ANNUAL REPORT

2016

WILH. WILHELMSEN HOLDING ASA

Continuous change as key success factor

IS CHANGE THE NEW NORMAL?

Many argue that change is the new normal. I argue that we have always changed. We act on opportunities, utilise existing technology and adapt to customer needs and expectations. Having navigated successfully through 156 years shows me that we have been fairly good at constantly adapting. Continuous change has been a key success factor in our past and will continue to ensure we meet the future head-on and well prepared.

A HISTORICAL YEAR

2016 was an intense year. We sold our safety portfolio to Survitec Group Ltd, and Callenberg Technology Group to Trident Maritime Systems. We stock listed a shareholding in Hyundai Glovis through Treasure ASA. And for the first time since we bought a share in the bark Mathilde in 1865, we find ourselves soon only as indirect owner of vessels through the newly established Wallenius Wilhelmsen Logistics ASA.

All these changes were part of our strategic plan to position the group for future growth. Combining a leaner and more efficient organisation with our ambition to shape the maritime industry, we have built a solid platform for future growth.

THE DIGITAL ERA

Today we are able to offer our customers products and solutions we could not even dream of a few years back. One example is our ability to counter the threat of vessel boiler failure with an innovation that revolutionises the method, reliability and onshore insight into boiler water treatment. We have also supported EcoSubsea to develop an automated underwater hull cleaning- and inspection technology. Utilising big data, where we combine real-time weather data with years of operational data, has also contributed to better decision making on board our vessels.

At the start of 2017, we are engaged in discussions related to automated vessels, utilising drones, 3D printing, and blockchain to mention a few. We have hired new competencies to meet our focus on digital.

We have established new partnerships, like with Digital Norway and Singularity University, to ensure we have access to environments that can stimulate our thinking. We might have 156 years of experience and wisdom, but we are still curious and eager to learn and develop.

GLOBAL CHALLENGES TURNED INTO OPPORTUNITIES

Some of the grand global challenges seem impossible to solve, but should we give up just because it seems impossible one person to make an impact? I believe that change starts with us – both as individuals and as a company. We will and must take on the challenge and contribute from where we stand. Zero emissions and an ethically strong and sustainable

"Adapting to new technology and market requirements is a prerequisite for success"

way of doing business are two of our core contributions, and I encourage you to read more about how we contribute to make the industry and the world a better place in our sustainability report for 2016.

PERSONAL AMBITION FOR 2017

Many of us – individually or collectively – fail to imagine change, let alone disruptive changes. My personal ambition for 2017 is to become more engaged in potentially game changing technologies or business models, and contribute to addressing how we can provide our customers with more efficient and sustainable products and services. To make this happen, we need to listen and collaborate closely with our customers, business partners, start-up companies and industry at large to ensure we have the right competencies and experience to develop tomorrow's solutions.

By continuously adapting to new technology and market needs, I am confident that we will fulfil our ambition to shape the industry and be a preferred partner for all our stakeholders in the years and decades to come.

Despite acting on new opportunities, our core values – our DNA – stay the same. It is important for me personally and us as a group to achieve the right results the right way. High business standards is not something we can turn on or off at will. It is just how we do business.

Thomas Wilhelmsen
group CEO

CONTENT

1772

TIMM ROPES

Timm began producing ropes in 1772. Today, Timm is part of Wilhelmsen and we manufacture 4.5 million metres of rope each year supplying vessels all over the world.


Wilhelmsen
Ships Service
LEGEND 45

1865

PORT CALLS

In 1865, our first vessel Mathilde called Baltic timber ports.
Today, 75 000 port calls are handled by our agents globally every year.

Key figures

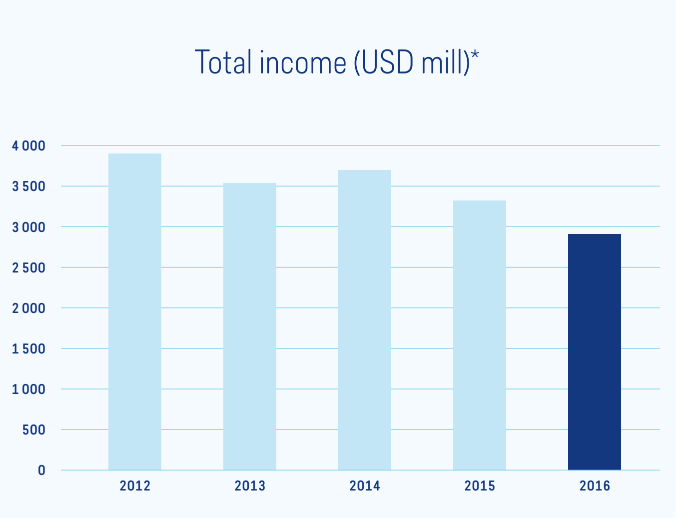
Consolidated accounts

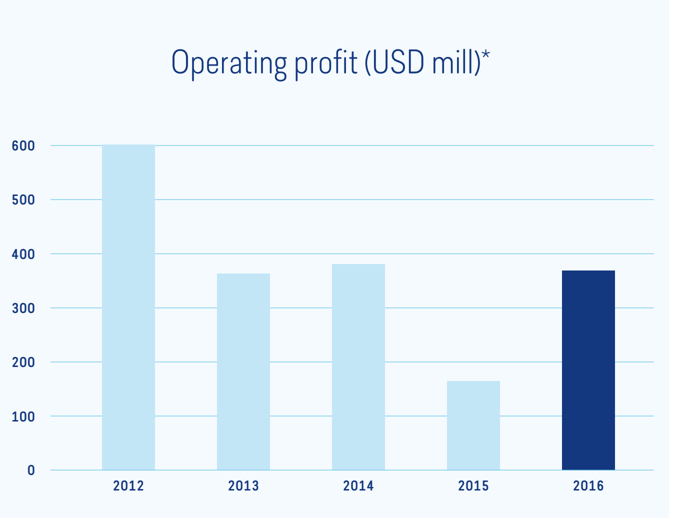
		2016	2015	2014	2013	2012
Income statement						
Total income *	USD mill	2 843	3 173	3 693	3 683	3 896
Operating profit before amortisation and impairment (EBITDA) *	USD mill	538	398	566	542	777
Operating profit *	USD mill	367	165	381	363	601
Profit before tax *	USD mill	307	48	273	374	496
Net profit *	USD mill	254	57	292	340	446
Net profit after minorities *	USD mill	201	54	241	260	329
Balance sheet						
Non current assets	USD mill	3 781	3 566	3 687	3 728	3 699
Current assets	USD mill	914	1 120	1 152	1 218	1 282
Equity	USD mill	2 492	2 206	2 329	2 286	2 077
Interest-bearing debt	USD mill	1 533	1 660	1 693	1 851	2 008
Total assets	USD mill	4 695	4 686	4 839	4 946	4 981
Key financial figures						
Cash flow from operation (1)	USD mill	304	258	241	243	310
Liquid funds at 31 December (2)	USD mill	580	638	688	734	790
Liquidy ratio (3)		1.9	1.7	2.1	1.7	2.1
Equity ratio (4)	%	53%	47%	48%	46%	42%
Yield						
Return on capital employed (5)	%	9%	3%	8%	11%	15%
Return on equity (6)	%	11%	2%	13%	16%	24%
Key figures per share						
Earnings per share (7)	USD	4.34	1.16	5.20	5.59	7.06
Operating profit before amortisation and impairment (EBITDA) per share (8) *	USD	11.57	8.55	12.18	11.66	16.72
Average number of shares outstanding	Thousand	46 404	46 404	46 404	46 404	46 404
Dividend per share	NOK	5.00	5.00	5.00	5.50	8.00

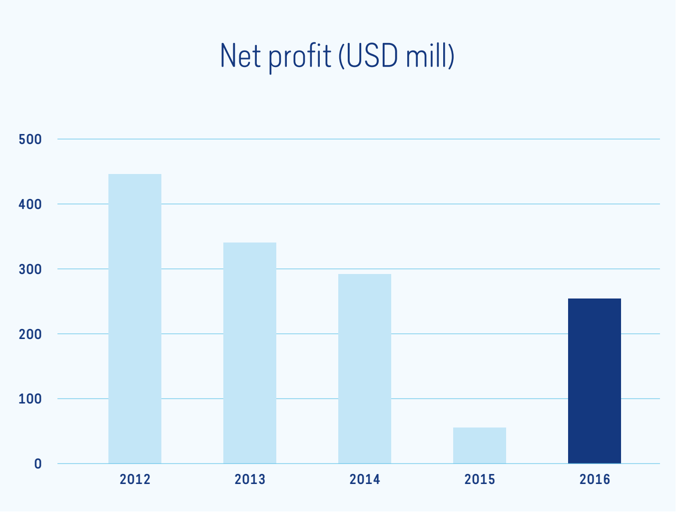
DEFINITION

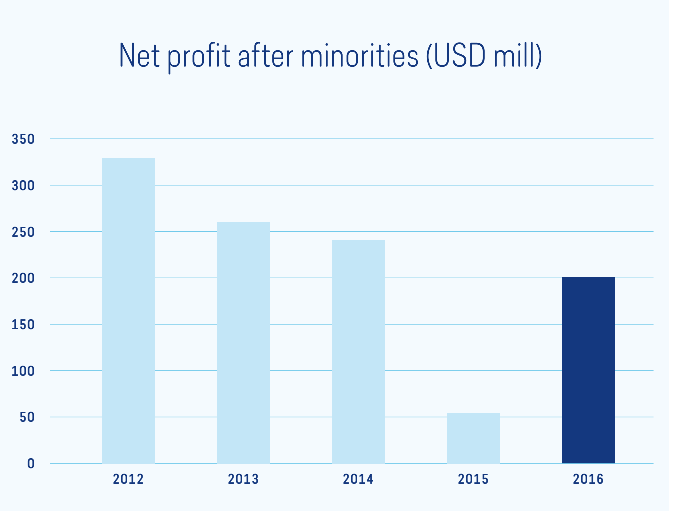
(1) Net cash flow from operating activities
(2) Cash, bank deposits and short term financial investments
(3) Current assets divided by current liabilities
(4) Equity in percent of total assets
(5) Profit for the period before tax plus interest expenses and realised interest derivatives, in per cent of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

* Figures according to the proportionate method for joint ventures, which reflect the group's underlying operations in more detail than the financial statements based on equity method.


Total income (USD mill)*
4 000
3 500
3 000
2 500
2 000
1 500
1 000
500
0
2012
2013
2014
2015
2016


Operating profit (USD mill)*
600
500
400
300
200
100
0
2012
2013
2014
2015
2016


Net profit (USD mill)
500
400
300
200
100
0
2012
2013
2014
2015
2016


Net profit after minorities (USD mill)
350
300
250
200
150
100
50
0
2012
2013
2014
2015
2016

The board of Wilh. Wilhelmsen Holding ASA: (from left) Helen Juell, Carl Erik Steen, Diderik Schnitler (chair), Irene Waage Basili and Odd Rune Austgulen

Directors' report for 2016

Wilh. Wilhelmsen Holding ASA

Highlights for 2016

Improved operating profit, supported by one-offs

Book equity ratio increased to 53%

Positive development in share price

Paid dividend of NOK 5.00 per share

Agreement signed for merger of Wallenius and Wilhelmsen joint operating companies

Listing of Treasure ASA

Restructuring of WMS Safety activities

WWASA JV acquired full ownership of land based operation in North America and South Africa

MAIN DEVELOPMENT AND STRATEGIC DIRECTION

The Wilh. Wilhelmsen Holding group (WWH or group) is a global provider of maritime related services, transportation and logistics solutions. The group activities are carried out through fully and partly owned entities, most of which are among the market leaders within their segments.

In 2016, WWH took significant steps towards transforming the group through consolidation of main business activities and laying the foundation for a more transparent corporate structure.

- In June, Wilh. Wilhelmsen ASA (WWASA) completed the de-merger whereby the shareholding in Hyundai Glovis was separated into a newly listed company, Treasure ASA. The restructuring increased visibility and resulted in two more focused business entities. WWH retained a 72.7% ownership stake in both companies.
- The WWASA de-merger paved the way for a consolidation of the remaining WWASA activities. In September, a letter of intent was signed with Wallenius with ambition to establish a new ownership structure for jointly owned investments. A final agreement was signed in December. The new entity will be based on the existing listing of WWASA, but will be renamed Wallenius Wilhelmsen Logistics ASA. As a consequence of the merger, WWH's ownership will be reduced to 37.8%. WWH will continue to be represented on the board of the new entity.
- In the fourth quarter, Wilhelmsen Maritime Services (WMS) made significant steps towards completing the previously announced restructuring of its business portfolio. The Callenberg group was sold in October, and two months later all safety activities were sold to Survitec Group. WMS will continue to be involved in the safety business through a 20% stake in Survitec Group and a board position.

Following restructuring of the main operating companies, a new WWH management structure and investment portfolio strategy will be implemented during first half of 2017.

The structural changes were made on the back of a continuous challenging business environment. Growth in global trade has levelled off, most shipping and offshore segments continue to face headwind and global protectionism is on the rise.

While the groups operating profit of WWH was up in 2016, underlying performance adjusted for non-recurring items was below previous year.

WWASA shipping volumes were down for the year, mainly due to reduced export of cars from Korea. Income from logistics activities was up, supported by new investments and a non-recurring acquisition gain. The antitrust investigations continued, and in 2016 WWASA made an additional provision to cover share of future costs within the joint ventures.

WMS experienced a reduction in total income on the back of weak shipping and offshore markets. Sale of activities further reduced operating income in the fourth quarter, while a corresponding net sales gain had a positive impact.

Income from investments was up for the year, supported by increased net profit in Hyundai Glovis (owned through Treasure ASA) and NorSea Group. The underlying net asset value of WWH's investments, however, was down, mainly due to reduced share price in Hyundai Glovis.

The group equity and capital base further improved in 2016. At the end of the year, the group equity ratio was 53%. Liquid funds totalled USD 580 million, increasing to USD 789 million if including available-for-sale financial assets. The debt structure of the group remained healthy and with a long term repayment profile.

Following two years of underperformance, the WWI/WWIB share price rebounded strongly in 2016. Total return (including dividends reinvested on ex-dates) was 53.1% for the WWI share and 55.2% for the WWIB share, both substantially above the 7.8% increase in the Oslo Stock Exchange Industrial index (source: Oslo Stock Exchange Annual statistics).

A dividend of NOK 3.00 per share was paid during the second quarter of 2016, followed by a second dividend of NOK 2.00 in the fourth quarter. This represented a dividend yield of 3.8 per cent based on the average WWI/WWIB share price by the end of 2015.

The board believes sound corporate governance is the foundation for profitable growth and a healthy company culture. Good governance contributes to reduced risk and creates value over time for shareholders and other stakeholders. The "I comply" campaign continued in 2016, with a special focus on competition laws and regulations.

The board further acknowledges the environmental challenges faced by the maritime industry and the need for sustainable solutions. Fuel efficiency indicator for 2016 was 18.5 gram per tonne nautical mile, the lowest number since the start of WWASA's environmental account.

"Learning and innovation" is one of the groups' core values, and particular attention is paid to competence and knowledge development. A learning organisation with motivated employees contributes to efficient operations and has a positive impact on revenue and earnings. In 2016, WWH introduced a new digital trainee program.

FINANCIAL SUMMARY – THE GROUP FINANCIAL ACCOUNTS

In Wilh. Wilhelmsen Holding's financial report the equity method is applied for consolidation of joint ventures. This method provides a fair presentation of the group's financial position.

Income statement

The WWH group's financial accounts for 2016 prepared according to the equity method showed a 7% increase in total income from USD 1 281 million in 2015 to USD 1 374 million in 2016. The increase was mainly due to non-recurring items. A slowdown in global trade, weak commodity prices and a strong USD continued to negatively affect total income for the group.

WWASA's total income was up 57% from 2015, mainly due to ongoing antitrust accruals effecting share of profit in joint ventures. Total income in 2016 also included a non-recurring logistics gain. Operating revenue from shipping related activities declined.

WMS experienced an 8% reduction in total income when compared with 2015. Weak shipping and offshore markets and a strong USD continued to have a negative impact on income. Sale of activities further reduced operating income in the fourth quarter, while a corresponding net sales gain had a positive impact on total income.

Income from the Holding and Investments segment was up for the year, mainly due to increased profit in Hyundai Glovis.

Operating profit was USD 327 million in 2016 compared with USD 122 million in the previous year. The improvement followed material non-recurring items negatively impacting 2015 results, while non-recurring items had a positive net impact on 2016 result.

Net financials was an expense of USD 41 million in 2016, including interest expenses of USD 52 million. Investment management and interest income contributed positively with a total of USD 17 million, while interest rate and bunker derivatives and net financial currency were a combined loss of USD 7 million for the year.

Tax was included with an expense of USD 35 million in 2016.

Minority interests' share of profit was USD 49 million, of which USD 31 million was related to minority shareholders in WWASA and USD 18 million was related to minority shareholders in Treasure ASA.

Net profit after tax and minority interests was USD 201 million in 2016 compared with USD 54 million in 2015.

Comprehensive income

Other comprehensive income for the year was a gain of USD 65 million compared with a loss of USD 134 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 2016 was a profit of USD 315 million (loss of USD 80 million in 2015), of which a profit of USD 264 million (loss of USD 77 million in 2015) was attributable to owners of the parent.

Cash flow, liquidity and debt

The WWH group had a net decrease in cash and cash equivalents of USD 15 million for the year, compared with a decrease of USD 53 million in in the previous year.

Cash flow from operating activities was USD 304 million, up from USD 258 million in 2015. The increase was mainly due to a positive development in working capital in 2016.

Cash from investing activities was negative with USD 21 million, compared with negative USD 187 million in 2015. WWH group made total investments of USD 205 million in tangible and intangible assets in 2016, while proceeds from sale of subsidiaries and fixed assets totalled USD 151 million.

Cash flow from financing activities was negative with USD 299 million, including dividend to shareholders, ordinary interest payments for group companies and USD 141 million in net debt repayment.

Cash and cash equivalents were USD 296 million by end of the year, down from USD 311 million one year earlier.

The WWH group carries out active financial asset management of part of the group's liquidity, with investments in various asset classes including Nordic shares and investment grade bonds. The value of the group's investment portfolio amounted to USD 285 million at the end of the year, down from USD 327 million one year earlier. Of this, USD 83 million were in the parent company compared with USD 85 million by end of 2015.

Available-for-sale financial assets totalled USD 209 million by the end of the year, up from USD 122 million one year earlier. The largest investments were in Qube Holdings and Survitec Group.

Liquid assets		
(USD million)	**2016**	**2015**
Cash and cash equivalent	296	311
Current financial investments	285	327
Available-for-sale financial assets	209	122
Total	**789**	**761**

The main group companies also have undrawn committed drawing rights to cover any short term cash flow needs.

The group funds its investments and operations from several capital sources, including the commercial bank loan market, financial leases, export financing and the Norwegian bond market. Business activities are primarily financed over the balance sheet of the relevant subsidiary or joint venture.

As of 31 December 2016, the group's total interest-bearing debt was USD 1 533 million, compared with USD 1 660 million by end 2015.

Interest bearing debt		
(USD million)	**2016**	**2015**
Wilh. Wilhelmsen ASA	1 320	1 319
Wilhelmsen Maritime Services	179	307
Holding and Investments	34	34
Total	**1 533**	**1 660**

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.

PERFORMANCE OF THE GROUP AND BUSINESS SEGMENTS

The group's internal financial segment reporting is based on the proportionate method. The major contributors in *the WWASA group segment are joint ventures, hence the proportionate method gives management a higher level of information and a fuller picture of the group's operations. For the WMS group segment and Holding and Investments segment the financial reporting will be the same for both the equity and the proportionate methods.*

The same accounting principles are applied in both the management reports and the financial accounts, and comply with the International Financial Reporting Standards (IFRS).

Wilh. Wilhelmsen Holding group

The WWH group's accounts for 2016 prepared according to the proportionate method for joint ventures showed a total income of USD 2 843 million. This was a reduction of 10% when compared with the total income for 2015 of USD 3 173 million.

Operating profit was USD 367 million for the year compared with USD 165 million in 2015. The operating profit for both years were impacted by substantial one-offs. Adjusted for main non-recurring items the operating profit was down 27% year on year.

Net profit after tax and minority interests was USD 201 million in 2016 compared with USD 54 million in 2015.

WILH. WILHELMSEN ASA

The Wilh. Wilhelmsen ASA group (WWASA) is a global provider of shipping and logistics services towards car and ro-ro customers. WWH owns 72.7% of WWASA. In line with accounting standards, all revenue and expenses in WWASA are reported in full with minority interests included after net profit/(loss).

Result for the year

The results reported under the WWASA segment exclude historic results from activities demerged into Treasure ASA. The WWH segment accounts for WWASA will as such deviate from the results reported by WWASA and the WWH 2015 Annual Report.

In 2016, WWASA delivered a total income of USD 1 831 million compared with USD 2 124 million in the previous year, a reduction of 14%. Operating profit was USD 191 million for the year, compared with USD 67 million in 2015.

WWASA recorded several non-recurring items during the year, including a provision related to the ongoing antitrust investigation, a gain related to a logistics acquisition and merger related expenses.

Net profit after tax and minority interests came to a profit of USD 82 million for the year, compared with a loss of USD 29 million in the previous year.

Market development

Global light vehicle car sales increased 5% in 2016 and totalled 92 million units. In key markets (North America, Europe, Oceania and the BRIC countries), sales were up 6% to 74 million units. A stronger US economy continued to contribute to healthy sales in North America. Sales in Western Europe continued the positive trend and were up a strong 6% from last year. Chinese car sales continued to grow due to significant government subsidies. Sales in Brazil and Russia continued to decline from the weak levels seen last year.

Japanese auto exports increased by 3% from 2015 and totalled approximately 4.2 million units in 2016, while Korean vehicle exports continued the negative trend from 2015 and ended in 2016 at 2.5 million units, down 13% from the year before. Exports from China and Thailand were flat, while exports out of India increased with 13%.

Growth in global construction spending decelerated to 3.1% in 2016 (from 3.4% in 2015), as investors waited out uncertainties such as the US election and the Brexit process. Growth was led by the Asia-Pacific region at 5.0% year over year, with infrastructure spending being the fastest growing segment.

Though commodity prices for coal, precious metals and industrial metals recorded significant gains in 2016, demand for transportation of mining equipment remained modest, as most mining companies kept capital expenditure low and refrained from initiating major new investment projects.

Agricultural commodity prices were mixed through the year, however remained under pressure, resulting in lower overall farm income and low investment in new machinery.

WWASA shipping

WWASA's shipping segment includes shipping activities within Wallenius Wilhelmsen Logistics (WWL, owned 50%), EUKOR Car Carriers (EUKOR, owned 40%) and American Roll-on-Roll-off Carrier (ARC, owned 50%), as well as certain shipowning activities outside the operating companies.

Wilh. Wilhelmsen ASA

In 2016, WWASA's shipping activities were organised in three operating companies:

Wallenius Wilhelmsen Logistics (WWL – owned 50%)

EUKOR Car Carriers (EUKOR – owned 50%)

American Roll-on Roll-off Carrier (ARC – owned 50%)

The logistics activities in WWASA are carried out through:

Wallenius Wilhelmsen Logistics (WWL – owned 50%)

In 2016, WWASA's shipping segment delivered a total income of USD 1 431 million compared with USD 1 800 million in the previous year.

The fleet transported 64 million cubic metres (CBM) cargo, a decrease of 14% compared with 2015 (74 million cubic metres). Both auto and high and heavy cargo volumes declined. A continued unfavourable cargo mix, with lower bunker compensation and a general rate pressure, had a negative effect on profitability.

While ARC saw a positive development in volumes transported in 2016, both WWL and EUKOR saw declines. For WWL, auto volumes were stable, while high and heavy cargo decreased, further impacting the cargo mix negatively. EUKOR saw a decline in volumes transported to Europe and North-America, partly explained by reduction in transportation commitments for Hyundai Motor Group (HMG) cargo from 60% to 50% in 2016.

The WWASA group fleet was reduced from 137 to 127 vessels in 2016, down by 52 000 CEU during the year. WWASA group companies redelivered five vessels, sold seven for recycling and received two newbuildings. At the turn of the year, the WWASA group fleet had a combined lifting capacity of 866 000 CEU, giving the WWASA group a 22% share of the global capacity.

The WWASA group companies' newbuilding programme include six Post-Panamax vessels with a combined capacity of 47 000 CEU. This equals 13% of the world car carrier orderbook. The vessels will be delivered in 2017-18. Four vessels are on order by Wallenius to be operated by WWL, while two will be owned and operated by EUKOR. No new vessels were ordered by the WWASA group companies in 2016.

Update on antitrust investigation

WWL reached a settlement with the US Department of Justice (DOJ) in July, agreeing to pay a fine of USD 99 million (USD 49.5 million for WWASAs account). WWASA made a provision for the outcome of the investigation in the third quarter of 2015. Consequently, the fine did not have a profit and loss effect for WWASA in 2016. The settlement also closed the DOJ investigation into EUKOR. EUKOR did not receive a fine.

In the fourth quarter 2016, WWASA made an additional provision of USD 31 million representing the estimated WWASA share of exposure in WWL and EUKOR related to the investigations. This accumulates to a provision of USD 231 million when including the provision done in the third quarter 2015.

WWL and EUKOR continue to be part of antitrust investigations in several jurisdictions, of which the EU is the bigger jurisdiction. As some of the processes are confidential, WWASA is not in a position to comment on the ongoing investigations within the respective jurisdictions. The processes are expected to continue to take time, but further clarifications are expected during 2017.

WWASA logistics

WWASA's logistics segment mainly includes logistics activities within Wallenius Wilhelmsen Logistics (WWL, owned 50%).

In 2016, operating revenue from WWASA's logistics activities was USD 352 million compared with USD 331 million in the previous year. In addition came a gain on sale of assets and share of profit from Hyundai Glovis recognised under the Holding and Investment segment in WWH's accounts.

Increased activity level in WWL positively affected total income. WWL handled a total of 5 million units at its terminals, while 6.3 million units were handled at the companies some 40 technical services facilities. Inland distribution services grew by almost 8% and totalled 2.8 million units in 2016.

WWASA share price development

The WWASA share price was subject to a repricing following the demerger of Treasure ASA on 8 June 2016. During the following seven months, the WWASA share price was up 39%, closing at NOK 33.80 on 30 December 2016.

The market value of WWH's shareholding in WWASA was NOK 5 408 million by the end of the year, representing NOK 117 per outstanding share in WWH (WWI and WWIB). WWASA did not pay any dividends in 2016.

New ownership structure for joint ventures

Wilhelmsen and Wallenius have signed an agreement leading to a new ownership structure for their jointly owned investments in Wallenius Wilhelmsen Logistics, EUKOR Car Carriers and American Roll on Roll off Carrier. The extraordinary general meetings of the respective owning companies have approved the proposed merger.

The completion of the merger is pending approval from competition authorities, which is expected during April 2017.

WWASA will issue shares and bonds to Wallenius in exchange for their shares in the currently joint investments and the Wallenius fleet. At the completion of the merger, Wilhelmsen and Wallenius will hold respectively 37.8% and 48% of the new entity to be named Wallenius Wilhelmsen Logistics ASA. The parties have agreed that Wallenius will reduce its shareholding subsequent to the merger, whereby both parties will have an equal shareholding in the new entity. For a full description of the transaction agreement, please refer to the Stock Exchange Notice from WWASA dated 22 December 2016.

WILHELMSEN MARITIME SERVICES

The Wilhelmsen Maritime Services group (WMS) is a global provider of ships service and ship management towards the maritime industry. WMS is a wholly-owned subsidiary of WWH.

Total income for WMS was USD 928 million in 2016, down 8% when compared with the previous year. The reduction was mainly due to loss of operating revenue from sold entities and currency impact of non-USD revenue when converting into USD.

