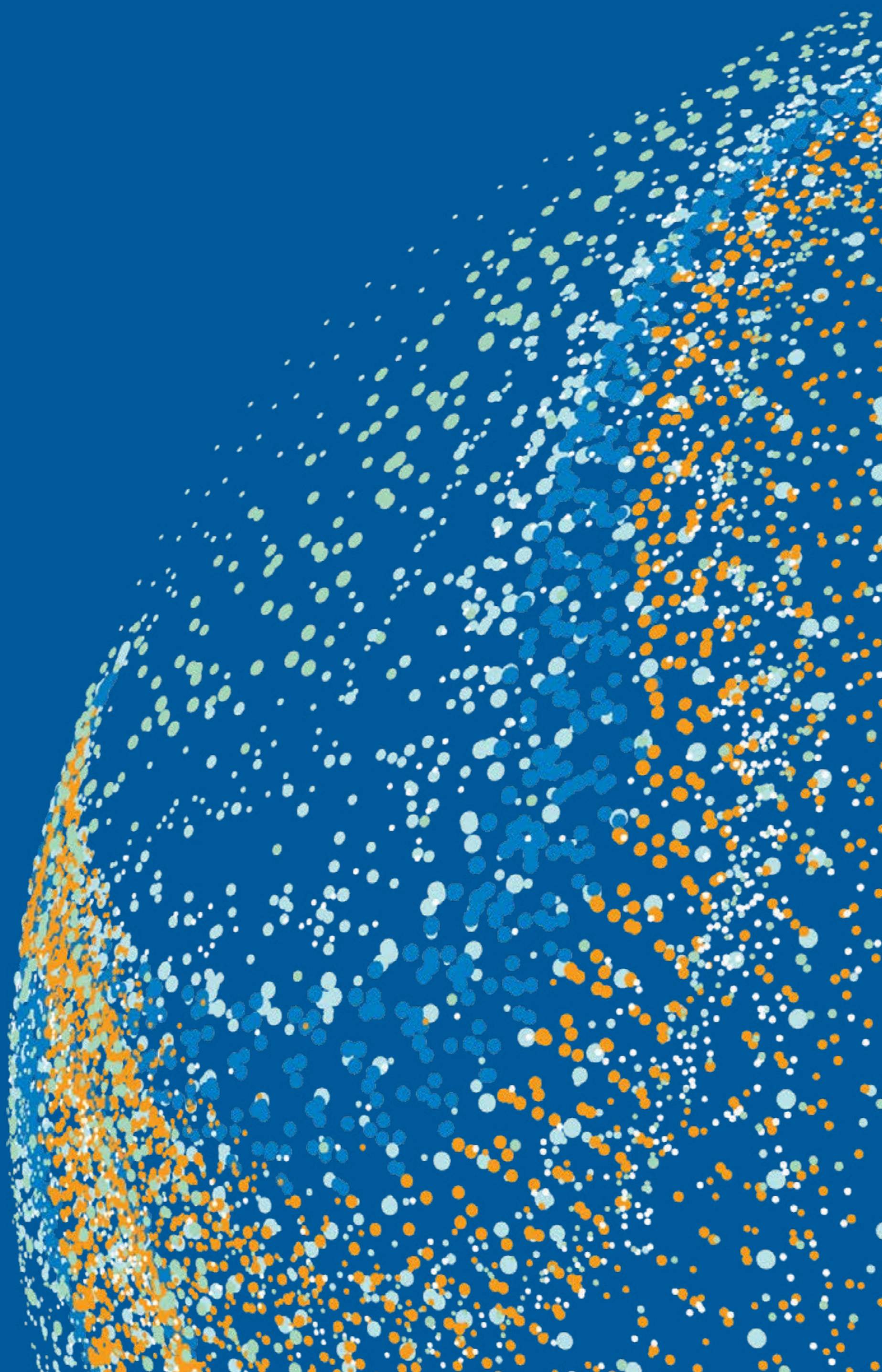

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