Operating profit for the year was USD 108 million compared with USD 65 million in 2015. The operating profit for 2016 included a USD 59 million net gain from sale of business activities and USD 16 million in related transaction and restructuring cost, while operating profit for 2015 included a USD 50 million impairment charge related to the technical solutions business area and a USD 4 million pension gain. When adjusting for the above non-recurring items, operating profit was down 41% from the previous year. The adjusted operating margin was 7.6%, which was below both historic average and long-term target of 9%. The development reflected a continuous challenging maritime service market and a year affected by material structural changes. A strong USD continued to lift the margin.

There was no increase in bad debt provisions for the year, and losses remained insignificant.

Financial items for WMS amounted to an expense of USD 28 million compared with an income of USD 3 million in the previous year. 2016 financial items were negatively impacted by a USD 19 million net currency loss, while a USD 50 million currency translation gain was included under other comprehensive income. The currency translation gain was mainly a reversal of a USD 42 million currency loss included in net gain from sale of Callenberg and safety activities.

Tax expense for the year was USD 15 million, down from USD 16 million in 2015.

Net profit after tax and minority was USD 64 million in 2016 compared with USD 50 million in the previous year.

Market development

Following sale of the Callenberg Technology group and Wilhelmsen Technical Solutions, the WMS exposure towards the newbuilding market is substantially reduced. Development in the general shipping markets, however, continues to indirectly affect demand for WMS products and services through owners' purchasing capabilities.

The global merchant fleet increased with approximately 1.5% in 2016, measured in number of vessels > 1 000gt.

Individual shipping markets continued to move in different directions, driven by supply-demand situation for the relevant sectors. Overall, 2016 was a difficult year for the shipping industry. The dry bulk market bottomed out early 2016, before gradually improving. The tanker market on the other hand traded down in the first half after two strong years, before recovering some lost ground in the second half. Main container indexes followed the same pattern, hitting historic lows mid-year before recovering some. Of the smaller shipping segments, chemical/product markets traded down, LNG remained oversupplied while the cruise market had a positive development.

While oil prices partly recovered in 2016, oil majors continued to reduce operating and exploration budgets. This negatively affected the offshore industry, further increasing the number of offshore vessels and rigs in layup.

The global yard order book was down on the back of a dramatic fall in new orders during 2016.

Ships service

Wilhelmsen Ships Service (WSS) is a global provider of standardised product brands and service solutions to the

Wilhelmsen Maritime Services

WMS was in 2016 organised in four business areas:

Wilhelmsen Ships Service (WSS)

Wilhelmsen Ship Management (WSM)

Technical Solutions, including:
- Wilhelmsen Technical Solutions (to December)
- Callenberg Technology Group (to October)

Corporate/other activities, including:
- Wilhelmsen Insurance Services
- Survitec Group (from December)

maritime industry, focussing on marine products, marine chemicals, maritime logistics and ships agency. WSS is a wholly owned subsidiary of WMS.

WSS recorded a 5% reduction in total income for 2016, mainly due to reduced income from sale of marine products. The sale of WSS safety activities in the fourth quarter and currency effect from converting local revenue into USD also had an impact on income. The reduction in total income was fairly evenly spread across all four regions. When measured against the total global merchant fleet, WSS generated income of USD 32 per vessel/day in 2016, a 7% decrease compared with the previous year.

The operating profit was down from 2015, mainly reflecting the reduction in total income.

In January, a new ERP system went live, with 2 000 users in 165 locations.

On 30 November, the WSS safety activities were sold to Survitec Group.

Ship management

Wilhelmsen Ship Management (WSM) provides full technical management, crewing and related services for all major vessel types with exception of oil tankers. WSM is a wholly owned subsidiary of WMS.

Total income for WSM was down 10% for the year, reflecting a reduction of vessels on full technical management and a strong USD. Total number of ships remained fairly stable. By the end of the year, WSM served 398 ships worldwide, of which approximately 33% were on full technical management and 13% were on layup management. The remaining contracts were related to crewing services.

Operating profit was down from a strong 2015, reflecting reduced operating income.

Technical solutions

The technical solutions business area (WTS) included Wilhelmsen Technical Solutions and Callenberg Technology Group. These two business entities were sold in fourth quarter 2016.

Total income for the technical solutions business area was down 27% compared with the previous year. The reduction mainly reflected loss of operating revenue from sold activities.

On 3 October, Callenberg Technology Group was sold to Trident Maritime Systems. This was followed by a sale of Wilhelmsen Technical Solutions to Survitec Group on 30 November. Following sale of the two entities, the WTS business area no longer had any activity.

Corporate/other activities

This includes Survitec Group Ltd (owned ~20%), Wilhelmsen Insurance Services (WIS) and certain corporate services. Survitec Group is reported as "available for sale financial assets", with changes in market value reported under comprehensive income, while dividend income and sales gains/losses are reported as financial income.

Total income was up in 2016 due to a net gain from sale of WTS business entities.

As part of the sale of WSS safety activities and Wilhelmsen Technical Solutions, WMS acquired a ~20% economic interest in the Survitec Group.

The investment, denominated in GBP, was valued at USD 79 million by the end of 2016, and will be subject to regular assessments. Any change in net asset value, together with any effect from change in USD/GBP exchange rate, will be booked under other comprehensive income.

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.

Wilhelmsen Insurance Services (WIS) delivered insurance services to approximately 175 vessels in 2016, in addition to arranging non-marine insurance programmes for the WWH group. WIS delivered a positive result for 2016, with a small improvement from the previous year.

HOLDING AND INVESTMENTS

Holding and Investments includes activities performed by the holding company and investments outside WWASA and WMS. This includes investments held by Wilh. Wilhelmsen Holding Invest (WWHI), a wholly owned subsidiary of WWH, and Treasure ASA, owned 72.7%.

Total income for the Holding and Investments segment was USD 106 million for the year compared with USD 64 million in 2015. The increase followed higher contribution from associates as well as increased revenue from activities mainly provided on a pass through basis. Operating profit was USD 67 million in 2016, up from 32 million in the previous year. The increase reflected higher contribution from associates.

Net financials was a net income of USD 4 million for the year compared with a net income of USD 9 million in 2015.

Net profit/(loss) after tax and minorities was a net profit of USD 55 million compared with a profit of USD 33 million in the previous year.

Treasure ASA

Treasure ASA is a Norwegian public limited liability company, holding a 12.04% ownership interest in Hyundai Glovis. WWH owns 72.7% of Treasure ASA. Hyundai Glovis is reported as "associate" in WWH's accounts, with share of net result reported as "share of profit from associates" one quarter in arrears.

Treasure ASA was listed on the Oslo Stock Exchange on 8 June 2016, following a demerger from WWASA.

In October, Treasure ASA renegotiated the shareholder agreement with Hyundai Group regarding the shareholding in Hyundai Glovis. According to the new agreement, Treasure ASA is entitled to reduce its ownership to 7% without any prior written consent. The shareholder agreement will be terminated if the ownership falls below 7%.

Hyundai Glovis reported a net profit of KRW 506 billion in 2016, up 34% compared with the previous year. Share of net result in Hyundai Glovis, reported as income in WWH's accounts, was USD 65 million in 2016. This was based on the 12 month period to 30 September 2016. The reported income for 2015 based on the corresponding period one year earlier was USD 36 million.

As of 31 December 2016, the market value of WWH's shares in Treasure ASA was NOK 2 672 million. This represented NOK 58 per outstanding share in WWH (WWI and WWIB).

Treasure ASA did not pay any dividends in 2016.

NorSea Group AS (NSG)

NSG, with its strategically located supply bases, is a leading provider of integrated logistics solutions to the Norwegian and Danish offshore industry. Through WWHI, WWH owns 40% of NSG. NSG is reported as "associate" in WWH's accounts, with share of net result reported as "share of profit from associates".

Total income for NSG, including share of profits from its own associates and joint ventures and sales gains, was NOK 2.4 billion in 2016. This was a 20% reduction from the previous year. The reduction followed reduced income from Norwegian supply base activities and vessel chartering.

Operating profit was up, mainly due to gain from sale of properties in associates and joint venture. Reduced supply base activities and a vessel write down had a negative impact. Financial expenses was down due to reduced interest expenses.

WWHI's share of net profit in NSG was USD 12 million in 2016, up from USD 7 million in 2015.

In June, WWHI increased its share of shareholder loan to NSG with NOK 65 million.

In December, WWHI received dividend of NOK 13 million from NSG.

Other investments

This includes cash and cash equivalents, current financial investments and available for sale financial assets held by the parent company, Wilh. Wilhelmsen Holding Invest, Treasure ASA and other subsidiaries reported under the Holding and Investments segment.

Current financial investments include investments in equities, bonds and other financial assets available for sale and managed as part of an investment portfolio. The financial investment portfolio held by WWH was USD 83 million by the end of the year compared with USD 85 million one year earlier. The portfolio primarily included Nordic equities and investment-grade bonds. Net income from investment management was an income of USD 2 million in 2016, down from USD 4 million in 2015.

Available for sale financial assets includes shares in Qube Holdings Limited (Qube) and Kaplan Equity Limited (KEL). Both investments are owned through WWHI. Changes in market value of these shareholdings are reported under comprehensive income, and dividend income is reported as financial income.

Holding and Investments:

The Holding and Investments segment included the following main investments in 2016:

Treasure ASA (owned ~72.7%)

NorSea Group (NSG - owned 40%)

Qube Holdings Limited (Qube – owned ~4.8%)

Financial investment portfolio

Qube is Australia's largest integrated provider of import and export logistics services, and listed on the Australian Securities Exchange. During 2016, Qube acquired 50% of the leading Australian container terminal operator and increased ownership in the largest Australian ro-ro terminal operator from 50% to 100%. WWHI partly participated in the subsequent Qube equity raising, increasing investment from 66 million to 70 million shares. The value of WWHI's investment in Qube was USD 123 million by the end of the year, up from USD 116 million one year earlier.

In 2016, Qube paid dividend of AUD 0.055 per share. Total proceeds to WWHI of USD 3 million were reported as financial income.

Governmental services

WilNor Governmental Serviced (WGS) had its first full year of operation in 2016. In the first quarter, WGS provided host nation support for the NATO exercise Cold Response, lifting operating revenue for the year.

RISK

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

From an income and investment perspective, the shipping operation in WWASA remains the largest operating activity for the group. Through its capital intensity and cyclical nature, shipping has historically represented a relatively high degree of volatility and financial risk. While logistics and maritime services are exposed to some of the same market forces as shipping, these activities are less capital intensive and have historically been less cyclical. Outside own operating companies and joint ventures, Treasure ASA's shareholding in Hyundai Glovis remains the largest financial exposure for the group.

Internal control and risk management

The WWH 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 is 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 WWH group's service offerings are, to various degree, correlated with the general global economic activity and trade in commodities and manufactured goods. Projections for 2017 indicates a modest uptick in global growth. The current political landscape with potential for increased protectionism, however, adds uncertainty.

WWASA is primarily exposed to the automotive and high and heavy logistics markets. While global automotive sales continues to grow broadly in line with global GDP, ocean trade is projected to grow less. The automotive industry is truly international, with complex supply chains spanning multiple countries. Changes in trade conditions may affect transportation flows. High and heavy markets have seen several years of declining volumes, and while there are indications that the fall is now bottoming out, uncertainty remains.

WMS's exposure is to the general shipping market. Exposure to the newbuilding market has been substantially reduced in 2016, following sale of business units. The general shipping market remained weak in 2016, but with continued strong differences between different segments.

Of main investments, Hyundai Glovis (owned through Treasure ASA) remains mainly exposed to the Hyundai group and in particular Hyundai and Kia car volumes. NorSea Group's exposure is mainly towards activity level on the Norwegian continental shelf. Qube Holdings has a similar exposure to the Australian economy, and in particular export of commodities and merchandised imports.

Operational risk

The various operating entities of the WWH 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.

In the WWASA group (car/ro-ro shipping and logistics), operational responsibility mainly rests with the various operating companies. While events such as closure of certain trading routes will have impact throughout the industry, most operational risk factors will be limited to specific carriers or markets.

Through its global reach and broad product spectre, WMS is exposed to a wide range of operational risk factors, though 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.

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

Financial risk

The WWH group remains exposed to a wide range of financial risk, either on a general basis or related to specific group companies. While 2016 also saw its fair share of currency movements, the strong appreciation of USD experienced over the last couple of years stopped up and the year ended close to where it started for many of the key FX rates. The downward slide in commodity prices ended in 2016, with oil price recovering to USD 55 per barrel and iron ore hitting USD 80 per ton towards the end of the year. Equity markets have remained volatile, but with an upward trend. Interest rates remained at historic low levels in most markets, but with increased upward risk following uptick in US rates.

The group's exposure to and management of financial risk are further described in Note 15 of the 2016 accounts. This includes foreign exchange rate risk, interest rate risk, investment portfolio risk, bunker price risk, credit risk and liquidity risk.

The WWH group companies have a number of covenants related to its loans. WWASA obtained waivers related to temporary effect of antitrust fines on certain financial ratios for the 12 months period from the third quarter of 2015. All group companies were in compliance with covenant requirements in 2016.

The group has substantial investments exposed to external market pricing, including shares in WWASA, Treasure ASA (with underlying exposure to shares in Hyundai Glovis) and Qube. While majority of investments are of a long-term industrial nature, any fluctuations in values will have impact on the net asset value and solidity of the group and may affect profitability. During the latter part of 2016 the WWASA share price appreciated strongly, while other investments have had a more stable development for the year. Value in USD was also impacted by currency movements against NOK, AUD, GBP and, indirectly, KRW.

Antitrust investigation

WWASA's joint ventures WWL and EUKOR continue to be part of antitrust investigations in several jurisdictions of which the EU is the bigger jurisdiction. The company has made provisions covering its expected share of exposure (further information available under WWASA section on page 18).

HEALTH, WORKING ENVIRONMENT AND SAFETY

Working environment and occupational health

By living the company values (empowerment, stewardship, customer centred, teaming and collaboration, learning and innovation), WWH focuses on developing a good and inspiring working environment at sea and on shore. 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 are encouraged to report on non-compliant behaviour through the group's global whistleblowing system.

A healthy working environment leads to more efficient, sustainable and profitable business. The overall guidelines are described in the company's principles for human resources, quality, and health and safety, as well as in the group's leadership expectations. Several KPIs related to working environment are measured on a quarterly basis, including sickness leave, lost time injury frequency and safety observations.

Exposure hours

In 2016, there were around 40.2 million exposure hours (work hours) in the group. Vessel based operations account for 76% of total exposure hours and onshore operations accounts for 24%.

Sickness absence rate

The sickness absence rate for onshore operations was 1.68%, in line with base year 2015 result of 1.67%.
The WWH 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 programme, adapted working hours, social activities, employee engagement surveys and opportunities for personal development.

In 2016, reporting of occupational disease cases was introduced and the group will utilise this experience during 2017 to analyse results and improve reporting.

Turnover

The turnover rate for employees in the parent company and subsidiaries was 8.45 % in 2016, decreasing from 9.6% in 2015. The turnover rate varies from segment to segment. As an example, the turnover rate is higher in the warehouse environment than in office environment.

Lost time injuries and total recordable cases

Regrettably, there was an incident in 2016 that lead to one work related fatality on board a third party managed vessel in lay up. This emphasised the need to continuously improve measures that secure a safe work environment and a robust safety culture in the group.

For vessel based operations, a number of 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.

There was a reduction in overall injuries onboard vessels, resulting in a positive improvement in lost-time injuries and total recordable cases.

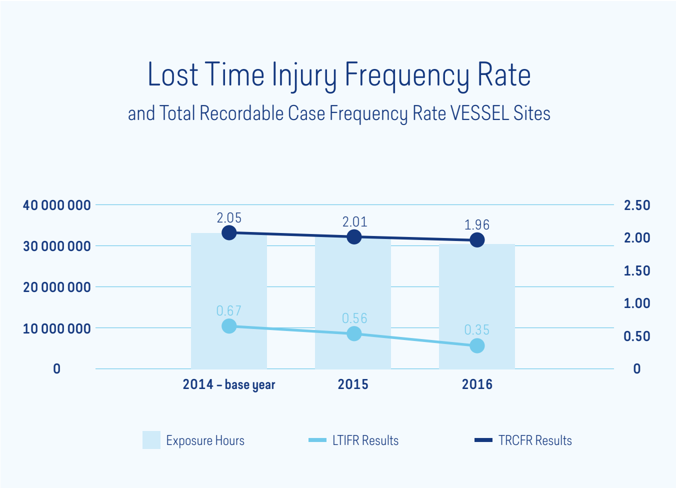
For vessel based operations, the lost-time injury frequency rate (LTIFR) ended at 0.35 in 2016, down from 0.56 the previous year and in line with the target not to exceed 0.60. The LTIFR target for 2017 is 0.55. The total recordable case frequency rate (TRCFR) for vessel based operations was 1.96 with a target not to exceed 2.8.

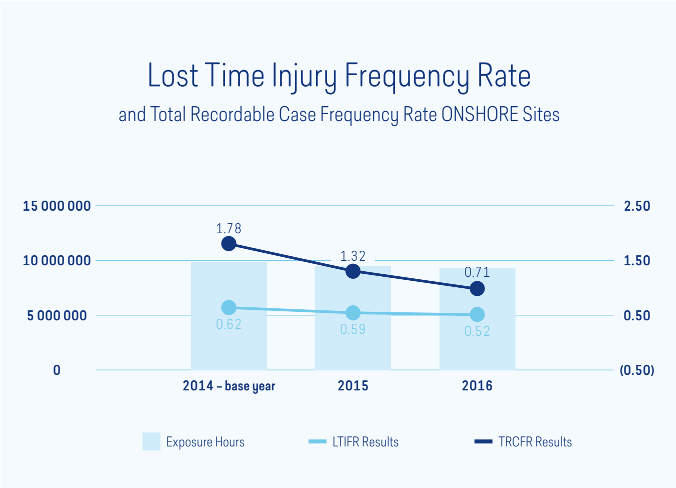
For onshore operations, there was also a reduction in overall injuries. This was mainly due to increased management attention and improved reporting.

In 2016, the LTIFR for onshore operations ended at 0.52 and the TRCFR 0.71.

The group expects the number to increase during 2017 as the group continues to work on improving the reporting of TRCs.

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





Near miss incidents and safety observations

For vessel based and onshore operations, there is a potential to improve near miss incident and safety observation reporting.

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

Safety observation reporting on vessel operations has improved over time with 9 580 cases reported in 2016, a slight increase from the 2015.

Safety observation reporting onshore improved in 2016 with a total of 185 versus 138 in 2015. The low number of hazard observation cases for on shore operations requires improvement in reporting and will continue to be a focus area for 2017.

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 2016, both committees held official meetings according to plan.

THE NATURAL ENVIRONMENT

The board acknowledges the environmental challenges faced by the maritime industry, and the need for sustainable solutions. As a major participant in the maritime industry, WWH actively works to reduce the use of energy and decrease the environmental impact of its activities through its shareholding in WWASA and ownership of WMS. Efforts and initiatives are directed towards high impact areas like reduced bunker consumption and thereby reduced emissions. As a supplier of products and services to the merchant fleet in general, the group is also engaged in finding and sourcing green products.

Main achievements in 2016

The WWH group implements its environmental ambition by setting objectives and goals for operating companies, technical managers and other stakeholders. Some of the main achievements in 2016 were:

- Continued participation in the WG5 group working towards a more efficient and transparent shipping industry.
- Fuel efficiency Indicator for 2016 was 18.5 gram per tonne nautical mile, the lowest number since the start of WWASA's environmental account.
- Testing and customising Shippersys products on two EUKOR vessels.
- Southampton office currently managing 14 vessels was energy management certified with the ISO 50001 standard.
- All vessels calling the port of Southampton will have its hull inspected for fouling and cleaned if necessary, after WWASA entered into a new fleet wide agreement with EcoSubsea.
- Two new energy efficient vessels, both equipped with exhaust gas cleaning systems (scrubbers), delivered and commenced service for WWL.
- Three vessels recycled at green recycling yards in accordance with the Hong Kong Convention.
- Two vessels retrofitted with new bulbous bows, reducing fuel consumption and emissions.

With the proposed merger of WWASA and Wallroll AB, the new board of Wallenius Wilhelmsen Logistics ASA will communicate future targets and focus areas for 2017.

An environmental account for 2016 and update on specific issues are included in the group's sustainability report on pages 122-129 and available on www.wilhelmsen.com.

Environmental incidents in 2016

No serious incidents harming the environment were reported in 2016, neither from WWASA vessels nor WSM managed vessels.

Other environmental reporting

WWASA's joint venture WWL reports on emissions according to the standard developed by the Green House Gas Protocol. Please refer to www.2wglobal.com for their online reports.

ORGANISATION AND PEOPLE DEVELOPMENT

Workforce

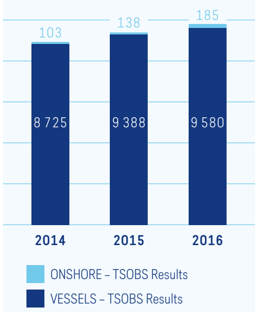
The group's head office is located in Norway, and the group has around 400 offices in 74 countries within its controlled structure.

The group employs around 21 100 people when wholly or partly owned subsidiaries, joint ventures and seafarers are included. Of this, seafarers accounted for 9 200 and employees in wholly and partly owned subsidiaries for 4 600.

Equal opportunities

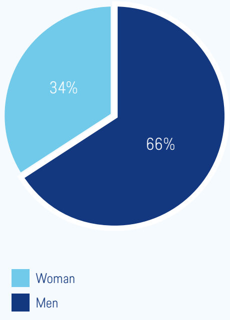
WWH has a clear policy stating that men and women have the right to equal opportunities. Harassment and discrimination based on race, gender or similar grounds, or other behaviour that may be perceived as threatening or degrading, is not acceptable. The industry's unequal recruitment base makes it difficult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

Total Safety Observations ONSHORE and VESSEL sites



Gender mix in the WWH group 2016

(wholly or partly owned subsidiaries)



Women accounts for 34% of the around 4 600 people employed in wholly or partly owned subsidiaries, up from 29% one year earlier.

Two of the five directors on the board of directors of WWH are female, and one of the six members of the company's global management team.

Driving performance

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

The performance appraisal (PA) process is mainly a dialogue between manager and employee. In 2016, WWH introduced a new digital PA process in order to improve and further develop our performance management processes and our employees.

Motivated and engaged employees are also key in driving performance. To measure our ability to provide an engaging and safe work environment in which all employees are motivated to work and achieve their full potential, the group conducts annual engagement surveys. Due to major restructuring processes in 2016, it was decided to postpone the survey until 2017.

Compensation and benefits

The purpose of WWH's compensation and benefit policy is to drive performance and to attract and retain the right employees. These are considered to be people with the right experience and knowledge deemed necessary to achieve the company's strategic ambitions. The policy takes local regulations and competition into account, as well as the responsibility and complexity of the position.

The bonus scheme is one of several instruments focusing attention on driving performance. Bonus is paid if set bonus targets are reached. Compensation to executives is described in the corporate governance report (see pages 117–118) and in the notes 4 and 2 to the group and parent accounts respectively (see pages 50 and 85). The company also issues a declaration on the determination of employee benefits for senior executives, note 16 to the parent company accounts on page 97.

Developing leaders for the future

The world is becoming more complex. To meet challenging and changing environments, we are dependent on highly qualified leaders.

By the end of 2016, more than 30 future senior leaders had conducted the advanced leadership programme.

Investing in competence development

"Learning and innovation" is one of the group's core values, and WWH 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.

Due to several restructuring processes, the number of classroom learning programmes and e-learnings were reduced. However, a substantial part of the organisation went through comprehensive training as part of rolling out a new enterprise resource planning system in WSS, which required several thousand people to be trained.

Digital trainees

In 2016, the group decided to develop a tailor made digital trainee programme to ensure the group has necessary competence to meet digital opportunities in a timely and professional manner. Four trainees started their journey with the group in January 2017.

CORPORATE GOVERNANCE

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

The WWH group 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 2016 can be found on pages 108–119 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 reviewed by the annual general meeting on 27 April 2017.

SOCIAL RESPONSIBILITY

WWH assesses environmental, social and corporate governance issues in its investment analysis, business decisions, ownership practises and financial reporting. The company has a social responsibility guideline that includes human rights, labour standards and a commitment to promote greater environmental responsibility. A summary of the guideline can be reviewed at www.wilhelmsen.com.

Sustainability governance

The board acknowledges that sustainability and corporate social responsibility are vital prerequisites for WWH being a transparent and responsible player in society. With an aim to increase transparency, the board therefore issues a sustainability report following the guidelines set forward in the Global Reporting Initiative. The report describes how WWH combines long-term profitability with emphasis on ethical business conduct and with respect for human being, the environment and society.

Materiality assessment

Wilhelmsen's sustainability reporting is based on guidelines developed by the Global Reporting Initiative (GRI G4). In 2016, the company conducted an extensive materiality assessment supported by DNVGL to ensure focus is on material aspects of the group's business. The assessment concluded that the following topics are most important:

- Business ethics and anti-corruption
- Working conditions, labour standards, health and safety
- Emissions to air, sea and soil
- Employee competence and development
- Sustainable supplier management

The summary of the status on each aspect is available on pages 122–129. The full report, which will be reviewed by the annual general meeting on 27 April 2017, is available on www.wilhelmsen.com.

Focus areas and achievements in 2016

In 2016, WWH paid particular attention to the following topics:

- Anti-corruption, competition law, theft and fraud and whistleblowing
- Reducing emissions through innovation and sustainable solutions
- A global safety culture
- Talent management

The company's achievements included:

- 98.5% of land based employees and 99% of active seafarers conducted the group's compliance training
- Zero tolerance policy towards facilitation payments resulted in positive development for WWASA vessels and audit project on owned vessels showed zero tolerance policy towards facilitation payments in full effect
- 5.6% reduction of CO^{2} emissions
- 3.5% reduction of NO^{X} emissions
- Performance appraisals conducted
- Parts of WSS became TRACE certified

For further details on the progress on the focus areas, please view the full sustainability report online.

Ambitions for 2017

The focus areas for 2016 will continue into 2017. Through clearly expressed expectations to employees as well as companies in which WWH is a shareholder, the group will contribute to promote human rights, sound working standards, reduce its environmental impact, and work towards eliminating corruption in own operations, as well as the operations of suppliers and business partners.

In 2017, the group will continue to improve guidelines and standards and implement the newly revised Code of Conduct. With an ambition to improve transparency, the group will also continue to improve data quality and reporting routines to follow up on issues defined as material for WWH's sustainability ambitions.

Further, the group's focus on emphasising the company's zero tolerance policy on facilitation payments and corruption will continue.

Stakeholder engagement

In 2016, WWH were engaged in dialogues with governments, investors, non-governmental organisations and other stakeholders discussing topics related to the company or industry at large. The main questions were related to financial and environmental issues, but there were also forums specifically addressing sustainability at large. WWH or companies within the group are engaged in, amongst others, the Trident Alliance, the International Maritime Organisation, BIMCO, Working Group 5, Transparency International, TRACE, and the Norwegian Shipowners' Association, and indirectly in organisations such as Maritime Anti-Corruption Network.

ALLOCATION OF PROFIT, DIVIDEND AND BUY BACK

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**	**406 604**
To equity	NOK	151 383
Proposed dividend	NOK	162 413
Interim dividend paid	NOK	92 808
Total allocation	**NOK**	**406 604**

WWH has a tradition of paying dividend twice a year. The board is proposing a NOK 3.50 dividend per share payable during the second quarter of 2017, representing a total payment of NOK 162.4 million. The board of directors 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 2018, but no longer than to 30 June 2018.

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 2017, but no longer than to 30 June 2017.

PROSPECTS

Group business drivers

WWH 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 2017 indicates a modest uptick in global growth. The current political landscape with potential for increased protectionism, however, adds uncertainty.

Outlook for WWASA

Subject to final regulatory approvals, WWL ASA, the new ownership structure for jointly owned companies under WWASA, will be completed in April 2017 and listed on the Oslo Stock Exchange.

WWASA expects the new governance structure to be more agile, enabling efficient adoption to rapidly changing market conditions. In addition, the common ownership and new governance structure through WWL ASA is expected to enable substantial synergies by combining the assets and harvesting economies of scale, including more optimal tonnage planning, and administrative, commercial, and operational efficiencies between the entities.

Outlook for WMS

The general shipping market remains challenging, impacted by limited volume growth, reduced offshore activities and fleet overcapacity in many segments. This will continue to have an effect on ship-owners' purchasing capacity short term. The long-term underlying trend, however, remains positive, supported by a gradual though modest increase in world trade and operating fleet.

During 2016, WMS made substantial steps towards restructuring its business portfolio. The sale of Callenberg Technology group and safety activities will reduce income and operating profit short term. Following subsequent restructuring, a more lean and focused WMS will, though, support an uptick in operating margin towards the upper end of the 9% long term target. The operating margin will also remain sensitive to currency developments.

The ~20% ownership stake in Survitec Group is not expected to generate any short to medium term cash contribution, but has substantial long term value upside.

Outlook for other activities

Treasure ASA, where WWH has a ~72.7% shareholding, will remain sensitive to development of Hyundai Glovis and, indirectly, Hyundai and Kia Motors. Treasure ASA expects short-term performance of the Hyundai Glovis share to be in line with the general equity indexes of the Korean Stock Exchange. The board of Treasure ASA has proposed payment of dividend during the second quarter of 2017.

NorSea Group, where WWH has a 40% shareholding, is exposed to the Norwegian and Danish oil and gas industry. While oil prices have recovered from lows experienced early 2016, activity level remains at a reduced level. Income from supply base real estate properties will continue to be an important contributor.

Qube, where WWH has a ~4.8% equity stake, remains exposed to the general Australian economy and trade. Following last year investments in port and inland terminals, long-term value creation is increasingly sensitive to successful development of Qube's logistics infrastructure. Outlook for the Australian economy remains positive.

Outlook for the WWH group

In 2016, WWH took significant steps towards transforming the group through consolidation of main business activities and laying the foundation for a more efficient corporate structure.

Facing a challenging market, the board has and will continue to implement structural changes and optimise the organisation to improve operating margin and position the group for future growth.

With decline in main markets appearing to have bottomed out, the board expects a gradual recovery of underlying value of groups operating units and investments.

Lysaker, 20 March 2017
The board of directors of Wilh. Wilhelmsen Holding ASA

Diderik Schnitler
chair

Helen Juell

Odd Rune Austgulen

Irene Waage Basili

Carl Erik Steen

Thomas Wilhelmsen
group CEO


Rentals
031 534 6100
Wilhelmsen
Ships Service
Wilhelmsen
Ships Service
PRO5
18

1905

DELIVERY

The first delivery of a maritime product took place in 1905 via Unitor. 100 years later the company became part of the Wilhelmsen group. Today, we serve more than 50% of the merchant fleet. You can simply not navigate the seas without interacting with Wilhelmsen in some form.

INCOME STATEMENT WILH. WILHELMSEN HOLDING GROUP

USD mill	Note	2016	2015
Operating revenue	1/19	1 125	1 307
Other income			
Share of profit/(loss) from joint ventures and associates	2	187	(60)
Gain on sale of assets	18	62	34
Total income		1 374	1 281
Operating expenses			
Vessel expenses	1	(36)	(42)
Charter expenses		(25)	(22)
Inventory cost	11	(377)	(460)
Employee benefits	4	(330)	(331)
Other expenses	1/19	(175)	(151)
Depreciation and impairments	5	(104)	(154)
Total operating expenses		**(1 048)**	**(1 159)**
Operating profit		**327**	**122**
Financial income	1	19	1
Financial expenses	1	(60)	(86)
Financial income/(expenses)		**(41)**	**(86)**
Profit before tax		**286**	**36**
Tax income/(expense)	6	(35)	19
Profit for the year		**251**	**55**
Of which:			
Profit attributable to minority interests		49	1
Profit attributable to owners of the parent		201	54
Basic / diluted earnings per share (USD)	7	4.34	1.16

COMPREHENSIVE INCOME WILH. WILHELMSEN HOLDING GROUP

USD mill	Note	2016	2015
Profit for the year		251	55
Items that may be reclassified to the income statement			
Cash flow hedges (net after tax) in joint ventures		12	(8)
Revaluation mark to market value	10	2	(1)
Currency translation differences	18	51	(131)
Items that will not be reclassified to the income statement			
Remeasurement postemployment benefits, net of tax	8		5
Other comprehensive income, net of tax		**65**	**(134)**
Total comprehensive income for the year		**315**	**(80)**
Total comprehensive income attributable to:			
Owners of the parent		264	(77)
Minority interests		52	(3)
Total comprehensive income for the year		**315**	**(80)**

Notes 1 to 22 on the next pages are an integral part of these consolidated financial statements.

BALANCE SHEET WILH. WILHELMSEN HOLDING GROUP

USD mill	Note	31.12.2016	31.12.2015
ASSETS			
Non current assets			
Deferred tax asset	6	75	92
Goodwill and other intangible assets	5	145	205
Vessel, property and other tangible assets	5	2 047	2 011
Investments in joint ventures and associates	2	1 259	1 116
Investments in available-for-sale financial assets	10/15	209	122
Other non current assets	9	47	19
Total non current assets		**3 781**	**3 566**
Current assets			
Inventories	11	65	107
Current financial investments	12/15	285	327
Other current assets	9/13	268	375
Cash and cash equivalents	13	296	311
Total current assets		**914**	**1 120**
Total assets		**4 695**	**4 686**
EQUITY AND LIABILITIES			
Equity			
Paid-in capital		122	122
Retained earnings and other reserves		1 868	1 632
Attributable to equity holders of the parent		**1 990**	**1 754**
Minority interests		502	452
Total equity		**2 492**	**2 206**
Non current liabilities			
Pension liabilities	8	63	67
Deferred tax	6	12	20
Non current interest-bearing debt	14/15	1 418	1 461
Other non current liabilities	9	233	291
Total non current liabilities		**1 727**	**1 839**
Current liabilities			
Current income tax	6	15	8
Public duties payable		7	9
Current interest-bearing debt	14/15	115	199
Other current liabilities	9	340	425
Total current liabilities		**477**	**640**
Total equity and liabilities		**4 695**	**4 686**

Lysaker, 20 March 2017
The board of directors of Wilh. Wilhelmsen Holding ASA

Diderik Schnitler
chair

Helen Juell

Odd Rune Austgulen

Irene Waage Basili

Carl Erik Steen

Thomas Wilhelmsen
group CEO

Notes 1 to 22 on the next pages are an integral part of these consolidated financial statements.

CASH FLOW STATEMENT WILH. WILHELMSEN HOLDING GROUP

USD mill	Note	2016	2015
Cash flow from operating activities			
Profit before tax		286	36
Financial (income)/expenses	1	66	58
Financial derivatives unrealised	1	(25)	24
Depreciation/impairment	5	104	154
Loss/(gain) on sale of fixed assets	1	(3)	(6)
Gain from sale of subsidiaries, joint ventures and associates	2	(56)	(28)
Change in net pension asset/liability		(4)	(22)
Change in inventory		19	2
Change in working capital		44	(48)
Share of (profit)/loss from joint ventures and associates	2	(187)	60
Dividend received from joint ventures and associates	2	72	47
Tax paid (company income tax, withholding tax)		(11)	(19)
Net cash provided by operating activities		**304**	**258**
Cash flow from investing activities			
Proceeds from sale of fixed assets		44	16
Investments in tangible and intangible assets	5	(205)	(212)
Net proceeds from sale of subsidiaries		107	2
Net proceeds from sale of joint ventures and associates			41
Loans granted to joint ventures and associates		(7)	
Proceeds from sale of financial investments		168	139
Current financial investments		(131)	(174)
Interest received	1	4	4
Changes in other investments			(3)
Net cash flow from investing activities		**(21)**	**(187)**
Cash flow from financing activities			
Net proceeds from issue of debt after debt expenses	14	291	227
Repayment of debt	14	(432)	(207)
Interest paid including interest derivatives	1	(84)	(87)
Realised financial derivatives	1	(45)	(13)
Dividend to shareholders		(30)	(43)
Net cash flow from financing activities		**(299)**	**(123)**
Net increase in cash and cash equivalents		(15)	(53)
Cash and cash equivalents at the beginning of the period		311	364
Cash and cash equivalents at 31.12		**296**	**311**

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 22 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	Minority interests	Total equity
Balance at 31.12.2015	122		1 632	1 754	452	2 206
Comprehensive income for the period:						
Profit for the period			201	201	49	251
Other comprehensive income			62	62	2	65
Total comprehensive income for the period	**0**	**0**	**264**	**264**	**52**	**315**
Transactions with owners:						
Dividends			(28)	(28)	(2)	(30)
Balance 31.12.2016	**122**	**0**	**1 868**	**1 990**	**502**	**2 492**

USD mill	Share capital	Own shares	Retained earnings	Total	Minority interests	Total equity
Balance at 31.12.2014	122		1 738	1 861	469	2 329
Comprehensive income for the period:						
Profit for the period			54	54	1	55
Other comprehensive income			(131)	(131)	(3)	(135)
Total comprehensive income for the period	**0**	**0**	**(78)**	**(78)**	**(2)**	**(80)**
Transactions with owners:						
Dividends			(29)	(29)	(15)	(44)
Balance 31.12.2015	**122**	**0**	**1 632**	**1 754**	**452**	**2 206**

Own shares represented 0.22 % of the share capital in nominal value at 31 December 2016 (analogous for 31 December 2015).

Dividend for fiscal year 2015 was NOK 5.00 per share, where NOK 3.00 per share was paid in May 2016 and NOK 2.00 per share was paid in November 2016.

Dividend for fiscal year 2014 was NOK 5.00 per share, where NOK 3.00 per share was paid in May 2015 and NOK 2.00 per share was paid in November 2015.

The proposed dividend for fiscal year 2016 is NOK 3.50 per share, payable in the second quarter of 2017.

A decision on this proposal will be taken by the annual general meeting on 27 April 2017. The proposed dividend is not accrued in the year-end balance sheet.

The dividend will have effect on retained earnings in second quarter of 2017.

Notes 1 to 22 on the next pages are an integral part of these consolidated financial statements.

ACCOUNTING POLICIES WILH. WILHELMSEN HOLDING GROUP AND WILH. WILHELMSEN HOLDING ASA GROUP

GENERAL INFORMATION

Wilh. Wilhelmsen Holding ASA (referred to as the parent company) is domiciled in Norway. The parent company's consolidated accounts for fiscal year 2016 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 adopted by the board of directors on 20 March 2017.

The parent 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 financial statements for the parent company have been prepared and presented in accordance with simplified IFRS approved by Ministry of Finance 3 November 2014. The parent company, has elected to apply the exception from IFRS for dividends and group contributions. Otherwise, the explanations of the accounting policy for the group also apply to the parent company, and the notes to the consolidated financial statements will in some cases cover the parent company.

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.

Most of the entities in WWASA group have USD as functional currency while entities in WMS group 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 for Wilhelmsen Maritime Services (WMS AS) has USD.

The parent company is presented in its functional currency NOK.

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 transaction are used
- the translation difference is recognised in other comprehensive income and split between controlling and minority interests

Goodwill and the fair value of assets and liabilities related to the acquisition of entities which have a functional currency other than USD are attributed in 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 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 the periods presented in the accounts.

Standards, amendments and interpretations

There are no new or amended standards adopted by the group or parent company from 1 January 2016 or later.

New standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the group;

- IFRS 9, The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The group is yet to assess IFRS 9's full impact.
- IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. The group has assessed the potential impact of IFRS 15 on the groups revenue streams. Summarized the group is not expecting any material changes to the current recognition of revenue arising from the implementation of IFRS 15. Expected date of adoption by the group is 1 January 2018.
- 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, both as regards impact on the balance period of time in exchange of consideration. While this definition is not dissimilar to that of IAS 17, it would have required further evaluation of each contract to determine whether all leases contracts in the group currently not defined as financial lease, would qualify as leases under new standard. The group is in the early phase of evaluating the impact of IFRS 16. The currently material lease contracts are related to vessels and properties. At this stage, the group does not intend to adopt the standard before its effective date.

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 relief received is included in dividends from subsidiaries. Group contributions and dividends from subsidiaries is recognised in the year for which it is proposed by the subsidiary to the extent the parent company can control the decision of the subsidiary through its share holdings. 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 fair value 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 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.

The group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. When relevant the consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement.

Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the group recognises any minority interests in the acquirer either at fair value or at the minority interest's proportionate share of the acquirer's net assets.

The excess of the consideration transferred the amount of any minority interests in the acquiree and the acquisition-date fair value of any previous equity interests in the acquiree over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income.

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

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.

The group applies IFRS 11 to all joint arrangements. Under IFRS 11, 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 their acquisition 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 operating income. The investments in joint ventures and associates are related to the group's operating activities and therefore classified as part of the operating activity. The share of profit after tax from joint ventures and associates is added to the capitalised value 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 eliminated.

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.

Minority interests

The group treats transactions with minority interests as transactions with equity owners of the group.
For purchases from minority 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 minority interests are also recorded in equity.

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 segments 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 consists of the group chief executive officer (group CEO) and five executive managers.

The WWASA group segment covers shipping and logistics activities in the group. The shipping activity is engaged in ocean transport of cars, roll-on roll-off cargo and project cargo. Its main customers are global car manufacturers and manufacturers of agriculture and other high and heavy equipment. The customer's cargo is carried in a worldwide transport network. This is the group's most capital intensive activity.

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

The WMS group segment offers marine products, ship agency services and logistics to the merchant fleet, ship management including manning for all major vessel types, through a worldwide network of more than 265 offices in some 70 countries.

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, Wilh Wilhelmsen HK and corporate group activities like operational management, tax, legal, finance, portfolio management, communication and human relations) which fail to meet the definition for other core activities.

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

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. They relate to the chartering of vessels on long term charters.

See note 9, 19 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 4 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. Changes in the currency position related to qualified cash flow hedging derivatives, qualifying net investment hedges, gains and losses are recognised in comprehensive income.

Translations

In the consolidated financial statements, the assets and liabilities of non USD functional currency subsidiaries, joint ventures and associates, including the 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 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).

ACCOUNTING POLICIES WILH. WILHELMSEN HOLDING GROUP AND WILH. WILHELMSEN HOLDING ASA GROUP

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 is recognised when it is probable that a transaction will generate a future economic benefit that will accrue to the entity and the size of the amount can be reliably estimated.

Revenues are recognised at fair value and presented net of value added tax and discounts.

Shipping and logistics activities

Revenue is recognised when it is probable that a transaction will generate a future economic benefit that will accrue to the entity and the size of the amount can be reliably estimated. Revenues are recognised at fair value and presented net of value added tax and discounts.

The group's ship owning companies

The group's revenue in ship owning companies derives from chartering (renting) out its vessels to operating companies. The charter hire per vessel is generated from either variable time charter hire (operating companies' net results) or fixed time charter, i.e. predetermined for the entire charter period. The charter agreements are on time charter basis, implying chartering a complete vessel including crew.

Revenues from time charters are accounted for as operating leases under IAS 17. Revenues from predetermined time charters are recognised on a straight-line basis over the duration of the period of each charter and adjusted for off-hire days, as service is performed. Revenues from variable time charters are recognised in accordance with recognition in the operating company (charterer).

Operating companies

Total revenues and voyage related expenses in a period are accounted for as the percentage of completed voyages. Voyage accounting consists of actual figures for completed voyages and estimates for voyages in progress. Voyages are normally discharge-to-discharge. Except for any period a ship is declared off-hire due to technical or other owner's matters, a ship is always allocated to a voyage.

Sales of logistics services are recognised in the accounting period in which the services have been rendered and completed.

Maritime services

Revenue from the sale of goods and services is recognised at fair value, 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.

Sales of goods and services are recognised in the accounting period in which the services are rendered or goods sold.

Construction contract related to fixed-price contracts with a long production period is accounted for in accordance with the percentage of completion method. The degree of completion is calculated as costs incurred as a percentage of the expected total cost. The total cost is reviewed continuously.

INVENTORIES

Inventories of purchased goods and work in progress, including bunkers, are valued at cost in accordance with the standard cost method. Impairment losses are recognised if the net realisable value is lower than the cost price. Sales costs include all remaining sales, administrative and storage costs.

Luboil is valued at the lower of cost and net realisable value. Luboil represents the lubrication oil held on board the vessels.

CONSTRUCTION CONTRACTS

When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract by reference to the stage of completion. Contract costs are recognised as expenses by reference to the stage of completion of the contract activity at the end of the reporting period. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable.

Variations in contract work, claims and incentive payments are included in contract revenue to the extent that may have been agreed with the customer and are capable of being reliably measured.

The group uses the 'percentage-of-completion method 'to determine the appropriate amount to recognise in a given period. The stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion.

CASH-SETTLED PAYMENTS TRANSACTIONS

Cash-settled payments / bonus plans

For cash-settled payments, a liability equal to the portion services received is recognised at the current fair value determined at each balance sheet date.

See note 4 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. A residual value, which reduces the deprecation base, is estimated for vessels. The estimate is based on a 10 years average rolling demolition prices, for general cargo. In addition, a charge for environmental friendly recycling is deducted. The calculation is done on an annual 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 vessel. Shipbuilding instalments, other direct vessel costs and the group's direct interest costs related to financing the acquisition cost of vessels are capitalised as they are paid.

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

Property	10-50 years
Other tangible assets	3-10 years
Vessels	30 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.

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

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

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 minority interests in the acquiree and the acquisition date fair value of any previous equity interests in the acquiree over the fair value of the group's share 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 subsidiaries 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.

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 the profit and loss statement. Assets are grouped at the lowest level where there are separately identifiable independent cash flows.

Vessels and newbuilding contracts

Future cash flow is based on an assessment of what is the group's expected time charter earnings and estimated level of operating expenses for each type of vessel over the remaining useful life of the vessel. Vessels are organised and operated as a fleet and evaluated for impairment on the basis that the whole fleet is the lowest CGU. The vessels are trading in global network as part of a fleet, where the income of a specific vessel is dependent upon the total fleet's earnings and not the individual vessel's earnings. The group's vessels are interchangeable among the operating companies which are seen through the ongoing operational co-operation (long-term chartering activities, vessel swaps, space chartering, combined schedules etc.). As a consequence, vessels will only be impaired if the total value of the fleet based on future estimated cash flows is lower than the total book value.

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. Future earnings are based on next year's expectations with a 1% growth rate. 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.

LEASES

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

Financial leases are capitalised at the inception of the lease at the lower of fair value of the leased item or the present value of agreed lease payments. Each lease payment is allocated between liability and finance charges. The corresponding rental obligations are included in other 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

The group and the parent company classify financial assets in the following categories: trading financial assets at fair value through the income statement, loans and receivables, and available-for-sale financial assets. The classification depends on the purpose of the asset.

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

Financial assets carried at fair value through the income statement are initially recognised at fair value, and transaction costs are expensed in the income statement.

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 valued 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

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.

Available-for-sale financial assets

Available-for-sale financial assets are non derivatives that are either designated in this category or not classified in any of the other categories. After initial recognition, available-for-sale financial assets are measured at fair value with gains or losses recognised as a separate component in other comprehensive income until the investments is derecognised, at which time the cumulative gain or loss previously reported in equity is included in the income statement.

The fair value of the investments that are actively traded in organised financial markets is determined by reference to quoted market bid price at the close of business on the balance sheet date. For investments where there is no active market fair value are determined applying acknowledged valuation techniques.

Available-for-sale financial assets are included in non current assets unless the investment matures of 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.

ACCOUNTING POLICIES WILH. WILHELMSEN HOLDING GROUP AND WILH. WILHELMSEN HOLDING ASA GROUP

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 recognised in the income statement stated in 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 smoothing 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 15 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 comprehensive income together with the deferred tax effect. Gain and loss on the ineffective portion is recognised in the income statement. Amounts recognised in 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
Gains and losses arising from the hedging instruments relating to the effective portions of the net investments hedges are recognised in comprehensive income. These translation reserves are reclassified to the income statement upon disposal of the hedged net investments, offsetting the translation differences from these net investments. Any ineffective portion is recognised immediately in the income statement within net financial income/(expenses).

Gains and losses accumulated in equity are included in the income statement when the foreign operation is partially disposed of, sold or change of functional currency.

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.

For group companies subject to tonnage tax regimes, the tonnage tax is recognised as an operating cost.

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 2016.

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.

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

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 income

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

Receivables are recognised at face value less any impairment. Provision for impairment is made to specified receivable items when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the receivable, the estimated future cash flows of the investments have been affected.

CASH AND CASH EQUIVALENTS
Cash and cash equivalents include cash in hand, deposits held at call with banks, other liquid investments with maturities of three months or less. Bank overdrafts are shown 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 vessels

Vessels are organised and operated as a fleet and evaluated for impairment on the basis that the whole fleet is the lowest cash generating unit (CGU).

The group tests at each reporting date whether vessels have suffered any impairment, in accordance with the accounting policies for "Impairment of goodwill and other non financial assets". The recoverable amounts of the CGU has been determined based on value in use calculations. These calculations require the use of estimates.

See note 5 in the group accounts for additional information.

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 5 in the group accounts for additional information.

NOTE 1 COMBINED ITEMS, INCOME STATEMENT

USD mill	Note	2016	2015
OPERATING REVENUE			
Freight revenue		257	313
Ships service revenue		586	636
Technical solutions revenue		223	306
Ship management and crewing revenue		43	48
Other revenue		15	5
Total operating revenue	19	**1 125**	**1 307**
VESSEL EXPENSES			
Luboil		(5)	(6)
Stores (water, safety, chemicals, ropes etc)		(3)	(3)
Maintenance of vessels		(15)	(18)
Insurance		(6)	(5)
Other vessel expenses		(7)	(10)
Total vessel expenses		**(36)**	**(42)**
OTHER EXPENSES			
Loss on sale of assets		(4)	(1)
Office expenses		(38)	(41)
Communication and IT expenses		(34)	(30)
External services		(39)	(20)
Travel and meeting expenses		(12)	(14)
Marketing expenses		(5)	(7)
Other administration expenses		(43)	(38)
Total other expenses	19	**(175)**	**(151)**
FINANCIAL INCOME AND EXPENSES			
Financial items			
Investment management		13	5
Interest income		4	4
Other financial items		2	(9)
Net financial items		**19**	**1**
Financial – interest expenses			
Interest expenses		(52)	(47)
Interest rate derivatives – realised		(28)	(32)
Net financial – interest expenses		**(80)**	**(79)**
Interest rate derivatives – unrealised		25	24
Financial currency			
Net currency gain/(loss) – non financial curency		(9)	28
Net currency gain/(loss) – financial currency		(19)	8
Derivatives for hedging of cash flow risk – realised		(23)	(2)
Derivatives for hedging of cash flow risk – unrealised		32	(26)
Derivatives for hedging of translation risk – realised		(20)	(12)
Derivatives for hedging of translation risk – unrealised		27	(21)
Net financial currency		**(11)**	**(25)**
Valuation of bunker hedges		9	(6)
Realised portion bunker hedges		(2)	
Net financial derivatives bunkers		**7**	**(6)**
Financial income/(expenses)		**(41)**	**(86)**
Spesification of financial income and expenses income statement:			
Net financial items		19	1
Financial income		**19**	**1**
Net financial – interest expenses		(80)	(79)
Net financial currency		(11)	(25)
Interest rate derivatives – unrealised		25	24
Net financial derivatives bunkers		7	(6)
Financial expenses		**(60)**	**(86)**

See note 15 on financial risk and the section of the accounting policies concerning financial derivatives.

NOTE 2 INVESTMENTS IN JOINT VENTURES

	Business office, country	2016	2015
		Voting share/ownership	
WWASA group (shipping)			
Tellus Shipping AS	Lysaker, Norway	50.0%	50.0%
American Roll-on Roll-off Carrier Holding Inc	New Jersey, USA	50.0%	50.0%
Fidelio Inc	New Jersey, USA	50.0%	50.0%
Fidelio Limited Partnership	New Jersey, USA	50.0%	50.0%
EUKOR Car Carriers Inc	Seoul, Republic of Korea	40.0%	40.0%
WWASA group (shipping/logistics)			
Wallenius Wilhelmsen Logistics AS	Lysaker, Norway	50.0%	50.0%
WWASA group (logistics)			
American Roll-On Roll-Off Carrier Group Inc	New Jersey, USA	50.0%	50.0%
American Logistics Network LLC	New Jersey, USA	50.0%	50.0%

Wallenius Wilhelmsen Logistics (WWL) is a joint venture between Wilh. Wilhelmsen ASA (WWASA) and Wallenius Lines AB (Wallenius) and was established in 1999. It is an operating company within both shipping segment and logistics segment. It operates most of the WWASA's and Wallenius' owned vessels. 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. WWL is the contracting party in customer contracts with industrial manufacturers for cars, agricultural machinery etc.

EUKOR Car Carriers (EUKOR) is a joint venture between WWASA, Wallenius, Hyundai Motor Company and Kia Motors Corporation. EUKOR is one of the world's largest shipping companies specialised in transporting cars and other rolling cargo. EUKOR is party to contracts for ocean transportation of Hyundai and Kia cars out of Korea, as well as a global provider of quality car carrying services for a diversified customer base.

American Roll-on Roll-off Carrier Group manages several US based companies, all of which are established on a joint venture basis between WWASA and Wallenius. These companies include a liner service operating company, a ship owning company, and a logistics services provider.

American Roll-on Roll-off Carrier (ARC), a vessel-operating company, is the largest US flag ro-ro carrier and the third largest US flag carrier overall in international trade and provides ro-ro liner services in the US - international trades. Fidelio Limited Partnership (FLP) owns 7 ships, of which all are US-flag vessels under contract in the US government's Maritime Security Program (MSP). FLP charters vessels to ARC. The logistic companies are supporting the shipping segment.

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

WWL and EUKOR are subject to antitrust investigations of the car carrying industry in several jurisdictions. See note 21 for contingencies.

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

CONT. NOTE 2 INVESTMENTS IN JOINT VENTURES

USD mill	2016	2015
Summarised financial information - according to the group's ownership		
Share of total income	1 575	1 933
Share of operating expenses	(1 361)	(1 921)
Share of depreciation	(67)	(77)
Share of net financial items	(19)	(31)
Share of tax expense	(17)	(11)
Share of profit/(loss) for the year	**106**	**(108)**
Share of equity (equity method)		
Book value	752	673
Excess value (goodwill)	16	16

USD mill	2016	2015
Joint ventures' assets, equity and liabilities (group's share of investments)		
Share of non current assets	1 491	1 301
Share of cash and cash equivalents	181	262
Share of current assets	247	240
Total share of assets	**1 918**	**1 803**
Share of equity 01.01	689	841
Share of profit/(loss) for the period	106	(108)
Dividend received/repayments of share capital	(52)	(33)
Charged directly to equity	26	(6)
Currency translation differences	(1)	(5)
Share of equity 31.12	**768**	**689**
Share of non current financial liabilities	668	640
Share of other non current liabilities	117	197
Share of current financial liabilities	93	67
Share of other current liabilities	272	209
Total share of liabilities	**1 150**	**1 114**
Total share of equity and liabilities	**1 918**	**1 803**

Set out below are the summarised financial information, based on 100%, for EUKOR Car Carriers Inc, 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	EUKOR Car Carriers Inc		Other	
	2016	2015	2016	2015
SUMMARISED STATEMENT OF COMPREHENSIVE INCOME				
Total income	1 381	1 918	2 311	2 633
Operating expenses	(1 168)	(1 757)	(2 023)	(2 734)
Depreciation / amortisation	(105)	(139)	(49)	(47)
Net operating profit/(loss)	**108**	**23**	**238**	**(149)**
Financial income/(expenses)	(43)	(48)	(5)	(23)
Profit/(loss) before tax	**65**	**(25)**	**234**	**(172)**
Tax income/(expense)	(2)	(2)	(33)	(20)
Profit/(loss) after minority interests	**63**	**(27)**	**193**	**(195)**
Other comprehensive income	30	(19)	(3)	(7)
Total comprehensive income	**93**	**(46)**	**190**	**(202)**
WWH share of dividend from joint ventures	40	24	12	9

CONT. NOTE 2 INVESTMENTS IN JOINT VENTURES

USD mill	EUKOR Car Carriers Inc		Other	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
SUMMARISED BALANCE SHEET				
Non current assets	2 704	2 746	787	373
Other current assets	136	154	387	362
Cash and cash equivalents	189	265	211	313
Total assets	**3 029**	**3 165**	**1 385**	**1 048**
Non current financial liabilities	1 290	1 376	303	179
Other non current liabilities	5	161	231	266
Current financial liabilities	167	178	53	13
Other current liabilities	238	114	344	302
Total liabilities	**1 700**	**1 829**	**931**	**760**
Net assets	**1 329**	**1 336**	**454**	**289**

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	EUKOR Car Carriers Inc		Other	
	2016	2015	2016	2015
RECONCILIATION OF SUMMARISED FINANCIAL INFORMATION				
Opening net asset 01.01	**1 336**	**1 448**	**289**	**504**
Profit/(loss) for the period	63	(27)	193	(195)
Other comprehensive income				
– Cash flow hedges, net of tax	29	(19)		
– Currency translation differences				(11)
– Remeasurement postemployment benefits, net of tax	1		(2)	4
– Dividend to shareholder	(100)	(60)	(1)	(19)
– Reclassification		(6)	(24)	6
Closing net assets 31.12	**1 329**	**1 336**	**454**	**289**
WWH share	532	534	221	138
Goodwill	11	11	6	6
Carrying value 31.12	**542**	**545**	**226**	**144**

NOTE 2 INVESTMENTS IN ASSOCIATES

	Business office/country	2016	2015
		Voting/control share	
Holding and Investments			
NorSea Group AS*	Stavanger, Norway	40.0%	40.0%
Hyundai Glovis Co Ltd	Seoul, Republic of Korea	12.0%	12.0%
Wilhelmsen Ferd Offshore AS	Oslo, Norway	50.0%	
		Profit sharing agreements**	
WMS group - 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%
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%
Aurora Wilhelmsen Ship Management Limited	Hong Kong	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%
Wilhelmsen Ships Service (Private) Limited	Pakistan	50.0%	50.0%
Wilhelmsen-Smith Bell Shipping Inc	Philippines	49.0%	49.0%
Wilhelmsen-Smith Bell Manning, Inc.	Philippines	50.0%	50.0%
Wilhelmsen Hyopwoon Ships Services Ltd	Republic of Korea	50.0%	50.0%
Haeyoung Maritime Services Co Ltd	Republic of Korea	20.0%	20.0%
Binzagr Barwil Maritime Transport Co Ltd	Saudi Arabia	50.0%	50.0%
Wilhelmsen Meridian Navigation Ltd, Sri Lanka	Sri Lanka	40.0%	40.0%
Barwil Abu Dhabi Ruwais LLC	United Arab Emirates	50.0%	50.0%
Barwil Dubai LLC	United Arab Emirates	50.0%	50.0%
Denholm Wilhelmsen Ltd	United Kingdom	40.0%	40.0%
Barwil - Sunnytrans Co. Ltd	Vietnam	50.0%	50.0%

*The investment in NorSea Group AS is collateral. See note 14.

**Takes account of agreements on profit sharing which are additional to the equity share.

An overview of actual equity holdings can be found in the presentation of company structure on page 132.

The investment in Hyundai Glovis is moved from WWASA segment to Holding and Investment through the demerger of WWASA to Treasure ASA. The comparative figures for 2015 reflect the demerger.

Hyundai Glovis' principal activity is logistics and distribution services. The company provides overseas logistics services, including vehicle export logistics, air freight forwarding, ocean freight forwarding and international express service. Hyundai Glovis also has a growing shipping segment with its own fleet of car carriers and bulk carriers.

Even if the share interest in Hyundai Glovis is 12.0%, the investment is treated as an associate in accordance with IFRS. The reason is that the group has entered into a shareholders' agreement regarding their shareholding in Hyundai Glovis, including two representatives on the board of directors (22%). The agreement, which has an indefinite term, contains provisions, inter alia, restrictions on transfer of shares, corporate governance, composition of and procedures for the board of directors, matters which require a qualified majority at the general meeting of shareholders, and mechanisms in case a resolution cannot be reached by the partners. In addition the business relationship between the group's joint venture EUKOR Car Carriers Inc and Hyundai Glovis is strong as Hyundai Glovis is a global logistics service provider for EUKOR's main customers Hyundai Motor Company and Kia Motors Corporation.

Hyundai Glovis Co Ltd was listed on 23 December 2005, and the group's equity interest had a stock market value USD 580 million at 31 December 2016 (2015: USD 741 million).

NorSea group is a leading provider of supply bases and integrated logistics solution to the Norwegian offshore industry. Through its fully and partly owned entities the group operates ten strategically located supply bases along the coast of Norway, including NorSea (two supply bases both in the Stavanger area), Stordbase (Stord), Coast Center Base (Bergen), Vestbase (Kristiansund), Helgelandsbase (Sandnessjøen) and Polarbase (Hammerfest). In 2014 NorSea acquired Danborg from A.P.Møller Maersk. Danbor is the largest service provider of oil and gas logistics in the Danish part of the North Sea with an estimated market share of 80%. Through the acquisition, NorSea will improve its offering to UK and Scotland based customers and not least be part of new explorations related to offshore opportunities at Greenland.

CONT. NOTE 2 INVESTMENTS IN ASSOCIATES

USD mill	2016	2015
Share of profit from associates		
Hyundai Glovis Co Ltd	65	36
NorSea Group AS	12	7
Other associates WMS group	4	5
Share of profit from associates	**82**	**48**
Book value of material associates		
Hyundai Glovis Co Ltd	390	337
NorSea Group AS	88	76
Specification of share of equity and profit/loss:		
Share of equity 01.01	428	423
Share of profit for the year	82	48
Change in holding and investments		(12)
Disposal WMS group		(1)
Dividend	(20)	(15)
Other comprehensive income	2	(15)
Share of equity 31.12	**491**	**428**

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 Hyundai Glovis and NorSea 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%).

Hyundai Glovis is consolidated a quarter in arrears and figures are correspond to periods consolidated into Holding & Investments segment.

USD mill	Hyundai Glovis		NorSea group		Other	
	2016*	2015*	2016	2015	2016	2015
SUMMARISED STATEMENT OF COMPREHENSIVE INCOME						
Total income	13 056	12 836	286	364	93	85
Operating expenses	(12 402)	(12 237)	(242)	(327)	(84)	(73)
Net operating profit	**654**	**598**	**45**	**37**	**9**	**12**
Finance income & expenses	(33)	(21)				
Other financial expenses	126	(109)	(11)	(17)	2	2
Profit before tax	**748**	**469**	**33**	**20**	**11**	**14**
Tax	(206)	(177)	(3)	(2)	(1)	(3)
Profit/(loss) after minority interests	**542**	**292**	**31**	**18**	**9**	**11**
Other comprehensive expenses		20	2	(1)		
Total comprehensive (expense)/income	**542**	**312**	**32**	**18**	**9**	**11**
WWH share of dividend from associates	12	9	2	2	7	4

*Corresponding to Hyundai Glovis' accounting period respectively 01.10.2015 through 30.09.2016 and 01.10.2014 through 30.09.2015.

CONT. NOTE 2 INVESTMENTS IN ASSOCIATES

USD mill	Hyundai Glovis		NorSea group		Other	
	31.12.2016**	31.12.2015**	31.12.2016	31.12.2015	31.12.2016	31.12.2015
SUMMARISED BALANCE SHEET						
Non current assets	3 300	3 149	572	547	13	16
Other current assets	2 622	2 745	97	77	41	55
Cash and cash equivalents	514	695	20	21	36	42
Total assets	**6 436**	**6 589**	**689**	**645**	**90**	**114**
Non current financial liabilities	808	660	358	360		
Other non current liabilities	632	911	2	14	5	5
Current financial liabilities	370	972	25	23		
Other current liabilities	1 765	1 393	84	58	60	77
Total liabilities	**3 574**	**3 936**	**469**	**456**	**65**	**82**
Net assets	**2 862**	**2 654**	**221**	**189**	**25**	**32**

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.
**Corresponding to Hyundai Glovis' accounting period ending respectively 30.09.2016 and 30.09.2015.

USD mill	Hyundai Glovis		NorSea group		Other	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015	31.12.2016	31.12.2015
RECONCILIATION OF SUMMARISED FINANCIAL INFORMATION						
Net asset 01.01	**2 654**	**2 578**	**189**	**209**	**32**	**37**
Increased capital						
Profit for the period	542	292	31	18	9	12
Other comprehensive income***		20				
Currency translation differences	(236)	(174)	5	(34)	(1)	(6)
Dividend /disposal entities	(98)	(62)	(4)	(4)	(16)	(11)
Net assets 31.12	**2 862**	**2 654**	**221**	**189**	**25**	**32**
WWH share	343	318	88	76	13	15
Sale of shares in Hyundai Glovis		(13)				
Goodwill	18	18				
Currency	29	13				
Carrying value 31.12	**390**	**337**	**88**	**76**	**13**	**15**

***Including currency translation differences on net assets 01.01.

Reconciliations of the group's income statement and balance sheet

USD mill	2016	2015
Share of profit/(loss) from joint ventures	106	(108)
Share of profit from associates	82	48
Share of profit/(loss) from joint ventures and associates	187	(60)
Share of equity from joint ventures	768	689
Share of equity from associates	491	428
Share of equity from joint ventures and associates	**1 259**	**1 116**

The group's share of profit/(loss), after tax from joint ventures and associates is recognised in the income statement as an operating income. The investments in joint ventures and associates are related to the group's operating activities and therefore classified as part of the operating activity. All joint ventures and associates are equity consolidated.

NOTE 3 PRINCIPAL SUBSIDIARIES

	Business office/country	Nature of business	Proportion of ordinary shares directly held by parent (%)	Proportion of ordinary shares held by the group (%)
WWASA group				
Wilh Wilhelmsen ASA	Lysaker, Norway	Shipping & logistics	72.73%	72.73%
WMS group				
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%
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 2016 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.

NOTE 4 EMPLOYEE BENEFITS

USD mill	Note	2016	2015
Pay		201	200
Payroll tax		37	39
Pension cost	8	16	18
Termination gain defined benefit plan	8		(4)
Employee benefits seagoing personnel		43	43
Other remuneration		33	34
Total employee benefits		**330**	**331**
Number of employees:			
Group companies in Norway		497	620
Group companies abroad		4 087	5 720
Seagoing personnel Wilhelmsen Ship Management		9 176	10 133
Total employees		**13 760**	**16 473**
Average number of employees		15 117	17 017

CONT. NOTE 4 EMPLOYEE BENEFITS

REMUNERATION OF SENIOR EXECUTIVES

USD thousand	Pay	Bonus	Pension premium	*Other remuneration	Total	Total in NOK thousand
2016						
Group CEO	552	92	189	182	1 016	8 529
Group CFO until April 2016	203	60	7	27	297	2 493
Group CFO from April 2016	254		33	32	319	2 677
President and CEO Wilh. Wilhelmsen ASA	405	181	498	412	1 495	12 559
President and CEO Wilhelmsen Maritime Services AS	389	29	410	381	1 207	10 140
2015						
Group CEO	563	279	197	190	1 229	9 908
Group CFO	443	113	144	145	844	6 805
President and CEO Wilh. Wilhelmsen ASA	454	188	554	512	1 707	13 766
President and CEO Wilhelmsen Maritime Services AS	397	113	413	399	1 323	10 663

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.

Remuneration of the board of directors

USD thousand	2016	2015
Diderik Schnitler (chair)*	140	151
Bettina Banoun	45	47
Helen Juell	45	47
Odd Rune Austgulen	45	47
Carl E. Steen	45	47
Irene Waage Basili	0	0

*Included board of directors fee from WWASA USD 39 thousand (2015: USD 43 thousand)

The chair has an additional consulting agreement with the WWASA group where he got paid USD 24 thousand in 2016 (2015: USD 27 thousand).
The board's remuneration for fiscal year 2016 will be approved by the general meeting 27 April 2017.
Remuneration of the nomination committee, for both Wilh. Wilhelmsen Holding ASA and Wilh. Wilhelmsen ASA, totalled USD 20 thousand for 2016 (2015: USD 21 thousand).

Senior executives

Thomas Wilhelmsen - group CEO
Nils Petter Dyvik- group CFO until april 2016
Christian Berg - group CFO from april 2016
Jan Eyvin Wang - president and CEO Wilh. Wilhelmsen ASA
Dag Schjerven - president and CEO Wilhelmsen Maritime Services AS

See note 2 Employee benefits in the parent company accounts, and note 19 Related party transaction.

CONT. NOTE 4 EMPLOYEE BENEFITS

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 and for the president and CEO of WWASA it is 75%. For the remaining six participants, the maximum annual payment is 50% of base salary.

The LTI is focusing on long term shareholder value creation and is based on positive development of the WW group's value adjusted equity. The ambitions set for the programme are to increase alignment with shareholders' interest, 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 incentive programme after each year.

Per 31 December 2016 the options were out of the money and the group has not made any provision for 2016.

EXPENSED AUDIT FEE

USD mill	2016	2015
Statutory audit	2.6	2.3
Other assurance services	0.3	0.3
Tax advisory fee	2.0	1.6
Other assistance	0.9	0.2
Total expensed audit fee	**5.8**	**4.3**

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

NOTE 5 PROPERTY, VESSELS AND OTHER TANGIBLE ASSETS

USD mill	Property	Vessels*	Newbuilding contracts	Other tangible assets	Total tangible assets
TANGIBLE ASSETS					
2016					
Cost price 1.1	92	2 439	33	215	2 779
Acquisition	1	11	138	49	199
Reclass/disposal	(3)	7	(172)	(72)	(239)
Currency translation differences				(4)	(4)
Cost price 31.12	**90**	**2 457**		**189**	**2 736**
Accumulated depreciation and impairment losses 1.1	(37)	(646)		(86)	(768)
Depreciation/amortisation	(3)	(81)		(11)	(95)
Reclass/disposal	1	148		24	173
Impairment					
Currency translation differences				1	1
Accumulated depreciation and impairment losses 31.12	**(38)**	**(579)**		**(72)**	**(689)**
Carrying amounts 31.12	**51**	**1 878**		**117**	**2 047**
2015					
Cost price 1.1	93	2 338	61	213	2 706
Acquisition	6	10	144	34	193
Reclass/disposal	5	90	(172)	(12)	(88)
Currency translation differences	(11)			(20)	(32)
Cost price 31.12	**92**	**2 439**	**33**	**215**	**2 779**
Accumulated depreciation and impairment losses 1.1	(29)	(640)		(87)	(757)
Depreciation/amortisation	(3)	(80)		(11)	(94)
Disposals	(6)	75		4	72
Impairment	(2)				(2)
Currency translation differences	4			9	13
Accumulated depreciation and impairment losses 31.12	**(37)**	**(646)**		**(86)**	**(768)**
Carrying amounts 31.12	**56**	**1 793**	**33**	**129**	**2 011**
Economic lifetime	10-50 years	30 years		3-10 years	
Depreciation schedule	Straight-line	Straight-line		Straight-line	

*Vessels include dry-docking and carrying amounts at year end was USD 19 million (2015: USD 15 million).
During 2016, two new vessel were delivered. WWASA has, on own accounts, no new vessels due for delivery in 2017. See note 17 for commitments related to the newbuilding program and leasing commitments.

Impairment

The group has evaluated the need for potential impairment losses on its fleet in accordance with the accounting policies.

Vessels are organised and operated as a fleet and evaluated for impairment on the basis that the whole fleet is the lowest cash generating unit CGU. The recoverable amount is the higher of estimated market value (third party quotations) and value in use calculations. As a consequence, vessels will only be impaired if the recoverable value of the fleet is lower than the total book value.

Value in use is the net present value of future cash flows arising from continuing use of the asset or CGU, including any disposal proceeds.

Future cash flow is based on an assessment of what is the group's expected time charter earnings and estimated level of operating expenses for each type of vessel over the remaining useful life of the vessel. Key assumptions are future estimated cash flows, time charter income reduced by estimated vessel operating expenses, based on group management's latest long term forecast. The estimated future cash flows reflect both past experience as well as external sources of information concerning expected future market development.

Management has estimated a moderate improvement in cash flows over the five year forecasting period 2017-2021. Cash flows remain stable until vessels exceeds 20 years, then time charter earnings are reduced by 5% over the remaining useful lives of vessels (0% growth rate).

The net present value of future cash flows was based on weighted average cost of capital (WACC) of 5.63% in 2016.

The WACC can be estimated as follows:
Borrowing rate: Debt ratio*(implied 21 year US swap rate + loan margin)
+ Equity Return: Equity ratio*(implied 21 year US swap rate + Beta*market premium)
= WACC

Based on the value in use estimates, management has concluded that no impairment is required as per 31 December 2016.

Had the WACC been one percentage point higher, the estimated value in use would be reduced by USD 191 million which would not have resulted in an impairment loss. Had the WACC been one percentage point lower, the estimated value in use would be increased by USD 218 million.

Had the estimated time charter income been five percentage points lower, the estimated value in use would be reduced by USD 166 million which would not have resulted in an impairment loss. Had the estimated time charter income been five percentage points higher, the estimated value in use would be increased by USD 165 million.

CONT. NOTE 5 GOODWILL AND OTHER INTANGIBLE ASSETS

USD mill	Goodwill	Other intangible assets	Software and licences	Total intangible assets
INTANGIBLE ASSETS				
2016				
Cost price 01.01	194	23	109	327
Acquisition	14		6	20
Reclass/disposal	(90)	(23)	(27)	(140)
Currency translation differences			2	2
Cost price 31.12	**118**		**91**	**209**
Accumulated amortisation and impairment losses 01.01	(52)	(6)	(64)	(122)
Amortisation/impairment			(9)	(9)
Reclass/disposal	49	6	11	66
Currency translation differences	1		(1)	
Accumulated amortisation and impairment losses 31.12	**(2)**		**(62)**	**(64)**
Carrying amounts 31.12	**116**		**28**	**145**
2015				
Cost price 01.01	216	28	109	353
Acquisition	2	1	18	21
Reclass/disposal		(2)	(4)	(6)
Currency translation differences	(24)	(4)	(14)	(42)
Cost price 31.12	**194**	**23**	**109**	**327**
Accumulated amortisation and impairment losses 01.01	(1)	(5)	(71)	(76)
Amortisation/impairment	(50)	(2)	(5)	(57)
Disposals			3	3
Currency translation differences		1	8	9
Accumulated amortisation and impairment losses 31.12	**(52)**	**(6)**	**(64)**	**(122)**
Carrying amounts 31.12	**142**	**17**	**45**	**205**

Segment-level summary of the goodwill allocation:	**2016**	**2015**
WMS group	110	137
WWASA group	6	6
Total goodwill allocation	**116**	**142**

In 2016 the group conducted no material aquisition.

In 2015 WMS group (CGU Ships Service) acquired Timm AS for USD 9 million. The excess value (nominated in NOK) was split into intangible assets and goodwill of USD 4 million.

CONT. NOTE 5 GOODWILL AND OTHER INTANGIBLE ASSETS

Impairment testing of goodwill
In the WMS group segment, USD 110 million relate to business area Ships Service mainly to the acquisition of Unitor ASA, the rest of the goodwill, USD 6 million, relate to WWASA group. The goodwill figures are originally calculated in NOK and USD. (2015: NOK, GBP and USD).

In connection with the disposal of Safety activities, USD 22 million (including currency effect) was offset against the gain, representing approximately 20% of the original goodwill from the aquisition of Unitor ASA.

For the purpose of impairment testing, goodwill is allocated to the respective cash generating unit which are Ships Service. No impairment was conducted in 2016. In 2015 an impairment was made with USD 50 million related to the goodwill in technical services from acquistion of Callenberg Sweden. The impairment charge impacted the operating profit in WMS group. During 2016, Callenberg was disposed of, and the goodwill originally in GBP from acquistion of IES Callenberg Ltd was offset against the loss.

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:

	2016	2015
USD/NOK	8.30	8.30
USD/SEK		8.42
Discount rate	9.0%	9.0%
Growth rate	1-5%	3-9%
Increase in material cost	3-3.5%	6-9%
Increase in pay and other remuneration	3-3.5%	3-4%
Increase in other expenses	1-3%	4-7%

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 5 million for WSS net value. Had the WACC been 0.5 percentage point lower, the estimated value would be increased by USD 5 million for WSS.

Had the multiple, enterprise value / EBITDA been 1 point lower, the estimated value would be reduced by USD 40 million for WSS net value. Had the multiple, enterprise value / EBITDA been 1 point higher, the estimated value would be increased by USD 40 million for WSS.

NOTE 6 TAX

Ordinary taxation
The ordinary rate of corporation tax in Norway is 25% of net profit for 2016 (2015: 27%). 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 24% (2015: 25%).

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.

In regards to the withholding tax case on dividends from EUKOR to Wilhelmsen Ships Holding Malta Ltd for the period 2010-2014 it can be informed that the WWASA group lost the 2010 appeal case in National Tax Tribunal in Korea. The negative decision will not have any effect on the income statement as the additional tax was booked and paid in Q4 2015. The administrative appeal to the Board of Audit and Inspection (BAI) for the period 2011-2014 is still pending.

CONT. NOTE 6 TAX

USD mill	2016	2015
Allocation of tax income/(expense) for the year		
Payable tax in Norway	(2)	(2)
Payable tax foreign	(17)	(26)
Change in deferred tax	(16)	47
Total tax income/(expense)	**(35)**	**19**

The tax income for 2015 is driven by the tax effect of unrealised currency losses related to non current interest-bearing debt in USD in the Norwegian entities.

Reconciliation of actual tax cost against expected tax cost in accordance with the ordinary Norwegian income tax rate of 25%		
Profit before tax	286	36
25% tax (2015: 27%)	71	10
Tax effect from:		
Permanent differences	3	3
Non-taxable income	(8)	(78)
Share of profits from joint ventures and associates	(46)	17
Change in difference tax rate, deferred tax assets allowance	1	
Currency transition from USD to NOK for Norwegian tax purpose	4	11
Withholding tax and payable tax previous year	11	19
Calculated tax (income)/expense for the group	**35**	**(19)**
Effective tax rate for the group	12.3%	(52.2%)

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.

USD mill	2016	2015
Deferred tax assets to be recovered after more than 12 months	67	16
Deferred tax assets to be recovered within 12 months	67	148
Deferred tax liabilities to be recovered after more than 12 months	(35)	(37)
Deferred tax liabilities to be recovered within 12 months	(35)	(56)
Net deferred tax assets	**63**	**72**
Net deferred tax assets/(liabilities) at 01.01	72	35
Currency translation differences	3	(10)
Tax charged to equity / acquisition	5	1
Income statement charge	(16)	47
Net deferred tax assets at 31.12	**63**	**72**
Deferred tax assets in balance sheet	75	92
Deferred tax liabilities in balance sheet	(12)	(20)
Net deferred tax assets at 31.12	**63**	**72**

CONT. NOTE 6 TAX

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 31.12.2015	**(54)**	**(19)**	**(19)**	**(93)**
Through income statement	(4)	12	(3)	6
Charged directly to equity				
Currency translations	4	4	7	14
Deferred tax liabilities at 31.12.2016	**(52)**	**(15)**	**(2)**	**(71)**
At 31.12.2014	**(54)**	**(35)**	**(22)**	**(113)**
Through income statement	(4)	12	(3)	6
Charged directly to equity				
Currency translations	4	4	7	14
Deferred tax liabilities at 31.12.2015	**(54)**	**(19)**	**(19)**	**(93)**

USD mill	Non current assets and liabilities	Current assets and liabilities	Tax losses carried forward	Total
Deferred tax assets				
At 31.12.2015	**90**	**(7)**	**79**	**165**
Through income statement	(24)	14	(18)	(28)
Charged directly to equity	(2)		4	3
Currency translations	(3)	(5)	3	(6)
Deferred tax assets at 31.12.2016	**60**	**2**	**68**	**134**
At 31.12.2014	**87**	**(3)**	**62**	**148**
Through income statement	16	4	21	40
Charged directly to equity	(1)	4	(2)	1
Currency translations	(12)	(10)	(3)	(25)
Deferred tax assets at 31.12.2015	**90**	**(7)**	**79**	**165**

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 temporary differences in WWASA group related to exit tonnage tax, fixed assets, current assets and liabilities and most of the tax losses carry forward are nominated in NOK and translated to balance date rate. The net currency gain and losses are recognised on entities level through income statement due to different functional currency than local currency.

The WMS group 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 7 EARNINGS PER SHARES

Earnings per share taking into consideration the number of outstanding shares in the period. The group acquired 100 000 own A shares during August 2011.

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

Earnings per share is calculated based on 46 403 824 shares for 2015 and 2016.

NOTE 8 PENSION

Description of the pension scheme
In order to reduce the group's exposure to certain risks associated with defined benefit plans, such as longevity, inflation, effects of compensation increases, the group regularly reviews and continuously improves the design of its post-employment defined benefit plans. Until 31 December 2014, the group provides both defined benefit pension plans and defined contribution pension plans.

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's defined contribution pension schemes for Norwegian employees are with financial institutions providing solutions based on investment funds. Maximum contribution levels according to regulations have been followed up to 31 December 2014. From 1 January 2015, the contributions from the group are changed to be in accordance with new requirements.

The group has "Ekstrapensjon", a contribution plan for all Norwegian employees with salaries exceeding 12 times the Norwegian National Insurance base amount (G). The new 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	2016	2015	2016	2015
In employment	4	35	3	26
On retirement (inclusive disability pensions)	12	19	699	710
Total number of people covered by pension schemes	**16**	**54**	**702**	**736**

	Expenses		Commitments	
Financial assumptions for the pension calculations:	2016	2015	31.12.2016	31.12.2015
Discount rate	2.50%	2.30%	2.30%	2.50%
Anticipated pay regulation	2.25%	3.00%	2.00%	2.25%
Anticipated increase in National Insurance base amount (G)	2.25%	3.00%	2.00%	2.25%
Anticipated regulation of pensions	0.60%	0.60%	0.10%	0.60%

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 8 PENSION

USD mill	2016			2015		
Pension expenses	Funded	Unfunded	Total	Funded	Unfunded	Total
Service cost	1	1	2	2		2
Termination gain defined benefit plan				(4)		(4)
Net interest cost					2	2
Cost of defined contribution plan	14		14	15		15
Net pension expenses	**15**	**1**	**16**	**13**	**2**	**15**

USD mill	2016	2015
Remeasurements - Other comprehensive income		
Effect of changes in demographic assumptions		
Effect of changes in financial assumptions	1	1
Effect of experience adjustments		4
Return on plan assets (excluding interest income)		1
Total remeasurements included in OCI	**1**	**6**
The group comprehensive income pension		5
The tax effect of comprehensive income pension		2
Gross remeasurements included in OCI pension		**7**
Remeasurements included in OCI (parent and subsidaries)		6
Remeasurements included in OCI (joint ventures and associates)	1	1

USD mill	2016	2015
Pension obligations		
Defined benefit obligation at end of prior year	73	109
Effect of changes in foreign exchange rates		(19)
Service cost	2	2
Termination gain defined benefit plan		(2)
Interest expense	2	2
Benefit payments from employer	(3)	(4)
Settlement payments from plan assets		(9)
Remeasurements – change in assumptions	(2)	(6)
Pension obligations 31.12	**71**	**73**

Fair value of plan assets		
Fair value of plan assets at end of prior year	6	17
Effect of changes in foreign exchange rates		(4)
Interest income	1	
Employer contributions	1	2
Settlement payments from plan assets		(9)
Return on plan assets (excluding interest income)		(1)
Gross pension assets 31.12	**7**	**6**

CONT. NOTE 8 PENSION

USD mill	2016			2015		
Total pension obligations	Funded	Unfunded	Total	Funded	Unfunded	Total
Defined benefit obligation	10	57	67	15	56	71
Service cost	1	2	3	2	1	2
Total pension obligation	**11**	**60**	**71**	**17**	**56**	**73**
Fair value of plan assets	7		7	6		6
Net liability (asset)	**4**	**60**	**63**	**11**	**56**	**67**

Premium payments in 2017 are expected to be USD 4.0 million (2016: USD 5.0 million). Payments from operations are estimated at USD 3.6 million (2016: USD 4.1 million).

USD mill	31.12.2016	31.12.2015	31.12.2014	31.12.2013	31.12.2012	31.12.2011
Historical developments						
Gross pension obligations, including payroll tax	(71)	(73)	(109)	(213)	(206)	(227)
Gross pension assets	7	6	17	105	107	99
Net recorded pension obligations	**(63)**	**(67)**	**(92)**	**(108)**	**(99)**	**(128)**

NOTE 9 COMBINED ITEMS, BALANCE SHEET

USD mill	Note	2016	2015
OTHER NON CURRENT ASSETS*			
Non current share investments	15		2
Pension assets	8		1
Related party non current assets	15/19	17	9
Other non current assets**	15	29	8
Total other non current assets		**47**	**19**
OTHER CURRENT ASSETS*			
Account receivables	19	163	233
Financial derivatives	15	10	2
Restricted cash	13	1	1
Other current assets	15	94	139
Total other current assets		**268**	**375**
OTHER NON CURRENT LIABILITIES*			
Financial derivatives	15	128	182
Other non current liabilities***		105	109
Total other non current liabilities		**233**	**291**
OTHER CURRENT LIABILITIES*			
Account payables	19	164	169
Financial derivatives	15	35	68
Other current liabilities		140	188
Total other current liabilities		**340**	**425**

*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, WMS group agreed a vendor note and an earn out of USD 16.5 million and USD 6 million, respectively. The vendor note is accounted for as long term receivable. See note 18.

***WMS group has 586 000 (2015: 569 000) cylinders booked as a other tangible asset in the balance sheet, see note 5. The cylinders are valued at USD 95 million (2015: USD 95 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 97 million (2015: USD 101 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 9 COMBINED ITEMS, BALANCE SHEET

ACCOUNT RECEIVABLES

At 31 December 2016, USD 17 million (2015: USD 33 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	2016	2015
Aging of account receivables past due but not impaired		
Up to 90 days	8	13
90-180 days	9	20
Over 180 days		
Movements in group provision for impairment of account receivables are as follows		
Balance at 01.01	6	6
Net provision for receivables impairment	2	
Balance 31.12	**8**	**6**
Account receivables per segment		
WMS group (shipowners)	159	224
WWASA group (shipowners)	4	8
Holding and Investments		
Total account receivables	**163**	**233**

See note 15 on credit risk.

ACCOUNT PAYABLES

At 31 December 2016, USD 10 million (2015: USD 11 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. Payables fallen due have the following age composition:

	2016	2015
Aging of account payables past due		
Up to 90 days	1	1
90-180 days	8	9
Over 180 days	2	2
Account payables per segment		
WMS group (shipowners)	161	165
WWASA group (shipowners)	2	2
Holding and Investments	1	1
Total account payables	**164**	**169**

See note 15 on credit risk.

NOTE 10 AVAILABLE-FOR-SALE ASSETS

USD mill	2016	2015
Available-for-sale financial assets		
At 01.01	122	131
Acquistion	91	6
Sale during the year	(7)	
Mark to market valuation	2	(1)
Currency translation adjustment		(14)
Total available-for-sale financial assets	**209**	**122**
Available-for-sale financial assets		
Qube Holdings Limited	123	116
Kaplan Equity Limited (KEL)	6	6
Survitec UK Ltd.	79	

Qube Holdings is a diversified Australian logistics and infrastructure company providing logistics services for clients in both import and export cargo supply chains. The company is listed on the Australian Securities Exchange. WWH holds 70 million shares in Qube, representing a 4.8% ownership. 35 million shares are mortgaged. See note 14.

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.

Available-for-sale financial assets are held in a subsidiary with different reporting currency and thereby creating translation adjustments.

NOTE 11 INVENTORIES

USD mill	2016	2015
Inventories		
Raw materials	6	6
Goods/projects in process	1	2
Finished goods/products for onward sale	56	95
Luboil	3	4
Total inventories	**65**	**107**
Obsolescence allowance, deducted above	2	4

Construction contracts

The gross amount of Wilhelmsen Technical Solutions projects are as follow:	2016	2015
Prepaid expenses & accrued income (other current assets)		16
Accrued operating expenses (other current liabilities)		24

If a contract cost incurred plus recognised profit (less recognised loss) exceed progress billings, the contract value represent an asset and if the case is the opposite the contract represent a liability.

Wilhelmsen Technical Solutions and Callenberg group were disposed during 4. quarter 2016. The group has no construction contracts at the year end 31.12.2016.

NOTE 12 CURRENT FINANCIAL INVESTMENTS

USD mill	2016	2015
Market value current financial investments		
Nordic equities	100	116
Bonds	185	210
Total current financial investments	**285**	**327**

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	2	(4)

The parent company's portfolio of financial investments USD 82 million is held as collateral within a securities' finance facility. See note 14.

NOTE 13 CASH, RESTRICTED BANK DEPOSITS AND UNDRAWN COMMITTED DRAWING RIGHTS

USD mill	2016	2015
Payroll tax withholding account	1	1

Wilhelmsen Maritime Services AS, Wilhelmsen Chemicals AS, Wilhelmsen Ships Service AS, Wilhelmsen Insurance Services AS, Wilhelmsen Ship Management (Norway) AS and Wilhelmsen IT Services AS do not have a payroll tax withholding account, but bank guarantees for USD 3.1 million (2015: USD 3.4 million).

Undrawn committed drawing rights	50	50
Including backstop for outstanding certificates and bonds with a remaining term of less than 12 months to maturity		50
Undrawn committed loans	374	182
Cash and cash equivalents		
Banks	278	311
Deposit banks 3 months	17	
Total Cash and cash equivalents	296	311

NOTE 14 INTEREST-BEARING DEBT

USD mill	Note	2016	2015
Interest-bearing debt			
Mortgages		886	1 049
Finance lease liabilities	17	239	
Bonds		196	270
Bank loan		213	341
Total interest-bearing debt	15	**1 533**	**1 660**
Book value of collateral, mortgaged and leased assets:			
Vessels		1 814	1 730
Available-for-sale-financial assets, current financial investments		144	166
Investment in associate and shareholder loan (NorSea Group AS)		98	85
Total book value of collateral, mortgaged and leased assets		**2 056**	**1 981**
Repayment schedule for interest-bearing debt			
Due in year 1		115	199
Due in year 2		325	106
Due in year 3		486	302
Due in year 4		83	641
Due in year 5 and later		523	411
Total interest-bearing debt	15	**1 533**	**1 660**

Loan agreements entered into by the group contain financial covenants relating to free liquidity, debt-earnings ratio and current ratio. In addition one loan facility contains financial covenants relating to value-adjusted equity. The group was in compliance with all covenants at 31 December 2016. (The group had a dialogue with its lenders and received covenant waivers related to the provision made in the third quarter 2015, an extraordinary item impacting only the debt-earnings ratio. Hence, the group was in compliance with all loan covenants at 31 December 2015.)

CONT. NOTE 14 INTEREST-BEARING DEBT

USD mill	2016	2015
The group net interest-bearing debt (joint ventures based on equity method)		
Non current interest-bearing debt	1 418	1 461
Current interest-bearing debt	115	199
Total interest-bearing debt	**1 533**	**1 660**
Cash and cash equivalents	296	311
Current financial investments	285	327
Net interest-bearing debt	**953**	**1 022**
Net interest-bearing debt in joint ventures		
Non current interest-bearing debt	668	640
Current interest-bearing debt	93	67
Total interest-bearing debt in joint ventures	**761**	**707**
Cash and cash equivalents	181	262
Net interest-bearing debt in joint ventures	**580**	**445**

A key part of the liquidity reserve takes the form of undrawn committed drawing rights and loans, which amounted to USD 424 million at 31 December 2016 (2015: USD 232 million).

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.

The bank debt which partly finances the investment in NorSea Group AS utilizes financial assets available-for-sale as collateral.

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

	2016	2015
Guarantee commitments		
Guarantees for group companies	1 204	1 142
The carrying amounts of the group's borrowings are denominated in the following currencies		
USD	1 303	1 354
NOK	230	306
Total	**1 533**	**1 660**

See otherwise note 15 for information on financial derivatives (interest rate and currency hedges) relating to interest-bearing debt.

NOTE 15 FINANCIAL RISK

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

- Market risk
  - Foreign exchange rate risk
  - Interest rate risk
  - Investment portfolio risk
  - Bunker price risk
- Credit risk
- Liquidity risk

MARKET RISK

The group has established hedging strategies to mitigate risks 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 (Fair Value Accounting).

Joint ventures and associate entities in which the group has joint arrangement or significant influence respectively hedge their own exposures. Under the equity method, the effects of realised and unrealised changes in financial derivatives are included in “share of profit from joint ventures and associates” in the group accounts.

Foreign exchange rate risk

The group is exposed to currency risk on revenues and costs in non-functional currencies, mainly USD (transaction risk) and balance sheet items denominated in currencies other than non-functional currencies, mainly USD (translation risk). The group’s largest individual foreign exchange exposure is NOK against USD/ remeasurement. Other material currency exposures include EUR and KRW.

Transaction risk hedging (cash flow)

The group’s operating segments are responsible for hedging their material transaction risk. Within the WWASA group segment, the USD/NOK exposure is subject to a systematic 2-year rolling hedge program. Within the WMS group segment, USDNOK and EURUSD exposures are subject to a systematic 3-year rolling hedge program. All hedge programs utilize a portfolio of currency options. 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 a large extent as possible.
Within the WWASA group segment, NOK 1.2 billion of the group’s net NOK debt are hedged against USD with cross-currency swaps.

Fx sensitivites

On 31 December 2016, material foreign currency balance sheet exposure subject to translation risk was in NOK and EUR. Income statement sensitivities (post tax) for the net exposure booked are as follows:

USD mill					
Sensitivity	(20%)	(10%)	0%	10%	20%
Translation risk					
USD/NOK	6.97	7.44	8.60	9.46	10.32
Income statement effect (post tax)	**5**	**2**	**0**	**(2)**	**(3)**
EUR/USD	0.84	0.95	1.05	1.16	1.27
Income statement effect (post tax)	**5**	**3**	**0**	**(3)**	**(5)**

(Tax rate used is 25% which equals the Norwegian tax rate)

	Note	2016	2015
Through income statement			
Financial currency			
Net currency gain/(loss) - Operating currency		(9)	28
Net currency gain/(loss) - Financial currency		(19)	8
Currency derivatives - realised		(23)	(2)
Currency derivatives - unrealised		32	(26)
Cross currency derivatives - realised		(20)	(12)
Cross currency derivatives - unrealised		27	(21)
Net financial currency	1	**(11)**	**(25)**
Through other comprehensive income			
Currency translation differences through other comprehensive income		51	(131)
Total net currency effect		**40**	**(156)**

CONT. NOTE 15 FINANCIAL RISK

The translation risk of material balance items (other currencies than the entities functional currency) is related to WWASA group, since the segment is denominated in USD. The translation currencies for this segment is booked through Income statement and included in "Net financial currency".

For WMS group and Holding and Investments, the material translation risk for these segments are booked to other comprehensive income due to the functional currency for most of the entities is 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	(20%)	(10%)	0%	10%	20%
Income statement sensitivities of economic hedge program					
Transaction risk					
USD/NOK spot rate	6.97	7.44	8.60	9.46	10.32
Income statement effect (post tax)	**46**	**20**	**0**	**(17)**	**(34)**
EUR/USD spot rate	0.84	0.95	1.05	1.16	1.27
Income statement effect (post tax)	**(16)**	**(6)**	**0**	**4**	**8**
(Tax rate used is 25% that equals the Norwegian tax rate)					

Interest rate risk

The group's strategy is to hedge a significant part of the interest-bearing debt against rising interest rates. As the capital intensity varies across the group's business segments and subsidiaries, which have their own policies on hedging of interest rate risk, targeted and actual hedge ratios vary.

Overall, interest rate derivatives held by the group corresponded to about 50% (2015: 57%) of its interest-bearing debt exposure at 31 December 2016.

USD mill	2016	2015
Maturity schedule interest rate hedges (nominal amounts)		
Due in year 1	100	190
Due in year 2	150	100
Due in year 3	230	150
Due in year 4	50	230
Due in year 5 and later*	230	280
Total interest rate hedges	**760**	**950**
*of which forward starting		150

The WWASA group segment has entered into swaption contracts with a notional value of USD 150 million, with expiry date at the end of 2017.

Depending on interest rate levels on the expiry date, exercising the swaptions by the counterparties will extend the maturity of expiring swaps until 2021.

The average remaining term of the existing loan portfolio is approximately 3.5 years, while the average remaining term of the running interest rate derivatives and fixed interest loans is approximately 6 years.

CONT. NOTE 15 FINANCIAL RISK

Interest rate sensitivity

The group's interest rate risk originates from differences in duration between interest-bearing assets and interest-bearing liabilities. On the asset side, bank deposits and investments in interest-bearing instruments (corporate bonds) are subject to risk from changes in the general level of interest rates. On the liability side, the mix of debt and issued bonds with attached fixed or floating interest rates – in combination with financial derivatives on interest rates (plain vanilla interest rates swaps and swaptions) – will be exposed to changes in the level and curvature of interest rates. 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. This sensitivty differs from the presentation in the accounts, as only the changes in the market value of interest rate derivatives are recognised through the income statement (as "unrealised gain or loss on interest rate instruments"), whereas outstanding debt is booked at amortised cost witout changes in value due to changes in the interest rates or own credit risk.

The below table summarizes the interest rate sensitivity towards the fair value of assets and liabilities.

USD mill

Fair value sensitivities of interest rate risk					
Change in interest rates' level	(2%)	(1%)	0%	1%	2%
Estimated change in fair value	**5**	**2**	**0**	**(2)**	**(5)**

All financial derivatives are booked at fair value with the effects taken to the income statement.

Apart from the fair value sensitivity calculation based on the group's net duration, the group is exposed to cash flow risk stemming from the risk of increased future interest payments on the unhedged part of the group's debt.

	2016		2015	
USD mill	Assets	Liabilities	Assets	Liabilities
Interest rate derivatives				
WWASA group		53		77
WMS group				
Holding and Investments				
Total interest rate derivatives	**0**	**53**	**0**	**77**
Currency derivatives				
WWASA group	6	34	2	69
WMS group	1	1		2
Holding and Investments	1	9		2
Total currency derivatives	**7**	**44**	**2**	**74**
Cross currency derivatives				
WWASA group		66		93
WMS group				
Holding and Investments				
Total cross currency derivatives	**0**	**66**	**0**	**93**
Derivatives used for bunker hedging				
WWASA group	3			
Total derivatives used for bunker hedging	**3**			
Total market value of financial derivatives	**10**	**163**	**2**	**244**

Book value equals market value

Investment portfolio risk

The group actively manages a defined portfolio of liquid financial assets for a portion of the group's liquidity. In both WWH and WWASA group, the board of directors determines a strategic asset allocation by setting weights for main asset classes, bonds, equities and cash. Management has certain intervals for each asset class, within which the asset allocation may fluctuate.

CONT. NOTE 15 FINANCIAL RISK

Equity risk
Within the investment portfolio, held equities are exposed to movements in equity markets. Listed equity derivatives (futures and options) are applied to manage this equity risk to reduce the volatility of the investment portfolio's market value. Below table summarizes the equity market sensitivity towards the market value of held equities and equity derivatives:

Income statement sensitivities of investment portfolio's equity risk, including hedging derivatives

USD mill					
Change in equity prices					
Change in portfolio market value	(20%)	(10%)	0%	10%	20%
Income statement effect	**(5)**	**(3)**	**0**	**2**	**3**

Tax rate used is 25% which equals the Norwegian tax level market value

Interest rate risk
Within the investment portfolio, corporate bonds are exposed to interest rate risk, typically measured by the duration. The duration has been low throughout the year (< 3 year). Below table summarizes the interest rate sensitivity towards the fair value of held bonds:

USD mill					
Fair value sensitivities of interest rate risk					
Change in interest rates' level	(2%)	(1%)	0%	1%	2%
Income statement effect	**7**	**3**	**0**	**(3)**	**(7)**

Tax rate used is 25% which equals the Norwegian tax level market value

Credit risk
Within the investment portfolio, corporate bonds are exposed to movements in credit spreads - measured as the difference between the bonds' yield to maturity and the level of interest rate swaps with matching maturity – and typically more linked to equity markets' performance. The portfolio's average credit spread at year end 2016 was approximately 110 basis points. The movements in credit spreads will have the same effect on the fair value of held bonds as changes in interest rate levels, see table interest rate risk above.

Bunkers risk
The group's strategy for bunker is to secure bunker adjustment clauses (BAF) in contracts of affreightment. Various forms of BAF's are included in most of the contracts of affreightment held by the operating joint ventures.

The profitability and cash flow of the group will depend upon the market price of bunker fuel which is affected by numerous factors beyond the control of the group. Rotterdam FOB 380 ended at USD 304 per tonne at end of 2016, more than doubled from previous year (2015: USD 139).

The group is exposed to bunker price fluctuations through its investments in Wallenius Wilhelmsen Logistics (WWL) (50%), American Shipping and Logistics Group (50%) and EUKOR Car Carriers (40%), and through adjustment in vessel charter hire from WWL.

EUKOR have entered into derivative contracts to hedge part of the remaining bunker price exposure. The group's share of these contracts corresponds to its share of earnings in EUKOR. The group's share of the market value relating to bunker contracts held by EUKOR were positive USD 14.9 million at 31 December 2016 (2015: negative USD 10.6 million).

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, and originates primarily from the group's customer 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.

The credit risk in the WWASA group segment is determined by the mix and characteristics of each individual customer of the segment specific joint ventures. However, the WWASA group segment has historically been considered to have low credit risk, as the business is long term in nature and primarily with large and solid customers. In addition, cargo can be held back.

Within the WMS group segment, the global customer base provides a certain level of diversification with respect to credit risk on receivables. The segment monitors and manages its credit risk on a regular basis. Reference is made to note 9.

Given the negative market sentiment in several shipping 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.

Cash and bank deposits
The group's exposure to credit risk on cash and bank deposits is considered to be very limited as the group maintain banking relationships with a selection of financially solid banks (as determined by their official credit ratings) and where the group - in most instances – has a net debt position towards these banks.

Financial derivatives
The group's exposure to credit risk on its financial derivatives is considered limited as the counterparties are financially solid banks and where the group currently has a net payable position towards these counterparties.

Loans to joint ventures and associates
The group's exposure to credit risk on loans to joint ventures is limited as the group - together with is respective joint venture partners - control the entities to which loans have been provided.

No material loans or receivables were past due or impaired at 31 December 2016 (analogous for 2015).

Guarantees
The group's policy is that no financial guarantees are provided by the parent company. However, financial guarantees are provided within the WWASA group segment and the WMS group segment. See note 14 for further details.

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

CONT. NOTE 15 FINANCIAL RISK

The maximum exposure to credit risk at the reporting date was:

USD mill	Note	2016	2015
Exposure to credit risk			
Financial derivatives	9	10	2
Account receivables	9	163	233
Current financial investments	12	185	210
Other non current assets	9	47	19
Other current assets	9	94	139
Cash and bank deposits	13	296	311
Total exposure to credit risk		**793**	**914**

LIQUIDITY RISK

The group's approach to managing liquidity is to secure sufficient liquidity to meet 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 2016, the group had in excess of USD 580 million (2015: USD 638 million) in liquid assets which can be realised over a three day period in addition to USD 424 million (2015: USD 232 million) in undrawn capacity under its bank facilities.

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 2016				
Mortgages	156	229	365	348
Finance lease liabilities	13	13	39	185
Bonds	5	87	105	13
Bank loan		34	179	
Financial derivatives	66	57	42	2
Total undiscounted cash flow financial liabilities	**240**	**421**	**731**	**548**
Current liabilities (excluding next year's instalment on interest-bearing debt)	331			
Total gross undiscounted cash flows financial liabilities 31.12.2016	**571**	**421**	**731**	**548**
Undiscounted cash flows financial liabilities 2015				
Mortgages	125	136	561	374
Bonds	90	6	185	13
Bank loan	14		327	
Financial derivatives	129	26	102	4
Total undiscounted cash flow financial liabilities	**358**	**168**	**1 174**	**391**
Current liabilities (excluding next year's instalment on interest-bearing debt)	373			
Total gross undiscounted cash flows financial liabilities 31.12.2015	**731**	**168**	**1 174**	**391**

Interest expenses on interest-bearing debt included above have been computed using interest rate curves as of year-end.

CONT. NOTE 15 FINANCIAL RISK

COVENANTS

The group's bank and lease financing as well as the outstanding bonds is 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
- Current assets/current liabilities
- Net interest-bearing debt/ EBITDA
- Leverage (market value adjusted assets/total liabilities)
- Loan-to-Value (ship values)
- Value-adjusted equity ratio.

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

CAPITAL RISK MANAGEMENT

The group's 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 return on capital employed, which the group defines as operating profit divided by capital employed (shareholders equity and interest-bearing debt). The long-term objective is a ROCE > 10%. The level is assessed by the BoD annually.

USD mill	2016	2015
Average equity	2 381	2 284
Average interest-bearing debt	1 981	1 699
Profit after tax	251	55
Net profit before tax*	286	36
Other comprehensive income	56	(6)
Interest expenses and realised interest derivatives	(56)	(79)
Return on equity	11%	2%
Return on capital employed	9%	3%

*Profit before taxes plus interest expenses and realised interest derivatives, in percent of average equity and interest-bearing debt.

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 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 group for similar financial derivatives.

USD mill	Note	Fair value	Book value
Interest-bearing debt			
Mortgages		882	886
Finance lease liabilities		238	239
Bonds		193	196
Bank loan		213	213
Total interest-bearing debt 31.12.2016	14	**1 525**	**1 533**
Mortgages		1 047	1 049
Bonds		267	270
Bank loan		341	341
Total interest-bearing debt 31.12.2015	14	**1 656**	**1 660**

CONT. NOTE 15 FINANCIAL RISK

The fair values, except for bond debt, 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. The fair values of the bond debt are based on quoted prices and are also classified within level 2 of the fair value hierarchy due to limited trading in an active market.

USD mill	Level 1	Level 2	Level 3	Total
Financial assets at fair value				
Nordic equities	100			100
Bonds	185			185
Financial derivatives		10		10
Available-for-sale financial assets	123		86	209
Total financial assets 31.12.2016	**408**	**10**	**86**	**504**
Financial liabilities at fair value				
Financial derivatives		163		163
Total financial liabilities 31.12.2016	**0**	**163**	**0**	**163**
Financial assets at fair value				
Nordic equities	116			116
Bonds	210			210
Financial derivatives		2		2
Available-for-sale financial assets	122			122
Total financial assets 31.12.2015	**449**	**2**	**0**	**450**
Financial liabilities at fair value				
Financial derivatives		248		248
Total financial liabilities 31.12.2015	**0**	**248**	**0**	**248**

USD mill	2016	2015
Changes in level 3 instruments		
Opening balance 01.01		
Acquisition	80	
Transfer to level 3	6	
Gains and losses recognised through income statement		
Closing balance 31.12	**86**	**0**

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 2016 are liquid investment grade bonds and listed equities (analogous for 2015).

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 financial instruments are included in level 3.

CONT. NOTE 15 FINANCIAL RISK

Financial instruments by category

USD mill	Note	Loans and receivables	Assets at fair value through the income statement	Available-for-sale financial asset	Other	Total
Assets						
Other non current assets	9	40		209	7	256
Current financial investments	12		285			285
Current financial derivatives	9		10			10
Other current assets	9	256			1	258
Cash and cash equivalent	13	296				296
Assets at 31.12.2016		**592**	**295**	**209**	**8**	**1 104**

	Note			Liabilites at fair value throug the income statement	Other financial liabilites at amortised cost	Total
Liabilities						
Non current interest-bearing debt	14				1 418	1 418
Current interest bearing liabilities	14				115	115
Non current financial derivatives	9			128		128
Current financial derivatives	9			35		35
Other non current liabilities	9			105		105
Other current liabilities	9				305	305
Liabilities 31.12.2016				**268**	**1 838**	**2 106**

	Note	Loans and receivables	Assets at fair value through the income statement	Available-for-sale financial asset	Other	Total
Assets						
Other non current assets	9	9	2	122	8	141
Current financial investments	12		327			327
Other current assets	9	372	2		1	375
Cash and cash equivalent	13	311				311
Assets at 31.12.2015		**693**	**330**	**122**	**9**	**1 154**

	Note			Liabilites at fair value throug the income statement	Other financial liabilites at amortised cost	Total
Liabilities						
Non current interest-bearing debt	14				1 660	1 660
Other non current liabilities	9			182	109	291
Other current liabilities	9			68	357	425
Liabilities 31.12.2015				**250**	**2 126**	**2 376**

NOTE 16 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 WWASA group segment offers a global service covering major global trade routes which makes it difficult to allocate to geographical segments.

The equity method for joint ventures provides a fair presentation of the group's financial position but the group's internal financial reporting is based on the proportionate method for joint ventures. The major contributors in the WWASA group segment are joint ventures and hence the proportionate method gives the chief operating decision-maker a higher level of information and a more comprehensive picture of the group's operations.

For the WMS group segment and Holding and Investment segment the financial reporting will be the same for both equity and proportionate methods.

The segment information provided to the chief operating decision-maker for the reportable segments for the year ended 31 December 2016 is as follows:

	WWASA group		WMS group		Holding and Investments		Eliminations		Total	
USD mill	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
INCOME STATEMENT										
Operating revenue	1 751	2 095	862	998	29	21	(23)	(25)	2 618	3 089
Share of profit from associates		1	4	5	77	43			82	48
Gain on disposals of assets	80	29	62	7					143	35
Total income	**1 831**	**2 124**	**928**	**1 010**	**106**	**64**	**(23)**	**(25)**	**2 843**	**3 173**
Voyage expenses	(638)	(818)							(638)	(818)
Vessel expenses	(77)	(85)							(77)	(85)
Charter expenses	(260)	(316)							(260)	(316)
Inventory cost			(376)	(458)	(1)	(1)			(377)	(459)
Employee benefits	(170)	(168)	(263)	(263)	(17)	(16)	1	1	(449)	(446)
Other expenses	(346)	(510)	(158)	(150)	(21)	(14)	22	24	(504)	(651)
Depreciation and impairments	(148)	(160)	(22)	(73)					(171)	(232)
Total operating expenses	**(1 640)**	**(2 057)**	**(820)**	**(944)**	**(39)**	**(32)**	**23**	**25**	**(2 476)**	**(3 008)**
Operating profit/(loss)	**191**	**67**	**108**	**65**	**67**	**32**	**0**	**(0)**	**367**	**165**
Net financial items	51	12		2	8	7			59	22
Net financial - interest expenses	(98)	(91)	(10)	(10)	(2)	(1)			(109)	(103)
Net financial currency	10	(49)	(19)	11	(2)	3			(10)	(35)
Financial income/(expenses)	**(37)**	**(128)**	**(28)**	**3**	**4**	**9**	**0**	**0**	**(60)**	**(117)**
Profit/(loss) before tax	**155**	**(61)**	**80**	**69**	**71**	**41**	**0**	**0**	**306**	**49**
Tax income/(expense)	(39)	23	(15)	(16)	2	2			(53)	8
Profit/(loss) for the year before minorities	**116**	**(38)**	**65**	**52**	**73**	**43**	**0**	**0**	**254**	**57**
Minority interests	35	(9)	1	2	18	10			54	2
Profit/(loss) for the year after minorities	**82**	**(29)**	**64**	**50**	**55**	**33**	**0**	**0**	**201**	**54**

CONT. NOTE 16 SEGMENT REPORTING

USD mill	WWASA group 2016	WWASA group 2015	WMS group 2016	WMS group 2015	Holding and Investments 2016	Holding and Investments 2015	Eliminations 2016	Eliminations 2015	Total 2016	Total 2015
RESTATEMENT										
Reported operating income	**1 751**	**2 243**	**862**	**998**	**29**	**21**	**(23)**	**(25)**	**2 618**	**3 237**
2) Operating revenue		(148)								(148)
Restated operating income	**1 751**	**2 095**								**3 089**
2) Other expenses		148								148
Reported operating profit	**204**	**103**	**108**	**65**	**54**	**(4)**			**367**	**165**
1) Share of profit from associates	(13)	(36)			13	36				
Operating profit after restatement	**191**	**67**	**108**	**65**	**67**	**32**			**367**	**165**
Profit/(loss) after restatement	116	(38)	65	52	73	43			254	57
Minority interests before restatement	**38**	**0**	**1**	**2**	**14**	**0**			**54**	**2**
1) Change in minority interests	(4)	(9)			4	9				
Profit/(loss) to the owners of parent	**82**	**(29)**	**64**	**50**	**55**	**33**			**201**	**54**

1) The listing of Treasure ASA in June has effect on the segment financial reporting for WWASA and Holding and Investment. The share of profit from Hyundai Glovis has been moved from WWASA segment to Holding and Investment and corresponding minority interests.

2) During 2016 the WWASA group has reviewed and analysed the intercompany transactions between the group joint venture's WWL and EUKOR. EUKOR revenues where WWL acted as collector has previously been eliminated in the consolidated accounts. These revenues are a part of the group revenues in Income statement based on proportionate consolidation for joint ventures.The adjustments have no effect on EBIT or net profit.

No changes for WMS group.

The total figures for the WWH group is not affected by the demerger of WWASA and the listing of Treasure ASA.

USD mill	WWASA group 2016	WWASA group 2015	WMS group 2016	WMS group 2015	Holding and Investments 2016	Holding and Investments 2015	Eliminations 2016	Eliminations 2015	Total 2016	Total 2015
FINANCIAL INCOME/(EXPENSES)										
Financial items										
Investment management [1]	11	2			2	4			13	6
Interest income	7	4	2	2	1	1			10	7
Other financial items	1	(12)	(2)		5	2			4	(10)
Net financial items	**19**	**(6)**	**0**	**2**	**8**	**7**	**0**	**0**	**27**	**4**
Financial - interest expenses										
Interest expenses	(68)	(57)	(10)	(9)	(2)	(1)			(80)	(69)
Interest rate derivatives - realis.	(30)	(34)		(1)					(30)	(34)
Net financial - interest expenses	**(98)**	**(91)**	**(10)**	**(10)**	**(2)**	**(1)**	**0**	**0**	**(109)**	**(103)**
Interest rate derivatives - unrealised	**25**	**24**	**0**	**0**	**0**	**0**	**0**	**0**	**25**	**24**
Financial currency										
Currency gain/(loss) - operation	2	(5)	(8)	24					(6)	19
Currency gain/(loss) - financial	(15)	16	(1)	(15)	(4)	5			(21)	7
Curr. derivatives - realis.	(23)	(2)							(23)	(2)
Curr. derivatives - unrealis.	39	(26)	(9)	2	3	(3)			32	(26)
Cross curr.derivatives - realis.	(20)	(12)							(20)	(12)
Cross curr.derivatives - unrealis.	27	(21)							27	(21)
Net financial currency	**10**	**(49)**	**(19)**	**11**	**(2)**	**3**	**0**	**0**	**(10)**	**(35)**
Financial derivatives bunkers										
Valuation of bunker hedges	9	(6)							9	(6)
Realised of bunker hedges	(2)								(2)	
Net financial derivatives bunkers	**7**	**(6)**	**0**	**0**	**0**	**0**	**0**	**0**	**7**	**(6)**
Financial income/(expenses)	**(37)**	**(128)**	**(28)**	**3**	**4**	**9**	**0**	**0**	**(60)**	**(117)**

[1] Includes financial derivatives for trading

CONT. NOTE 16 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.

The balance sheet is based on equity consolidation for joint ventures and is therefore not directly consistent with the segment reporting for the income statement.

	WWASA group		WMS group		Holding and Investments		Eliminations		Total	
USD mill	31.12.16	31.12.15	31.12.16	31.12.15	31.12.16	31.12.15	31.12.16	31.12.15	31.12.16	31.12.15
BALANCE SHEET										
Assets										
Deferred tax asset	55	67	15	22	5	3			75	92
Intangible assets	6	6	138	199					145	205
Tangible assets	1 879	1 827	166	182	2	2			2 047	2 011
Investments in joint ventures and associates	768	689	13	15	479	412			1 259	1 116
Investments in available-for-sale financial assets			79		130	122			209	122
Other non current assets	1	1	29	9	17	9			47	19
Current financial investments	202	242			83	85			285	327
Other current assets	22	24	307	455	7	6	(2)	(3)	333	482
Cash and cash equivalents	81	108	161	181	54	22			296	311
Total assets	**3 013**	**2 963**	**908**	**1 063**	**776**	**663**	**(2)**	**(3)**	**4 695**	**4 686**
Equity and liabilities										
Equity majority	1 146	959	330	273	514	522			1 990	1 754
Equity minorities	289	359	(1)		214	92			502	452
Deferred tax		1	12	20					12	20
Interest-bearing debt	1 320	1 319	179	307	34	34			1 533	1 660
Other non current liabilities	169	225	120	126	7	7			296	358
Other current liabilities	89	100	267	336	7	7	(2)	(3)	362	441
Total equity and liabilities	**3 013**	**2 963**	**908**	**1 063**	**776**	**663**	**(2)**	**(3)**	**4 695**	**4 686**
Investments in tangible assets	149	154	50	39					199	193

	WWASA group			Holding and Investments		
	As reported	Demerger	Restated	As reported	Demerger	Restated
USD mill	31.12.15	31.12.15	31.12.15	31.12.15	31.12.15	31.12.15
RESTATEMENT						
Assets						
Deferred tax assets	67		67	3		3
Intangible assets	6		6			
Tangible assets	1 827		1 827	2		2
Investments in joint ventures and associates*	1 025	(337)	689	76	337	412
Other non current assets	1		1	131		131
Current financial investments	242		242	85		85
Other current assets	24		24	6		6
Cash and cash equivalents	108		108	22		22
Total assets	**3 299**	**(337)**	**2 963**	**326**	**337**	**663**
Equity						
Equity majority*	1 204	(245)	959	278	245	522
Equity minorties*	451	(92)	359		92	92
Deferred tax	1		1			
Interest-bearing debt	1 319		1 319	34		34
Other non current liabilities	225		225	7		7
Other current liabilities	100		100	7		7
Total equity and liabilities	**3 299**	**(337)**	**2 963**	**326**	**337**	**663**

*Demerger of Treasure ASA and the subsidiary Den Norske Amerikalinje AS. Treasure ASA group is part of Holding and Investments.

CONT. NOTE 16 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. The cash flows are based on equity consolidation for joint ventures and is therefore not directly consistent with the segment reporting for the income statement.

	WWASA group		WMS group		Holding and Investments	
USD mill	2016	2015	2016	2015	2016	2015
CASH FLOW						
Profit/(loss) before tax*	134	(73)	80	69	71	41
Net financial (income)/expenses	17	98	25	(5)	(4)	(15)
Depreciation/impairment	81	80	22	73		1
Change in working capital	33	(26)	28	(53)	(9)	(16)
Share of (profit)/loss from joint ventures and associates	(106)	108	(4)	(5)	(77)	(43)
Net gain from sale of associate		(26)	(62)			
Dividend received from joint ventures and associates	52	33	7	4	13	10
Net cash provided by operating activities	**212**	**194**	**96**	**83**	**(6)**	**(23)**
Net sale/(investments) in fixed assets	(137)	(147)	(25)	(33)	(1)	
Net sale/(investments) in entities and segments		39	107	(7)	(8)	(34)
Net investments in financial investments	43	(32)	2	2	(3)	(4)
Net changes in other investments	(2)	2				
Net cash flow from investing activities	**(95)**	**(138)**	**84**	**(38)**	**(12)**	**(38)**
Net change of debt	(11)	43	(128)	(22)	(2)	
Net change in other financial items	(115)	(91)	(13)	(12)	(2)	(1)
Net dividend from other segments/ to shareholders	(17)	(41)	(59)	(8)	53	38
Net cash flow from financing activities	**(143)**	**(89)**	**(200)**	**(42)**	**49**	**37**
Net increase in cash and cash equivalents	**(27)**	**(33)**	**(20)**	**3**	**31**	**(23)**
Cash and cash equivalents at the beg.of the period	108	140	181	179	22	46
Cash and cash equivalents at the end of period	**81**	**108**	**161**	**181**	**54**	**22**

*The 2015 result from Hyundai Glovis (share of profit from associate) has been restated from WWASA to Holding and Investments segment.

	Europe		Americas		Asia & Africa		Oceania		Other		Total	
USD mill	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
GEOGRAPHICAL AREAS												
Total income	600	393	99	107	402	441	30	33	243	307	1 374	1 281
Total assets	1 455	1 313	70	75	292	689	50	32	2 828	2 576	4 695	4 686
Investment in tangible assets	33	20	2	1	14	17	1	1	149	154	199	193

Assets and investments in shipping-related activities are not allocated to geographical areas, since these assets constantly move between the geographical areas and a breakdown would not provide a sensible picture. This is consequently allocated under the "other" geographical area.

Russia is defined as Europe.

Total income
Area income is based on the geographical location of the company and includes sales gains and share of profit from joint ventures and associates.

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

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

Total assets
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.

CONT. NOTE 16 SEGMENT REPORTING

ADDITIONAL SEGMENT REPORTING

The equity method is used in communicating externally, in accordance with IFRS.

The amounts provided with respect to the segment split are in a manner consistent with that of the income statement.

	WWASA group		WMS group		Holding and Investments		Eliminations		Total	
USD mill	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
INCOME STATEMENT										
Operating revenue	257	313	862	998	29	21	(23)	(25)	1 125	1 307
Other income										
Share of profit/(loss) from joint ventures and associates*	106	(108)	4	5	77	43			187	(60)
Gain on sales of assets		27	62	7					62	34
Total income	**363**	**231**	**928**	**1 010**	**106**	**64**	**(23)**	**(25)**	**1 374**	**1 281**
Operating profit/(loss) before depreciation and impairment (EBITDA)	**233**	**104**	**131**	**138**	**67**	**33**	**(0)**	**(0)**	**431**	**275**
Depreciation and impairment	(81)	(80)	(22)	(73)		(1)			(104)	(154)
Operating profit/(loss)	**151**	**24**	**108**	**65**	**67**	**32**	**(0)**	**(0)**	**327**	**122**
Financial income/(expense)	(17)	(98)	(28)	3	4	9			(41)	(86)
Profit/(loss) before tax	**134**	**(73)**	**80**	**69**	**71**	**41**	**(0)**	**(0)**	**286**	**36**
Tax income/(expense)	(22)	33	(15)	(16)	2	2			(35)	19
Profit/(loss) for the year before minorities	**113**	**(40)**	**65**	**52**	**73**	**42**	**(0)**	**(0)**	**251**	**55**
Minorities	31	(11)	1	2	18	10			49	1
Profit/(loss) for the year after minorities	**82**	**(29)**	**64**	**50**	**55**	**33**	**(0)**	**(0)**	**201**	**54**

Cash settled portion of bunker hedge swaps is included in net operating profit by reduction/(increase) of voyage related expenses.

*The 2015 result from Huyndai Glovis (share of associate) has been restated from WWASA to Holding and Investments.

Reconciliations between the operational segments and the group's income statement.

	Note	2016	2015
Total segment income	16	2 843	3 173
Share of total income from joint ventures	2	(1 575)	(1 785)
Share of profit/(loss) from joint ventures	2	106	(108)
Total income		**1 374**	**1 281**
Share of (profit)/loss from joint ventures and associates	2	(187)	60
Gain on sale of assets	1	(62)	(34)
Operating revenue		**1 125**	**1 307**
Total profit for the year	16	201	54
Profit for the year attributable to the owners		**201**	**54**

NOTE 17 OPERATING LEASE COMMITMENTS

The group has lease agreements for 3 vessels on operating leases. The 3 vessels are chartered on a 15 year time charter from 2006 (2 vessels) and 2007 (1 vessel) with an option to extend for additional 5 + 5 years.

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.

Lease agreement for the office building (including storage and parking) Strandveien 12. The lease run over 10 years from 1 June 2006, with an option to extend for additional 5 years. The option to extend is agreed from 2016, with new 5 years the lease agreement runs until 2021.

CONT. NOTE 17 OPERATING LEASE COMMITMENTS

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

USD mill	2016	2015
Due in year 1	29	32
Due in year 2	29	30
Due in year 3	29	29
Due in year 4	29	29
Due in year 5 and later	44	71
Nominal amount of operating lease commitments	**159**	**192**

In connection to the daily operation the group has additional lease agreements for office rental and office equipment.

The group has, on own accounts, no new vessels due for delivery in 2017.

The commitments related to the newbuilding program is set out below:

USD mill	2016	2015
Due in year 1		130
Nominal amount of newbuilding commitments	**0**	**130**

Financial leases

Sale and leaseback agreements have been entered into for the two vessels delivered in 2016. The 2 leases run over 14 years and 9 month from delivery with an option to extend for an additional 5 + 5 years or a purchase option after the end of each period, and will be accounted for according to financial leases. The charter has a fixed interest rate.

In the third quarter 2016, WWASA completed the refinancing of two PCTCs through a sale and leaseback agreement, and will be accounted for according to financial leases. The 2 leases run until 2026 when the ownership is transferred to the group. The charter has a floating interest rate (varying annual nominal charter rate).

All 4 vessels are included in tangible assets in note 5 and in "finance lease commitments" in note 14 Interest-bearing debt.

The time charter commitments relating to the fixed period is as set out below (nominal amounts):

USD mill	2015
Due in year 1	20
Due in year 2	20
Due in year 3	20
Due in year 4	20
Due in year 5 and later	215
Nominal amount of financial lease commitments	**295**

NOTE 18 BUSINESS COMBINATIONS

There were no material acquisitions in the group in 2016 or 2015.

SIGNIFICANT DISPOSALS

Callenberg group

On the 11 August 2016 Wilhelmsen Maritime Services agreed the sale of Callenberg Technology Group to Trident Maritime Systems. The transaction was finalised on the 3rd of October 2016. WMS received a net sale price of approximately USD 65 million, of which USD 10 mill received in dividend before closing, USD 32 million was in cash at closing, and a seller-financing package of USD 23 million consisting of a vendor note of USD 16.5 million and an earn out of USD 6 million. The net loss is USD 15 million.

Wilhelmsen safety activities

On the 23 June 2016 Wilhelmsen Maritime Service agreed the transfer of all of its safety activities (100% of shares in Wilhelmsen Technical Solution AS and safety division in Wilhelmsen Ships Service group) to Survitec Group Ltd. The sale was completed on the 30th of November 2016 resulting in WMS holding a 20% stake in Survitec UK through shares and shareholder loans value of USD 79 million. In addition to the shares and loans, WMS received USD 108 million in cash at closing. The net gain is USD 71 million.

The recycling of net urealised currency loss of USD 42 million (Callenberg group and Wilhelmsen Safety activities) is included in the gain and presented as part of the other comprehensive income.

The total revenue in 2016 for Callenberg group and Wilhelmsen safety activity were approximately USD 315 million.

DEMERGER OF WWASA TO TREASURE ASA INCLUDING DEN NORSKE AMERIKALINJE AS

Treasure ASA and the subsidiary Den Norske Amerikalinje AS, was demerged from WWASA and the company was listed at 8 June 2016. Treasure ASA hold 12.04% ownership in the listed company Hyundai Glovis. Treasure ASA group is a part of Holding and Investment segment.

NOTE 19 RELATED PARTY TRANSACTION

The ultimate owner of the group Wilh.Wilhelmsen Holding ASA 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 2016 totalled USD 315 thousand (2015: USD 320 thousand) whereof USD 89 thousand (2015: USD 93 thousand) was consulting fee, USD 8 thousand (2015: USD 9 thousand) in nomination committee for Wilh. Wilhelmsen Holding ASA and Wilh. Wilhelmsen ASA and USD 218 thousand (2015: USD 219 thousand) in ordinary paid pension and other remuneration.

See note 4 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 - joint ventures in the segments WWASA group, WMS group and Holding and Investments in 2016 and 2015. All transactions are entered into in the 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.

Most of the above expenses will be a part of time charter income from joint ventures. Net income from joint ventures include the expenses from the related parties as a part of the share of profit from joint ventures and associates.

Material related parties in WWH group are:	Business office, country	Ownership
Wallenius Wilhelmsen Logistics AS	Lysaker, Norway	50.0%
EUKOR Car Carriers Inc	Seoul, Republic of Korea	40.0%
Tellus Shipping AS	Lysaker, Norway	50.0%
ASL group*	New Jersey, USA	50.0%
Hyundai Glovis Co Ltd	Seoul, Republic of Korea	12.0%
NorSea Group AS	Stavanger, Norway	40.0%

*American Roll-on Roll-off Carrier Holdings Inc., Fidelio Inc, Fidelio Limited Partnership, American Logistics Network LLC, American Shipping & Logistics Group Inc.

Wallenius Wilhelmsen Logistics (WWL) is a joint venture between WWASA and Wallenius Lines AB (Wallenius). It is an operating company within both the shipping and the logistics activities. It operates most of the WWASA groups and Wallenius' owned vessels. The distribution of income from WWL to WWASA group and Wallenius is based on the total net revenue earned by WWL from the operating of the combined fleets of WWASA group and Wallenius, rather than the net revenue earned by each party's vessels.

EUKOR Car Carriers Inc is also chartering vessel from WWASA group. The contracts governing such transactions are based on commercial market terms and mainly related to the chartering of vessels on short and long term charters.

In addition, JV's and associate (Hyundai Glovis Co Ltd) have several transactions with each other. The contracts governing such transactions are based on commercial market terms and mainly related to the chartering of vessels on short and long term charters.

USD mill	Note	2016	2015
OPERATING REVENUE FROM RELATED PARTY			
Sale of goods and services to joint ventures and associates from:			
WWASA group		257	312
WMS group		10	13
Holding and Investments		2	2
Operating revenue from related party		**269**	**327**
OPERATING EXPENSES FROM RELATED PARTY			
Purchase of goods and services from joint ventures and associates to:			
WMS group		1	4
Operating expenses to related party		**1**	**4**
ACCOUNT RECEIVABLES FROM RELATED PARTY			
WWASA group		3	6
WMS group		3	3
Account receivables from related party		**6**	**10**
ACCOUNT PAYABLES TO RELATED PARTY			
WWASA group		1	1
Account payables to related party		**1**	**1**
NON CURRENT ASSETS TO RELATED PARTY			
Holding and Investments		17	9
Non current assets to related party		**17**	**9**

NOTE 20 OPERATING LEASE REVENUE

Of the groups total controlled fleet as per 31 December 2016 28 (2015: 26) vessels are chartered out on operating lease with variable time charter rates and 3 (2015: 6) vessels are chartered out on operating lease with fixed time charter rates.

USD mill	2016	2015
Variable Time Charter	227	268
Fixed Time Charter	30	44
Other operating revenues		1
Total operating revenues	**257**	**313**

Future minimum lease payments under non-cancellable fixed operating leases agreements:

USD mill	2016	2015
Duration less than one year	26	44
Duration between one and five years	101	111
Duration over five years		23
Total future minimum lease payments	**127**	**178**

NOTE 21 CONTINGENCIES

Update on the antitrust investigations

WWL and EUKOR continue to be part of antitrust investigations in several jurisdictions, of which the EU is the bigger jurisdiction. As some of the processes are confidential, WWASA is not in a position to comment on the ongoing investigations within the respective jurisdictions. The processes are expected to continue to take time, but further clarifications within some jurisdictions are expected during 2017.

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.

However, 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 22 EVENTS AFTER THE BALANCE SHEET DATE

New ownership structure for joint ventures

Wilhelmsen and Wallenius have signed an agreement leading to a new ownership structure for their jointly owned investments in Wallenius Wilhelmsen Logistics, EUKOR Car Carriers and American Roll on Roll off Carrier. The extraordinary general meetings of the respective owning companies have approved the proposed merger.

The completion of the merger is pending approval from competition authorities,which is expected in April 2017.

WWASA will issue shares to Wallenius in exchange for their shares in the currently joint investments. At the completion of the merger, Wilhelmsen and Wallenius will hold respectively 37.8% and 48% of the new entity to be named Wallenius Wilhelmsen Logistics ASA. The parties have agreed that Wallenius will reduce its shareholding subsequent to the merger, whereby both parties eventually will have an equal shareholding in the new entity. For a full description of the transaction agreement, please refer to the Stock Exchange Notice from WWASA dated 22 December 2016.

1 April 2017, Kemetyl West Consumer's sales and marketing activities for consumer products in Norway will be transferred to Wilhelmsen Chemicals.

No other 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.

INCOME STATEMENT WILH. WILHELMSEN HOLDING ASA

NOK thousand	Note	2016	2015
Operating income	1	**89 389**	**87 213**
Operating expenses			
Employee benefits	2	(110 208)	(104 167)
Operating expenses	1	(46 826)	(62 943)
Depreciation	3	(1 961)	(2 406)
Total operating expenses		**(158 995)**	**(169 517)**
Operating profit/(loss)		**(69 606)**	**(82 304)**
Financial income/(expenses)			
Net financial income	1	540 561	795 062
Net financial expenses	1	(41 166)	(6 088)
Financial income/(expenses)		**499 395**	**788 974**
Profit before tax		**429 788**	**706 670**
Tax income/(expense)	4	(23 184)	21 735
Profit for the year		**406 604**	**728 405**
Transfers and allocations			
To equity	9	151 383	496 386
Proposed dividend	9	162 413	139 211
Interim dividend paid	9	92 808	92 808
Total transfers and allocations		**406 604**	**728 405**

COMPREHENSIVE INCOME WILH. WILHELMSEN HOLDING ASA

NOK thousand	Note	2016	2015
Profit for the year		406 604	728 405
Items that will not be reclassified to the income statement			
Remeasurement postemployment benefits, net of tax	9/10	(1 667)	11 695
Total comprehensive income		**404 937**	**740 100**
Attributable to			
Owners of the parent		404 937	740 100
Total comprehensive income for the year		**404 937**	**740 100**

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	31.12.2016	31.12.2015
ASSETS			
Non current assets			
Deferred tax asset	4	1 488	16 163
Intangible assets	3	4 066	1 529
Tangible assets	3	12 671	14 208
Investments in subsidiaries	5	4 365 977	4 338 477
Other non current assets	6	8 613	4 563
Total non current assets		**4 392 815**	**4 374 940**
Current assets			
Current financial investments	7/8	711 518	752 528
Other current assets	6/8/13	541 711	544 472
Cash and cash equivalents	8	274 244	152 896
Total current assets		**1 527 473**	**1 449 896**
Total assets		**5 920 289**	**5 824 837**
EQUITY AND LIABILITIES			
Equity			
Paid-in capital	9	930 076	930 076
Own shares	9	(2 000)	(2 000)
Retained earnings	9	4 660 268	4 510 551
Total equity		**5 588 344**	**5 438 628**
Non current liabilities			
Pension liabilities	10	47 744	48 102
Other non current liabilities	6	43 922	43 853
Total non current liabilities		**91 666**	**91 955**
Current liabilities			
Public duties payable		8 125	7 412
Other current liabilities	6/11/13	232 154	286 842
Total current liabilities		**240 279**	**294 253**
Total equity and liabilities		**5 920 289**	**5 824 837**

Lysaker, 20 March 2017
The board of directors of Wilh. Wilhelmsen Holding ASA

Diderik Schnitler
chair

Helen Juell

Odd Rune Austgulen

Irene Waage Basili

Carl Erik Steen

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	2016	2015
Cash flow from operating activities			
Profit before tax		429 788	706 670
Financial (income)/expenses		(475 295)	(782 532)
Depreciation	3	1 961	2 406
Gain of fixed asset	3	(1 108)	(3)
Change in net pension liability		753	(26 225)
Change in other current assets		(4 311)	(6 495)
Change in working capital		(39)	(7 291)
Net cash provided by operating activities		**(48 250)**	**(113 470)**
Cash flow from investing activities			
Proceeds from sale of fixed assets		1 630	313
Investments in fixed assets	3	(3 484)	(2 016)
Investments in subsidaries		(5 000)	(306 439)
Loans granted to subsidiaries		(4 050)	(1 500)
Proceeds from sale of financial investments		207 796	341 634
Investments in financial investments		(208 694)	(377 017)
Dividend received		12 292	10 474
Interest received	1	1 752	3 498
Net cash flow from investing activities		**2 243**	**(331 052)**
Cash flow from financing activities			
Repayment of debt		(100 000)	
Interest paid		(628)	(1 886)
Group contribution/dividends from subsidaries	1/4	500 000	540 000
Dividend to shareholders	9	(232 019)	(232 019)
Net cash flow from financing activities		**167 353**	**306 095**
Net increase in cash and cash equivalents		**121 348**	**(138 427)**
Cash and cash equivalents, at the beginning of the period		152 896	291 323
Cash and cash equivalents at 31.12		**274 244**	**152 896**

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	2016	2015
OPERATING INCOME			
Other income		1 314	2 650
Income from group companies	14	86 967	84 560
Gain on sale of assets		1 108	3
Total operating income		**89 389**	**87 213**
OTHER OPERATING EXPENSES			
Expenses to group companies	14	(20 420)	(22 291)
Communication and IT expenses		(4 788)	(3 651)
External services	2	(3 433)	(8 876)
Travel and meeting expenses		(4 843)	(6 036)
Marketing expenses		(1 918)	(1 570)
Other administration expenses		(11 424)	(20 518)
Total other operating expenses		**(46 826)**	**(62 943)**
FINANCIAL INCOME/(EXPENSES)			
Financial income			
Investment management	7	38 808	8 540
Interest income	14	1 752	3 498
Dividend/group contribution from subsidiaries	14	500 000	740 000
Net currency gain			43 024
Net financial income		**540 561**	**795 062**
Financial expenses			
Interest expenses		(6 320)	(4 363)
Other financial items		(1 532)	(1 725)
Net currency loss		(33 314)	
Net financial expenses		**(41 166)**	**(6 088)**
Net financial income		**499 395**	**788 974**

NOTE 2 EMPLOYEE BENEFITS

NOK thousand	2016	2015
Pay	77 384	70 874
Payroll tax	12 431	12 863
Pension cost	10 740	11 540
Other remuneration	9 652	8 890
Total employee benefits	**110 208**	**104 167**
Average number of employees	52	51

REMUNERATION OF SENIOR EXECUTIVES

NOK thousand	Pay	Bonus	Pension premium	*Other remuneration	Total
2016					
Group CEO	4 640	773	1 585	1 532	8 529
Group CFO until April 2016	1 707	506	55	225	2 493
Group CFO from April 2016	2 134		273	270	2 677
2015					
Group CEO	4 539	2 246	1 588	1 534	9 908
Group CFO	3 570	912	1 157	1 166	6 805

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

Board of directors
Remuneration of the five directors totalled NOK 2 150 for 2016 (2015: NOK 2 150). The board's remuneration for the fiscal year 2016 will be approved by the general assembly 27 April 2017.

In addition the chair had remuneration as a board member in WWASA with NOK 325 in 2016 (2015: NOK 325). The chair also has an consulting agreement with the WWASA group, where he got paid NOK 200 in 2016 (2015: NOK 200).

Remuneration of the nomination committee totalled NOK 85 for 2016 (2015: NOK 85).

Senior executives
Thomas Wilhelmsen – group CEO
Nils Petter Dyvik – group CFO until April 2016
Christian Berg – group CFO from April 2016

The group CFO - retirement age 65. He is following the company pension policy for salary below and above 12G (defined contribution plan).

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.

Loans and guarantees employees
There were no loan or guarantees to employees per 31.12.2016.

CONT. NOTE 2 EMPLOYEE BENEFITS

SHARES OWNED OR CONTROLLED BY REPRESENTATIVES OF WILH. WILHELMSEN HOLDING ASA AT 31 DECEMBER 2016

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%
Helen Juell	20 188		20 188	0.04%	0.06%
Odd Rune Austgulen	136	40 000	40 136	0.09%	0.00%
Carl E. Steen	8 000		8 000	0.02%	0.02%
Irene Waage Basili				0.00%	0.00%
Senior executives					
Thomas Wilhelmsen – group CEO	22 100	750	22 850	0.05%	0.06%
Christian Berg – group CFO	47		47	0.00%	0.00%
Nomination committee					
Wilhelm Wilhelmsen	20 882 114	2 302 444	23 184 558	49.86%	60.29%
Gunnar Fredrik Selvaag				0.00%	0.00%
Jan Gunnar Hartvig				0.00%	0.00%

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 and for the president and CEO of WWASA it is 75%. For the remaining six participants, the maximum annual payment is 50% of base salary.

The LTI is focusing on long term shareholder value creation and is based on positive development of the WW group's value adjusted equity. The ambitions set for the programme are to increase alignment with shareholders' interest, 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 incentive programme after each year.

Per 31 December 2016 the options were out of the money and the company has not made any provisions for 2016.

EXPENSED AUDIT FEE (excludingVAT)

NOK thousand	2016	2015
Statutory audit	482	541
Other service fees		32
Total expensed audit fee	**482**	**573**

NOTE 3 INTANGIBLE AND TANGIBLE ASSETS

NOK thousand	Intangible assets	Buildings	Other tangible assets	Total
2016				
Cost price 01.01	2 156	10 582	12 688	25 426
Additions	3 153		330	3 484
Disposals			(3 177)	(3 177)
Cost price 31.12	**5 309**	**10 582**	**9 842**	**25 733**
Accumulated ordinary depreciation 01.01	(626)	(1 751)	(7 311)	(9 688)
Depreciation/amortisation	(616)	(423)	(922)	(1 961)
Disposals			2 654	2 654
Accumulated ordinary depreciation 31.12	**(1 242)**	**(2 174)**	**(5 579)**	**(8 995)**
Carrying amounts 31.12	**4 066**	**8 408**	**4 263**	**16 737**
2015				
Cost price 01.01	1 530	10 582	11 740	23 852
Additions	625		1 390	2 016
Disposals			(442)	(442)
Cost price 31.12	**2 156**	**10 582**	**12 688**	**25 426**
Accumulated ordinary depreciation 01.01	(332)	(1 327)	(5 755)	(7 415)
Depreciation/amortisation	(294)	(423)	(1 688)	(2 406)
Disposals			132	132
Accumulated ordinary depreciation 31.12	**(626)**	**(1 751)**	**(7 311)**	**(9 688)**
Carrying amounts 31.12	**1 529**	**8 831**	**5 377**	**15 738**
Economic lifetime	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	2016	2015
Allocation of tax income		
Payable tax/withholding tax	(454)	(1 620)
Change in deferred tax	(22 730)	23 355
Total tax income	(23 184)	21 735
Basis for tax computation		
Profit before tax	429 788	706 670
24% tax (in 2015 25% tax)	103 149	176 668
Tax effect from		
Permanent differences	539	257
Withholding tax	454	1 620
Non taxable income	(80 899)	(192 908)
Tax credit allowance	(58)	(7 371)
Current year calculated tax	**23 184**	**(21 735)**
Effective tax rate	5.4%	(11.4%)
Deferred tax asset/(liability)		
Tax effect of temporary differences		
Fixtures	634	742
Current assets and liabilities	(2 039)	(2 011)
Non current liabilities and provisions for liabilities	2 557	3 045
Tax losses carried forward	335	14 387
Deferred tax asset/(liability)	**1 488**	**16 163**
Deferred tax asset/(liability) 01.01	16 163	(3 132)
Charge to equity (tax of OCI)	556	(4 059)
Change of deferred tax through income statement	(22 730)	23 355
Tax effect of group contribution	(7 500)	
Deferred tax asset/(liability) 31.12	**1 488**	**16 163**

NOTE 5 INVESTMENTS IN SUBSIDIARIES

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

NOK thousand	Business office country	Voting share/ ownership share	2016 Book value	2015 Book value
Wilh. Wilhelmsen ASA*	Lysaker, Norway	73%	1 130 964	2 174 931
Treasure ASA*	Lysaker, Norway	73%	1 043 967	
Wilhelmsen Maritime Services AS	Lysaker, Norway	100%	1 264 440	1 264 440
Wilh. Wilhelmsen (Hong Kong) Ltd	Hong Kong	100%	900	900
WilService AS	Lysaker, Norway	100%	17 500	14 550
Wilh. Wilhelmsen Holding Invest AS	Lysaker, Norway	100%	898 095	875 595
Wilhelmsen Accounting Services AS	Lysaker, Norway	100%	3 622	1 622
WilNor Governmental Services AS	Lysaker, Norway	51%	6 439	6 439
Total investments in subsidiaries			**4 365 977**	**4 338 477**

*Treasure ASA is a result of the demerger of Den Norske Amerikalinje AS from Wilh. Wilhelmsen ASA.
The company was established on 8 June 2016, and owned 73% by Wilh. Wilhelmsen Holding ASA.

Wilservice AS, increased investment through group contribution of NOK 3 000 000.
Wilh. Wilhelmsen Holding Invest AS, increased investment through group contribution of NOK 22 500 000.
Wilhelmsen Accounting Services AS, increased investment throuh group contribution of NOK 2 000 000.

NOTE 6 COMBINED ITEMS, BALANCE SHEET

NOK thousand	Note	2016	2015
OTHER NON CURRENT ASSETS			
Non current loan group companies (subsidiary and associates)	14	8 613	4 563
Total other non current assets		**8 613**	**4 563**
Of which non current debitors falling due for payment later than one year:			
Loans to subsidiary and associates	14	8 613	4 563
Total other non current assets due after one year		**8 613**	**4 563**
OTHER CURRENT ASSETS			
Intercompany receivables	14	517 265	524 764
Other current assets	13	24 446	19 708
Total other current assets		**541 711**	**544 472**
OTHER NON CURRENT LIABILITIES			
Allocation of commitment		43 922	43 853
Total other non current liabilities		**43 922**	**43 853**
OTHER CURRENT LIABILITIES			
Accounts payables		4 933	5 828
Intercompany payables	14	30 479	1 517
Next year's instalment on interest-bearing debt	11		100 000
Proposed dividend	9	162 413	139 211
Other current liabilities	13	34 329	40 286
Total other current liabilities		**232 154**	**286 842**

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 14.

NOTE 7 CURRENT FINANCIAL INVESTMENTS

NOK thousand	2016	2015
Market value asset management portfolio		
Nordic equities	356 120	390 083
Bonds	357 845	362 361
Other financial derivatives	(2 446)	85
Total current financial investments	**711 518**	**752 528**

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 at 31.12	112 780	138 488

The equity portion of 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	2016	2015
Restricted bank deposits		
Payroll tax withholding account	4 828	4 697

NOK thousand	2016	2015
Undrawn committed drawing rights		
Undrawn committed drawing rights for 31 December	1 060 420	400 000

NOK thousand	2016	2015
Cash and cash equivalents		
Banks	124 244	152 896
Deposit banks 3 months	150 000	
Total Cash and cash equivalents	**274 244**	**152 896**

NOTE 9 EQUITY

NOK thousand	Share capital	Own shares	Retained earnings	Total
Current year's change in equity				
Equity 31.12.2015	930 076	(2 000)	4 510 551	5 438 628
Interim dividend paid			(92 808)	(92 808)
Proposed dividend			(162 413)	(162 413)
Profit for the year			406 604	406 604
Comprehensive income for the year			(1 667)	(1 667)
Equity 31.12.2016	**930 076**	**(2 000)**	**4 660 268**	**5 588 344**

NOK thousand	Share capital	Own shares	Retained earnings	Total
2015 change in equity				
Equity 31.12.2014	930 076	(2 000)	4 002 471	4 930 547
Interim dividend paid			(92 808)	(92 808)
Proposed dividend			(139 211)	(139 211)
Profit for the year			728 405	728 405
Comprehensive income for the year			11 695	11 695
Equity 31.12.2015	**930 076**	**(2 000)**	**4 510 551**	**5 438 628**

At 31 December 2016 the company's share capital comprises 34 637 092 Class A shares and 11 866 732 Class B shares, totalling 46 503 824 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.

At 31 December 2016 Wilh. Wilhelmsen Holding ASA had own shares of 100 000 Class A shares. The total purchase price of these shares was NOK 12.7 million.

Dividend

The proposed dividend for fiscal year 2016 is NOK 3.50 per share, payable in the second quarter 2017. A decision on this proposal will be taken by the annual general meeting on 27 April 2017.

Dividend for fiscal year 2015 was NOK 5.00 per share, where NOK 3.00 per share was paid in May 2016 and NOK 2.00 per share was paid in November 2016.

Dividend for fiscal year 2014 was NOK 5.00 per share, where NOK 3.00 per share was paid in May 2015 and NOK 2.00 per share was paid in November 2015.

CONT. NOTE 9 EQUITY

The largest shareholders at 31 December 2016

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	49.60%	60.01%
Pareto Aksje Norge	1 002 450	710 712	1 713 162	3.68%	2.89%
VPF Nordea Norge Verdi	207 695	1 478 512	1 686 207	3.63%	0.60%
Folketrygdfondet	1 042 123	613 836	1 655 959	3.56%	3.01%
UBS Switzerland AG	845 183	73 984	919 167	1.98%	2.44%
Skagen Vekst	643 158		643 158	1.38%	1.86%
J. P. Morgan Luxembourg S.A.	370 400	236 000	606 400	1.30%	1.07%
Stiftelsen Tom Wilhelmsen	126 875	415 630	542 505	1.17%	0.37%
Nordea Nordic Small Cap Fund	522 647		522 647	1.12%	1.51%
MP Pensjon PK	123 529	393 518	517 047	1.11%	0.36%
UBS AS, London Branch	203 750	217 000	420 750	0.90%	0.59%
Nordnet Bank AB	419 050		419 050	0.90%	1.21%
Oslo Pensjonsforsikring AS PM	129 965	277 444	407 409	0.88%	0.38%
Skandinaviska Enskilda Banken AB	346 491	56 000	402 491	0.87%	1.00%
Bras Kapital AS		400 000	400 000	0.86%	0.00%
Verdipapirfondet DNB Norge (IV)	375 400		375 400	0.81%	1.08%
VPF Nordea Kapital	270 000	101 000	371 000	0.80%	0.78%
Citibank, NA	135 630	220 627	356 257	0.77%	0.39%
Pareto AS	248 597	100 000	348 597	0.75%	0.72%
Forsvarets Personellservice	320 928		320 928	0.69%	0.93%
Other	6 518 491	4 291 425	10 809 916	23.25%	18.82%
Total number of shares	**34 637 092**	**11 866 732**	**46 503 824**	**100.00%**	**100.00%**

Shares on foreigners hands
At 31. December 2016 - 4 906 128 (14.16%) A shares and 2 233 706 (18.82%) B shares.
Corresponding figures at 31. December 2015 - 3 827 518 (11.05%) A shares and 1 668 560 (14.06%) B shares.

NOTE 10 PENSION

Description of the pension scheme
In order to reduce the company's exposure to certain risks associated with defined benefit plans, such as longevity, inflation, effects of compensation increases, the company regularly reviews and continuously improves the design of its post-employment defined benefit plans. Until 31 December 2014, the company provides both defined benefit pension plans and defined contribution pension plans. From 2015 the defined benefit plan relate to senior management see note 2.

The company's defined contribution pension schemes for Norwegian employees are with financial institute, similar solutions with different investment funds. The contributions from the company are changed to be in accordance with new requirements.

From 1 January 2014 the company established “Ekstrapensjon”, a new contribution plan for all Norwegian employees with salaries exceeding12 times the Norwegian National Insurance base amount (G). The new 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	2016	2015	2016	2015
In employment	2	2		1
On retirement (inclusive disability pensions)	1	1	5	4
Total number of people covered by pension schemes	**3**	**3**	**5**	**5**

	Expenses		Commitments	
Financial assumptions for the pension calculations:	2016	2015	31.12.2016	31.12.2015
Discount rate	2.50%	2.30%	2.30%	2.50%
Anticipated pay regulation	2.25%	2.80%	2.00%	2.25%
Anticipated increase in National Insurance base amount (G)	2.25%	3.00%	2.00%	2.25%
Anticipated regulation of pensions	0.60%	0.60%	0.10%	0.60%

The expected return on assets reflects the weighted average expected returns on pension plan assets. The assumption shall reflect the weighted average expected returns for each asset class, e.g. equities, and bonds, given the actual asset allocation.

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	2016 Funded	2016 Unfunded	2016 Total	2015 Funded	2015 Unfunded	2015 Total
Pension expenses						
Service cost	3 748	52	3 800	4 658	61	4 719
Net interest cost	204	791	995	448	900	1 348
Cost of defined contribution plan	5 945		5 945	5 473		5 473
Net pension expenses	**9 897**	**843**	**10 740**	**10 579**	**961**	**11 540**

Remeasurements - Other comprehensive income	2016	2015
Effect of changes in demographic assumptions		
Effect of changes in financial assumptions	27	(9 607)
Effect of experience adjustments	3 061	(5 755)
(Return) on plan assets (excluding interest income)	(866)	(392)
Total remeasurements included in OCI	**2 222**	**(15 754)**
The company comprehensive income pension	1 667	(11 695)
The tax effect of comprehensive income pension	556	(4 059)
Gross remeasurements included in OCI pension	**2 222**	**(15 754)**

NOK thousand	2016	2015
Pension obligations		
Defined benefit obligation at end of prior year	85 572	97 653
Service cost	3 800	4 719
Interest expense	2 002	2 129
Benefit payments from plan	(3 118)	(3 567)
Remeasurements - change in assumptions	3 088	(15 362)
Pension obligations 31.12	**91 344**	**85 572**
Fair value of plan assets		
Fair value of plan assets at end of prior year	37 470	30 961
Interest income	1 007	781
Employer contributions	5 281	6 360
Benefit payments from plan	(1 024)	(1 024)
Administrative expenses paid from plan assets	(473)	(428)
Return on plan assets (excluding interest income)	1 339	820
Gross pension assets 31.12	**43 600**	**37 470**

CONT. NOTE 10 PENSION

NOK thousand	2016 Funded	2016 Unfunded	2016 Total	2015 Funded	2015 Unfunded	2015 Total
Total pension obligations						
Defined benefit obligation	49 538	38 006	87 544	44 318	36 535	80 853
Service cost	3 748	52	3 800	4 658	61	4 719
Total pension obligation	**53 286**	**38 058**	**91 344**	**48 976**	**36 596**	**85 572**
Fair value of plan assets	43 600		43 600	37 470		37 470
Net liability (asset)	**9 686**	**38 058**	**47 744**	**11 506**	**36 596**	**48 102**

The table shows how pension funds including derivatives administered by Storebrand Kapitalforvaltning AS were invested at 31 December. The recorded return on assets administered by Storebrand Kapitalforvaltning was 5.0% at 31 December 2016 (2015: 3.9%).

NOK thousand	31.12.2016	31.12.2015
Historical developments		
Gross pension obligations, including payroll tax	91 344	85 572
Gross pension assets	43 600	37 470
Net recorded pension obligations	**47 744**	**48 102**

NOTE 11 INTEREST-BEARING DEBT

NOK thousand	2016	2015
Interest-bearing debt		
Bank loan		100 000
Total interest-bearing debt	**0**	**100 000**
Repayment schedule for interest-bearing debt		
Due in year 1		100 000
Due in year 2 and later		
Total interest-bearing debt	**0**	**100 000**
Held as collateral within a securities' finance facility		
The portfolio of financial investments	711 518	390 083

The parent company had undrawn revolving facilities at 31 December 2016. 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 2016 (analougue for 31 December 2015).

FINANCIAL RISK

See note 13 to the parent accounts and note 15 to the group accounts for further information on financial risk, and note 14 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 company also has a lease agreement for the office building (including storage and parking) Strandveien 12. The lease run over 10 years from 1 June 2006, with an option to extend for additional 5 years. In 2016 the lease agreement was extended with 5 years and runs until 2021.

NOK thousand	2016	2015
Due in year 1	50 770	48 541
Due in year 2	52 039	48 881
Due in year 3	53 340	49 223
Due in year 4	54 673	49 568
Due in year 5 and later	204 442	226 001
Total expense related to operating leasing commitments	**415 264**	**422 214**

NOTE 13 FINANCIAL RISK

CREDIT RISK

Guarantees

The group and parent policy's is that no financial guarantees are provided by the parent company.

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 solid banks.

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 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	Fair value	Carrying amount
2016		
Interest-bearing debt		
Bank loan		
Total interest-bearing debt 31.12	**0**	**0**
2015		
Interest-bearing debt		
Bank loan	100 000	100 000
Total interest-bearing debt 31.12	**100 000**	**100 000**

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 2016 and 2015 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 in level 3. The group has not held any level 3 instruments in the past years.

CONT. NOTE 13 FINANCIAL RISK

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 2016				
- Bonds	357 845			357 845
- Equities	356 120			356 120
- Financial derivatives		1 345		1 345
Total assets 31.12	**713 965**	**1 345**	**0**	**715 310**
Financial liabilities fair value through income statement 2016				
- Financial derivatives	(2 407)	(860)		(3 267)
Total liabilities 31.12	**(2 407)**	**(860)**	**0**	**(3 267)**

NOK thousand	Level 1	Level 2	Level 3	Total balance
Financial assets at fair value through income statement 2015				
- Bonds	362 361			362 361
- Equities	390 083			390 083
- Financial derivatives		408		408
Total assets 31.12	**752 443**	**408**	**0**	**752 852**
Financial liabilities fair value through income statement 2015				
- Financial derivatives	(270)	(19 703)		(19 974)
Total liabilities 31.12	**(270)**	**(19 703)**	**0**	**(19 974)**

Financial instruments by category	Note	Loans and receivables	Assets at fair value through the income statement	Total
Assets				
Other non current assets	6	8 613		8 613
Current financial investments	7		711 518	711 518
Financial derivatives	6		6 700	6 700
Other current assets	6	535 011		535 011
Cash and cash equivalent		274 244		274 244
Assets at 31.12.2016		**817 867**	**718 219**	**1 536 086**

	Note	Other financial liabilities at amortised cost	Assets at fair value through the income statement	Total
Liabilities				
Financial derivatives	6		6 196	6 196
Current interest-bearing debt	6			
Other current liabilities	6	63 544		63 544
Liabilities 31.12.2016		**63 544**	**6 196**	**69 741**

	Note	Loans and receivables	Assets at fair value through the income statement	Total
Assets				
Other non current assets	6	4 563		4 563
Current financial investments	7		752 528	752 528
Other current assets	6	544 472		544 472
Cash and cash equivalent		152 896		152 896
Assets at 31.12.2015		**701 930**	**752 528**	**1 454 459**

	Note		Other financial liabilities at amortised cost	Total
Liabilities				
Financial derivatives	6		19 703	19 703
Current interest-bearing debt	6		100 000	100 000
Other current liabilities	6		27 927	27 927
Liabilities 31.12.2015		**0**	**147 630**	**147 630**

See note 15 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 2016

Name	A shares	B shares	Total	Part of total shares	Part of voting stock
Family Wilhelm Wilhelmsen	20 882 114	2 302 444	23 184 558	49.86%	60.29%

Wilhelm Wilhelmsen has in 2016 received remuneration of NOK 750 thousand (2015: NOK 750 thousand) in consulting fee, NOK 70 thousand (2015: NOK 70 thousand) in nomination committee for Wilh. Wilhelmsen Holding ASA and Wilh. Wilhelmsen ASA and NOK 1 829 thousand (2015: NOK 1 762 thousand) in ordinary paid pension and other remunerations.

WWH ASA delivers services to other group companies in Holding and Investment, WWASA group and WMS group, these include primarily human resources, tax, communication, treasury and legal services ("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 WMS group delivers IT services and group consolidation 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	2016	2015
OPERATING REVENUE FROM GROUP COMPANIES			
WWASA group		4 221	16 703
WMS group		65 953	63 445
Holding and Investments		16 792	4 412
Operating revenue from group companies	1	**86 967**	**84 560**
OPERATING EXPENSES TO GROUP COMPANIES			
WWASA group			
WMS group		(6 354)	(8 126)
Holding and Investments		(14 066)	(14 166)
Operating expenses to group companies	1	**(20 420)**	**(22 291)**
FINANCIAL INCOME FROM GROUP COMPANIES			
WWASA group			240 000
WMS group		500 000	500 000
Holding and Investments		298	172
Financial income from group companies	1	**500 298**	**740 172**
ACCOUNT RECEIVABLES AND ACCOUNT PAYABLES WITH GROUP COMPANIES			
Account receivables			
WWASA group		5 224	393
WMS group		510 869	523 890
Holding and Investments		1 173	481
Account receivables from group companies	6	**517 265**	**524 764**
Account payables			
WWASA group		(35)	
WMS group		(190)	
Holding and Investments		(30 254)	(1 517)
Account payables to group companies	6	**(30 479)**	**(1 517)**

CONT. NOTE 14 RELATED PARTY TRANSACTION

NOK thousand	Note	2016	2015
NON CURRENT LOAN TO GROUP COMPANIES			
Holding and Investments*		8 613	4 563
Non current loan to group companies	6	**8 613**	**4 563**

*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.

CURRENT LOAN TO GROUP COMPANIES			
Holding and Investments		1	300
Current loan to group companies	6	**1**	**300**

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 purposes of this statement, company employees referred to as senior executives are: Thomas Wilhelmsen (group CEO), Christian Berg (group CFO), Jan Eyvin Wang (President and CEO of Wilh. Wilhelmsen ASA) Dag Schjerven (President and CEO of Wilhelmsen Maritime Services AS), Jørn Even Hanssen (Group Vice President HR and OD), Benedicte Teigen Gude (Group Vice President Corporate Communication), Bjørge Grimholt (President WSS) and Carl Schou (President WSM)

The following guidelines are applied for 2017.

General principles for the remuneration of senior executives
The remuneration of the group CEO is determined by the board of directors, whereas remuneration of other senior executives is determined administratively on the basis of frameworks specified by the board of directors.

The remuneration level shall reflect the complexity and responsibilities of each role and shall take into account the group's breadth of international operations. Being headquartered in Norway, the board of directors will primarily look to other Norwegian companies operating in an international environment for comparison.

Remuneration of the senior executives shall be at a competitive level in the relevant labour market(s). It should be a tool for the board of directors to attract and retain the 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 incentives). The remuneration system should be flexible and understandable.

Market comparisons are conducted on a regular basis 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 according to individual performance, 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, telecommunication, broadband, insurance and company car/car salary

Short term variable remuneration
As a key component of the total remuneration package, the annual variable pay scheme, emphasizes the link between performance and pay and aims to be motivational. It aligns the senior executives with relevant, clear targets derived from the group's strategic goals. The variable pay scheme takes into consideration both key financial targets and individual targets (derived from the annual operating plan). Maximum opportunities for annual payments are capped at four to six months' salary, depending on role.

Long term variable remuneration (LTI)
The senior executives also participate in a LTI scheme, based on positive development of the WW Group's Value adjusted Equity which aims to increase alignment with shareholders' interests.

Annual payment is 50% of base salary. For Group CEO, maximum annual payment is 100% of base salary and for the president and CEO of WW ASA it is 75%.

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. The senior executives also have rights related to salaries in excess of 12G at a level of approximately 66% of gross salary and the option to take early retirement from the age of 62- 67. Pension obligations related to salaries
in excess of 12G and the option to take early retirement are insured in the case of GCEO, GCFO, President and CEO WMS and President and CEO WW ASA. The President for WSS has a defined benefit plan for salary exceeding 12G financed through operations. The remaining executives has 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 GCEO 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. The group CFO, President and CEO WW ASA, GCFO, President and CEO WMS and President WSS, 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 4 of the group accounts concerning senior executives of the group.

AUDITOR'S REPORT

To the Annual Shareholders' 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 (the "Company"). The financial statements comprise:

- The financial statements of the parent company, which comprise the balance sheet as at 31 December 2016, and income statement, comprehensive income, cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The financial statements of the Group, which comprise the balance sheet as at 31 December 2016, and income statement, comprehensive income, statement of changes in equity, 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 parent company as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to § 3-9 of the Norwegian Accounting Act.
- The accompanying financial statements give a true and fair view of the financial position of the Group as at 31 December 2016, 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, included 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 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.

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State authorised public accountants, members of The Norwegian Institute of Public Accountants, and authorised accounting firm

AUDITOR'S REPORT

Auditor's Report - 20 March 2017 - Wilh. Wilhelmsen Holding ASA

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.

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment vessels	
The Group has a large number of vessels with a combined carrying amount of USD 1 878 million. Impairment indicators were considered present. No impairment charge was recognised. We focused on this area due to the relative size of the amounts and the judgement inherent in the impairment review. Vessels are organised and operated as a fleet and evaluated for impairment on the basis that the whole fleet is the lowest cash-generating unit (CGU). Management tests at each reporting date whether vessels have suffered any impairment. The recoverable amount of the CGU was determined based on value in use calculations. Value in use calculations are based on Management's assumptions such as cash flow of future time charter income, vessel operating expenses, any other related expenditure and discount rate. We also refer to note 5 to the financial statements for the Group.	We assessed Management's impairment review, the underlying analysis and challenged the assumptions adopted by Management. The data used in the model was compared to the sources of the data such as budgets and action plans, and when possible validated against external sources. In addition, we verified the mathematical accuracy of the model. The forecast for the future cash flows for the CGU are based on actual profit for 2016 and a detailed forecasting process. We challenged Management's forecasting accuracy by comparing budgeted profit against actuals for 2016 and assessed the explanations for deviations as evidence of reliability of the Group's forecasting process. Action plans affect the forecasted future cash flows. To corroborate explanations provided to us by Management, we scrutinized approved action plans in place to enhance profitability. We noted that these plans are driven by cost savings and revenue enhancing activities; consequently we considered whether these were achievable and within Management's control. These considerations included applying sensitivities to the assumptions applied. This analysis showed that although different assumptions could have been made, those chosen by Management sat within an acceptable range. We used our internal specialists and external market data to assess the appropriateness of the discount rate used. We considered that the discount rate used was within an appropriate range. We validated the appropriateness of the related disclosures in note 5 to the financial statements for the Group to the requirements of the applicable financial reporting framework, IFRS, including the sensitivities provided with respect to the CGU.

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AUDITOR'S REPORT

Auditor's Report - 20 March 2017 - Wilh. Wilhelmsen Holding ASA

Key Audit Matters	How our audit addressed the Key Audit Matter
Provision related to anti-trust investigations The Group has made a provision related to anti-trust investigations involving certain of its joint ventures. We focused on this area because of the magnitude of the provision and the judgement involved in estimating it. We also refer to note 21 to the financial statements for the Group.	We obtained Management's reasoning for the provision and external evidence which supported the provision. To assess the reasoning we read and understood this supporting documentation and compared it to that supplied to us by Management. This assessment considered the latest information available including our knowledge of other settlements made by the Group, regulatory inspections and communications as well as legal opinions obtained by the Group. The calculation of a provision is inherently uncertain. Changes to the assumptions made could result in different amounts compared to those calculated by Management.

Other information

Management is responsible for the other information. The other information comprises the Board of Directors' report and the reports on Corporate Governance and Sustainability, but does not include 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 Chief Executive Officer for the Financial Statements

The Board of Directors and the Chief Executive Officer (the "Management") are responsible for the preparation and fair presentation of the financial statements of the parent 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 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 Company or the Group or to cease operations, or has no realistic alternative but to do so.

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AUDITOR'S REPORT

Auditor's Report - 20 March 2017 - Wilh. Wilhelmsen Holding ASA

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.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, included International Standards on Auditing (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 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'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 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.

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AUDITOR'S REPORT

Auditor's Report - 20 March 2017 - Wilh. Wilhelmsen Holding ASA

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.

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 proposal for the allocation of the profit 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, 20 March 2017
PricewaterhouseCoopers AS

Fredrik Melle
State Authorised Public Accountant

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RESPONSIBILITY STATEMENT

We confirm, to the best of our knowledge, that the financial statements for the period 1 January to 31 December 2016 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, 20 March 2017
The board of directors of Wilh. Wilhelmsen Holding ASA

Diderik Schnitler
chair

Helen Juell

Odd Rune Austgulen

Irene Waage Basili

Carl Erik Steen

Thomas Wilhelmsen
group CEO


CO2.RM
CO2 ROOM
RESTRICTED AREA
AUTHORISED


FREE STORE
Wilhelmsen
Ships Service
LEGEND 45

1861

LOCATIONS

Our first office opened in Tønsberg, Norway in 1861. Today, we have offices in 74 countries, with operations in almost 125 countries worldwide.

Corporate governance

A summary of the corporate governance report for 2016

Corporate governance comply or explain overview

Principle		Deviations	Reference in this report
1.	Implementation and reporting on corporate governance	None	On page 110
2.	The business	None	On page 110
3.	Equity and dividends	None	On page 111
4.	Equal treatment of shareholders and transactions with close associates	The company has two share classes. The B shares do not carry voting rights at the general meeting. Apart from this, each B share carries the same rights in the company and holders of the respective classes are treated equally. Converting to a single share class is not regarded as appropriate in the present circumstances.	On page 112
5.	Freely negotiable shares	None	On page 112
6.	General meetings	The chair of the board also acts as chair of the general meeting as stated in the company's Articles of Association.	On page 113
7.	Nomination committee	The nomination committee is not described in the Articles of Association and the company has not developed a formal way for shareholders to submit proposals for candidates to the committee.	On page 113
8.	Corporate assembly and board of directors: composition and independence	Executive committee for industrial democracy in foreign trade shipping instead of corporate assembly. General meeting elects the board.	On page 113
9.	The work of the board of directors	The whole board acts as remuneration and audit committee. Without a corporate assembly, the board elects its own chair.	On page 113
10.	Risk management and internal control	None	On page 116
11.	Remuneration of the board of directors	None	On page 117
12.	Remuneration of the executive personnel	None	On page 117
13.	Information and communications	None	On page 118
14.	Take-overs	No policy developed. However, intention is described in the report.	On page 119
15.	Auditor	None	On page 119

Reducing risk and improving accountability

The board is responsible for ensuring that the company is directed and controlled in an appropriate and satisfactory manner according to existing laws and regulations.

This report is, amongst others, based on the requirements covered in the Norwegian Code of Practice for Corporate Governance.

For the board, a sound corporate governance model 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
- strengthens confidence in the company
- 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 board assesses the company's corporate governance performance to be of high standard, and discussed and approved this report 20 March 2017. All the directors were present at the meeting.

The report will also be presented to the annual general meeting 27 April 2017.

Diderik Schnitler
Chair of the board

Lysaker, 20 March 2017

The board's corporate governance report for 2016

1. IMPLEMENTATION AND REPORTING ON CORPORATE GOVERNANCE

WWH is a public limited company organised under Norwegian law. Listed on the Oslo Stock Exchange, the company is subject to Norwegian securities legislation and stock exchange regulations.

This report is based on the requirements covered in the Norwegian Code of Practice for Corporate Governance ("the code", dated 30 October 2014), the Public Limited Companies Act and the Norwegian Accounting Act, approved by the board and published as part of the company's annual report. The report is also available on the company's webpage.

Comply or explain principle

In addition to provisions and guidance that in part elaborate on company, accounting, stock exchange and securities legislations, as well as the Stock Exchange Rules (as in force at 1 October 2014), the code also covers areas not addressed by legislation. Built on a "comply or explain" principle, the code requires the company to justify deviations from its 15 provisions and to describe alternative solutions where and if applicable. A summary of WWH's adherence to the code can be found on page 108 in this report.

Sustainable business model

A responsible business model is necessary to be sustainable. Acknowledging that the company's activities affect its surroundings, the company issues a report based on the requirements stated by the Global Reporting Initiative. The report describes how WWH 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 environment, prevention of corruption and last but not least how the company works to the best of the communities in which it operates.

Governing elements

Employees and others working for and on behalf of the group should carry out their business in a sustainable, ethical and responsible manner and in accordance with current legislation and the company's standards.

To ensure the right results are achieved the right way, the company has a set of governing elements including its vision "shaping the maritime industry", values, basic philosophy, leadership expectations, code of conduct and company principles. A corporate social responsibility statement is part of the group's principles. Making up the core of the company's governance framework, the governing elements guide the employees in making the right decisions and navigating safely in a rapidly changing environment.

A summary of the governing elements are available electronically on the group's intranet, as written documentation, as e-learning and on the company's webpages. In 2016, anti-corruption, competition law, fraud and theft as well as whistleblowing received particular attention. The group continued its "I comply" campaign and 98.5% of land based employees have conducted mandatory compliance training. The focus on anti-corruption, competition law etc. will continue in 2017. More information on the "I comply" campaign can be found on the company's webpages.

Deviations from the code: None

2. THE BUSINESS

Articles of Association

The company's business activities and the scope of the board' authority are restricted to the business specified in its Articles of Association. In brief, 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. The full articles of association are presented on the company's webpages.

Strategy

The company's main strategy is to create value by developing a diversified business portfolio. The company will leverage its market positions, global network and collective competence to continue to grow a sustainable and profitable business.

During 2016, the portfolio consisted of four main business segments:

- Through a 72.7% shareholding in Wilh. Wilhelmsen ASA (WWASA), the company has a substantial investment in ocean transportation and integrated land-based logistics services for auto and high and heavy manufacturers. A new ownership structure for the joint ventures owned by WWASA has been agreed, and the new entity, Wallenius Wilhelmsen Logistics ASA, will continue on WWASA's listing on the Oslo Stock Exchange from April 2017, pending regulatory approval. After completion of the merger, WWH will hold 37.8% of the new entity. *Main five-year strategic targets:* Improve profitability and create a world leading, agile and efficient shipping and logistics platform.
- The group offers products and services to more than 50% of the merchant fleet through its business areas ships service, ship management and technical solutions. *Main five-year strategic target:* Build a strong platform for future growth and develop through organic growth and mergers and acquisitions.
- Explore and invest in new opportunities within the maritime sector. *Main five-year strategic target:* Pursue investments outside core business, but building on the group's core competencies and global network.
- Through a 72.7% shareholding in Treasure ASA, Wilhelmsen has an exposure towards the Korean listed Hyundai Glovis. *Main five-year strategic target:* Create shareholder value through the competitive return on their investments

For a further presentation of the business segments, see the company's webpages.

Deviations from the code: None

3. EQUITY AND DIVIDEND

Equity

The parent company has a sound level of equity tailored to its objectives, strategy and risk profile. As of 31 December 2016, the total equity amounted to NOK 5 588 million, corresponding to 94% of the total capital (parent account). In 2015, the total equity amounted to NOK 5 439 million equal to 93% of the total capital.

Dividend policy

A dividend policy approved by the board states that the company's 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.

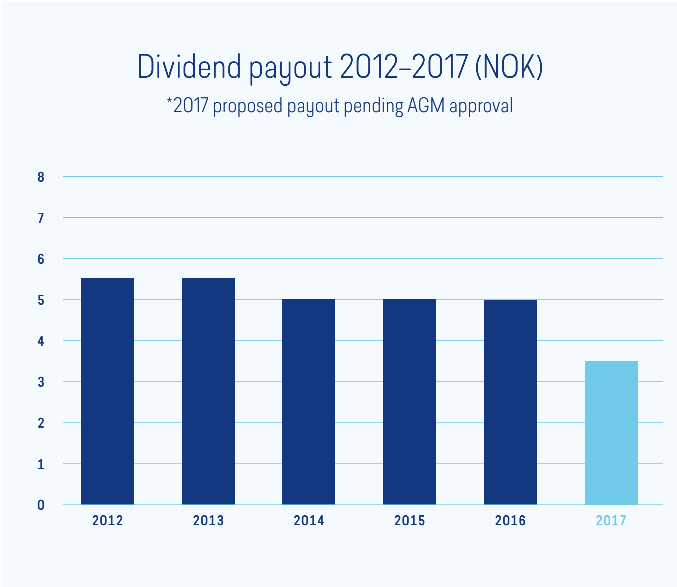
Dividend 2016

In 2016, the company paid NOK 5.00 in dividend per share, totalling USD 28 million. The payable dividend was in line with the company's dividend policy and based on approved annual accounts.

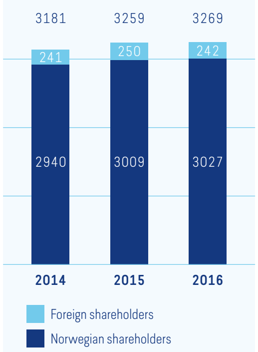
Dividend 2017

The board has proposed that the annual general meeting (AGM), to be held 27 April 2017, approves an ordinary dividend for the fiscal year 2016 amounting to NOK 3.50 per share.

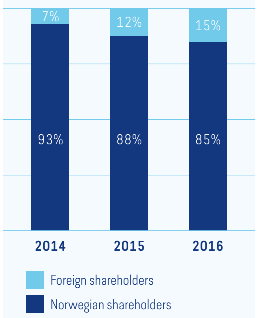
With reference to The Norwegian Companies Act, the board proposes that the AGM gives the board authority to approve



Number of shareholders



% of shares owned by Norwegian and foreign shareholders



further dividend of up to NOK 2.50 per share for a period limited in time up to the next AGM, although not later than 20 June 2017.

The proposal is in line with the company's dividend policy and depends on AGM's approval.

Own shares

As of 31 December 2016, the company held 100 000 own shares. On behalf of WWH, the board is authorised by the AGM to acquire shares in the company. The company can own up to 10% of the current share capital. The minutes from the AGM held 3 May 2016 describes the authorisation, expiring 30 June 2017, in more detail. The board cannot increase the company's share capital without a specific mandate from the AGM.

Deviations from the code: None

4. EQUAL TREATMENT OF SHAREHOLDERS AND TRANSACTIONS WITH CLOSE ASSOCIATES

Shareholders

As of 31 December 2016, the company had 3 269 (3 259) shareholders, of which 242 (250) were foreign and the remaining were Norwegian. This implicated a total increase of 0.3% shareholders at the turn of the year, of which all were Norwegians. The Norwegian shareholders count for 93% of the company's shareholder base or 85% of the total number of shares, as shown in the graphs to the left.

Two share classes

The company has two share classes, comprising 34 637 092 A shares and 11 866 732 B shares. According to the company's Articles of Association, the B shares do not carry voting rights at general meetings. Apart from this, each B share carries the same rights in the company and holders of the respective classes are treated equally. Converting to a single share class is not regarded as appropriate in the present circumstances.

Share capital

Where the board resolves to carry out an increase in share capital and waive the pre-emption rights of existing shareholders on the basis of a mandate granted to the board, the justification should be publicly disclosed in a stock exchange announcement issued in connection with the increase in share capital.

Transactions with close associates

Any transactions the company carries out in its own shares are carried out through the stock exchange and at prevailing stock exchange prices. Any transactions taking place between a principal shareholder or close associates and the company will be conducted on arm's length terms. A similar principle will be used for certain 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. Pursuant to the instructions issued by and for the board, directors are required to inform the board if they have interests and/or relations, directly or indirectly, with the WWH group (WWH including subsidiaries).

Overview of insiders

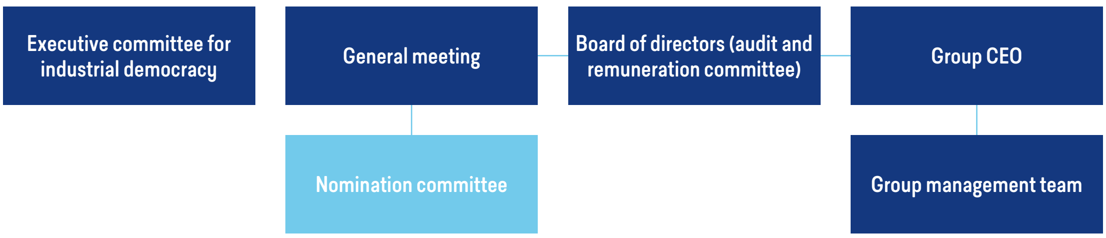
A list of primary insiders can be found on the Oslo Stock Exchange under the company's ticker.

Deviations from the code: The code recommends only one share class. The company has two share classes. The B shares do not carry voting rights at general meetings. Apart from this, each B share carries the same rights in the company and holders of the respective classes are treated equally. Converting to a single share class is not regarded as appropriate in the present circumstances.

5. FREELY NEGOTIABLE SHARES

Listed on the Oslo Stock Exchange with the tickers "WWI" and "WWIB" for the A and B share respectively, both

Governing bodies



shares are freely negotiable. There are no restrictions on negotiability in the company's Articles of Associations.

Deviations from the code: None

6.–9. GOVERNING BODIES

The company's governing bodies consist of the general meeting, the executive committee for industrial democracy, the board of directors, the group chief executive and the group management team.

General meeting

The general meetings deal with and decides on the following matters:

- Adoption of the annual report and accounts including the consolidated accounts and the distribution of dividend Adoption of the auditor's remuneration
- Determination of the remuneration for board and committee members
- Election of members to the board and election of the auditors
- Any other matter that belongs under the annual general meeting by law or according to the Articles of Association.

The general meeting is held late April or early May.

Shareholders with known address are notified by mail no later than 21 days prior to the meeting and all relevant documents are published on WWH's website no later than 21 days prior to the meeting. Shareholders may, upon request, received hard copies of the material.

Shareholders wishing to attend the general meeting must notify the company at least two working days before the meeting takes place. Shareholders may participate at the meeting without being present in person, and can vote in advance through electronic communication. Guidelines for voting are included in the notice to the meeting. Last, but not least, the shareholders can appoint a proxy to vote for their shares. Shareholders with known address receives a proxy appointment form. The form is downloadable from the company's web pages.

The chair, auditor and representatives from the company are present at the general meeting, which is organised in a way that facilitates dialogue between shareholders and representatives from the company.

The chair of the board opens and directs the general meeting, as described in the Articles of Association.

The minutes from the AGM are available on the company's website immediately after the meeting and may be inspected by shareholders at the company's office.

Nomination committee

The general meeting appoints the nomination committee and has approved guidelines for the committee's work. The committee nominates candidates to the board and proposes board members' remuneration. As part of its nomination process, the committee will have contact with major shareholders, the board and the company's executives to ensure the process takes the board's and company's needs into consideration. A justification for a candidate will include information on each candidate's competence, capacity and independence.

The nomination committee currently consists of Wilhelm Wilhelmsen (chair), Gunnar Frederik Selvaag and Jan Gunnar Hartvig. Elected at the general meeting in May 2015 for a period of two years, the committee members are up for election in 2017.

The majority of the committee is independent of the board and executives in the company. Mr Wilhelmsen meets in the executive committee and acts as an advisor for the board. None of the committee members are executives in the company.

In 2016, the nomination committee held two meetings.

Board member	Elected	Period	Up for election
Diderik Schnitler	23.04.2015	2	2017
Helen Juell	23.04.2015	2	2017
Irene W. Basili	03.05.2016	2	2018
Carl Erik Steen	23.04.2015	2	2017
Odd Rune Austgulen	03.05.2016	2	2018

Board of directors – composition and independence

The company does not have a corporate assembly (see executive committee), and therefore the general meeting elects the board. The board comprises five directors, of which minimum two are women, elected for minimum two years at a time. Four of the directors are independent of the majority owner and the executive management. The

Group management team

From left:

Christian Berg
(group CFO)*

Jan Eyvin Wang
(president and CEO of WWASA)

Thomas Wilhelmsen
(group CEO)

Jørn Even Hanssen
(group vp HR and OD)

Benedicte Teigen Gude
(group vp corp comm)

Dag Schjerven
(president and CEO of maritime services)

* As of April 2016, Christian Berg replaced Nils P. Dyvik as group CFO.

board does not include executive personnel. However, the group CEO and group CFO are always present at the board meetings as is other executives depending on agenda and issues to be discussed.

Information on the background and experience of the directors is available on the company's web pages, which also lists the number of shares in the company held by each director.

All the board members have attended a seminar hosted by the Oslo Stock Exchange. The objective of the course was to provide information on legislation, rules, regulations and best practice that are relevant for board members of listed companies.

Board responsibility and work

The instruction for the board includes rules on the work of the board and its administrative procedures determining what matters should be considered by the board. The board has the ultimate responsibility for the management of the company and that the business is run in a sustainable and responsible way.

The board heads the company's strategic planning and makes decisions that form the basis for the administrations execution of the agreed strategy.

The chair of the board has an extended duty to ensure the board operates well and carries out its duties.

The board establishes an annual plan for its work. In 2016, the company hosted thirteen board meetings, including two full day strategy meetings. Four of the directors had lawful excuse for non-appearance at four separate board meetings.

In addition to the board meetings, the board visits business related locations to ensure they have a solid understanding of the business, market and outlook for the maritime industry. The company keeps the board regularly updated on development in the group through a variety of communication channels, including a board portal containing timely and relevant information.

Audit committee

The whole board serves as the company's audit committee, as the board only comprises five members. In addition, WWASA, representing a material part of the WWH group, has its own audit committee. The audit committee in WWASA assists the WWH board/audit committee on issues related to the integrity of WWASA's financial statements, financial reporting processes, internal control and risk assessments and risk management policies.

The audit committee maintains a pre-approval policy governing the engagement of WWASA's primary and other external auditors to ensure auditor independence.

In 2016, the audit committee has had a particular attention at anti-corruption, theft and fraud, whistleblowing and competition law and the roll-out of an awareness programmes related to these topics.

Remuneration committee

The board has not deemed it as relevant to have a separate remuneration committee, and therefore acts collectively as the remuneration committee. The board sets guidelines for remuneration for the executive personnel, including long- and short-term bonus schemes and pension plans. They also decide the general remuneration principles for other employees in the company.

Executive committee

An executive committee for industrial democracy in foreign trade shipping, chaired by the group CEO Thomas Wilhelmsen, ensures the interest of the employees. The committee comprises six members, four appointed from the management and two elected by the workforce. It meets regularly through the year. Issues submitted for consideration by the committee include a draft of the accounts and budget as well as matters of major financial significance for the company or of special importance for the workforce. The executive committee members were elected in 2014 for a three-year period.

Group management team

In 2016, the group management team (GMT) in WWH consists of the group chief executive officer (group CEO) and five executive managers:

- group chief financial officer (group CFO)
- group VP corporate communications
- group VP human relations and organisation development
- president and CEO of WMS
- president and CEO of WWASA

The president and CEO of WMS will retire at the end of the second quarter 2017. Further, with the merger related to joint owned entities in shipping and logistics, WWASA will cease to exist. Therefore, the group management structure will be reshaped during the first half of 2017. Two senior vice presidents each responsible for a portfolio industrial investments will be included in the management team in addition to the group CEO, group CFO, head of corporate communications and head of HR and organisational development.

GMT discusses and coordinates all main business and management issues relevant for the group of companies. It also makes benefit of the group's total expertise and knowledge when executing strategies and goals set by the board. An overview of the background and expertise of the GMT member is available on the company's website.

Group CEO

The board's instruction to the group CEO includes a statement of duties, responsibilities and delegated authorities. The group CEO has the overall responsibility for the company's results and for conducting the businesses and affairs of the company and its subsidiaries in a proper and efficient manner, in the company's and its shareholders best interest.

The group CEO has a particular responsibility to ensure that the board receives accurate, relevant and timely information that is sufficient to allow it to carry out its duties. The group's operations, financial results, projections, financial status or other topics specified by the board, are regularly shared with the board between board meetings.

The group CEO has delegated the responsibility of the different professions and subsidiaries to other members of the GMT.

Group CFO

The group CFO heads finance and strategy for WWH ASA and the consolidated WWH group. The group CFO is responsible for providing group CEO and the board with reliable, relevant and sufficient financial information related to the WWH group's business activities, and assuring that such information is based on requirements for listed companies.

Governance of subsidiaries

The WWH group consists of several legal entities (for a full overview, please see pages 132-137). Each entity has its own board responsible for issues related to the specific entity.

WWH's ambition is to be a demanding and reliable owner, taking the long-term interests of the companies and the total group into consideration when developing its future strategy, including how ownership will be exercised, financial prospects as well as expectation towards code of conduct, environmental and sustainable standards and aspirations.

Control and management of all entities are based on the same governance principles applicable to WWH.

In the case of partly owned subsidiary, the same principle applies concerning control and management of the business. WWH is represented on the board of partly owned subsidiaries. WWH's ownership in the subsidiaries is formally exercised through the respective companies' general meetings.

Deviations from the code: The chair of the board also acts as chair of the general meeting as stated in the company's Articles of Association. Further, the company has an executive committee for industrial democracy in foreign trade shipping instead of a corporate assembly. Without a corporate assembly, the board elects its own chair. Given the size of the board and the fact that the board jointly is responsible for its decisions, separate committees are not valued as necessary. The whole board therefore acts as remuneration and audit committee. Last, the Articles of Association does not include a reference to the nomination committee and the company has not developed a formal way for shareholders to submit proposals for candidates to the committee.

10. RISK MANAGEMENT AND INTERNAL CONTROL

Board responsibility

The board is responsible for the company's internal control and risk management, and believes that the company's systems 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. It is based on the company's governing elements including the guidelines for business standard and corporate social responsibility.

The board reviews the company's risk matrix at least four times a year and the internal control arrangements at least once a year, preferably together with the company's auditor.

About the system

Governing documents, code of conduct, company principles (including corporate social responsibility), policies, guidelines and process descriptions 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 is working adequately and according to segment management's expectations.

The company's internal control is a process designed to provide reasonable assurance of:

- Effective and efficient operations
- Sound risk management
- Reliable financial reporting
- Compliance with laws and regulations
- Necessary resources provided and used in cost efficient ways.

Internal control includes:

- Activities established to evaluate and confirm the quality of internal control regarding financial reporting (per segment)
- Procedure for year-end financial statement and the WWH board's responsibility statement semi-annually and annually
- Enterprise risk assessment – including reporting of the segment's internal control
- Quarterly reporting on risk assessment to the board
- Risk factors are described and made public to the market in the company's half year and annual reports

The group's finance and strategy division has the responsibility for updating internal control procedures on a group level, including:

- WWH group financial strategy
- WWH group financial policies and guidelines
- WWH (parent) financial policies and guidelines
- WWH group enterprise risk management policy and guidelines

The group financial strategy is approved by the board and covers all main elements related to financial management of the group, including:

- Financial organisation, responsibility and organisation

- Objectives and key ratios
- Equity and dividend
- Investor relations
- Financing and debt management
- Cash and liquidity management
- Financial investment management
- Currency management
- Credit management
- Contingent liabilities
- Merger and acquisitions
- Accounting and financial reporting
- Tax management
- Internal control and risk management
- Reporting to WWH board

WWASA and WMS have implemented similar governing documents approved by the respective boards and in line with the group financial strategy.

External reassurance

Confirmation from external auditors and internal procedures i.e. business reviews (financial, operational and quality) give the management and board confidence that the group complies with external and internal rules and regulations.

The company's auditors conduct audit in accordance with the laws, regulations and auditing standards and practices generally accepted in Norway and give reasonable assurance as to whether the consolidated financial statements are free from material misstatements and whether internal control over financial reporting were appropriate in the circumstances relevant to the audit. The audit includes examining on test basis evidence supporting the amounts and disclosures in the financial statements. It also includes assessing the accounting policies used and the reasonableness of accounting estimates made by management as well as evaluation of the overall financial statement presentation including the disclosures.

Whistleblowing

The group has a global whistleblowing system including procedures and channels for giving notice to the company about potential non-compliance, e.g. corruption, theft, fraud, sexual harassment or other breaches to the company's business standards. Strengthening transparency and safeguarding that the business standards are applied the way they are intended, the procedures also ensure that the group has a professional way of handling potential breaches to laws and regulations, self-imposed business standards or other serious irregularities. The procedures also include guidelines to safeguard the whistle-blower.

Deviations from the code: 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.

None of the directors perform assignments for the company other than serving on the board of the company or one or more of its subsidiaries, except for board member Diderik Schnitler's company, Løkta AS, which performs certain consultancy work for WWASA. Amongst others, Mr Schnitler represents WWASA on the joint WWASA/ Wallenius steering committee governing the joint ventures Wallenius Wilhelmsen Logistics, EUKOR Car Carriers and American Shipping and Logistics. The board has approved the assignment including remuneration.

An overview of the directors' remuneration is specified in note 4 to WWH group accounts and note 2 to the parent company accounts, of which the latter includes an overview of shares in parent company held by the individual director.

Deviations from the code: None

12. REMUNERATION OF EXECUTIVE PERSONNEL

Remuneration policy

WWH's remuneration policy covers all employees and is developed to ensure the company attracts and retains competent employees. The remuneration principles are communicated to all employees to ensure a common understanding of expectations and rewards, both linked to the company's strategic ambitions, financial targets and business standards.

The board determines the group CEO's remuneration and establishes the framework for adjustments for other employees. Salary adjustment for each employee is settled administratively within the limits set. For these purposes the board carries out a comparison with salary conditions in

WWH's financial calendar for 2017

09.02.2017
Q4 2016 report

27.04.2017
Annual general meeting

10.05.2017
Q1 2017 report

02.08.2017
Q2 2017 report

08.11.2017
Q3 2017 report

The company reserves the right to revise the dates, and will in case of changes inform the market in due time. The listed dates indicate when the report is released to the Oslo Stock Exchange (after close of trading). The quarterly presentation will take place at the company's premises on the following day.

other Norwegian shipping companies and also looks to the general level of pay adjustments in Norway.

An overview of employee benefits, including salary and other components of the chief executive's and CFO's remuneration packages, is detailed in note 4 to the group accounts and note 2 and 16 to the parent company accounts. The board's statement of executive personnel is also a separate appendix to the agenda for the annual general meeting, which approves the remuneration as part of the annual report.

Short-term incentive scheme

The board determines the annual norm for the bonus scheme developed for employees in WWH and its main subsidiaries. Intended to reinforce the focus on performance and results, the bonus scheme is based on the group's return on capital employed and other selected predefined key performance indicators (KPIs). As a principle, a minimum of 50% of the KPIs are linked to financial targets, while the remaining are linked to group and/or individual KPIs. One discretionary KPI is linked to the employee's overall performance.

Long-term incentive scheme

As of 1 January 2015, the synthetic option programme was replaced with a new long term incentive scheme (LTI). Participants are the group management team and the presidents for Wilhelmsen Ships Service and Ship Management. For the group CEO, maximum annual payment is 100% of base salary and for the president and CEO of WWASA it is 75%. For the remaining six participants of the programme, the maximum annual payment is 50% of base salary.

The LTI is focusing on long term shareholder value creation and is based on positive development of the WWH group's value adjusted equity. The ambitions set for the programme are to increase alignment with shareholders' interest, 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 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 incentive programme after each year.

Deviations from the code: None

13. INFORMATION AND COMMUNICATION

Communication principles and standards

Transparency, accountability and timeliness guides the group's communication activities. The company follow the guidelines set out by the Oslo Stock Exchange and The Norwegian Investor Relations Association and their opinion of best practice related to financial reporting and Investor Relations information.

Communication channels and activities

The interim and annual results are presented to the financial markets and business journalists. At least two of these presentations are transmitted directly by webcast. Results are also posted on the group's investor relations web pages. Further, the company strives to host an annual capital markets day, to give the stakeholders more in-depth knowledge about the group's activities and strategies. The market is regularly informed about the group's activities and results through stock exchange notices, annual and interim reports, press releases and updates on the group's web site.

Extensive information about the activities of the group is provided on the group's web pages. A separate section named "Investors relations" includes relevant information to shareholders, including reports and presentations, financial calendar, analysts, share information, corporate governance, IR contact and news and media. The company has a dedicated Investor relations team, and main point of contact is Mr Åge S Holm and Ms Helle Wiggen.

The group is present on social media, but have strict rules on who can utilise social media for company purposes and has clear guidelines stating that stock sensitive information must be published through the stock exchange before it is made available on social media.

Silent period

Two weeks before the planned release of quarterly financial reports – the silent period – the company will not comment on matters related to the general financial results or expectations, and contact with external analysts, investors and journalists will be minimised. This is done to reduce the risk of information leakages and that the market has access to different information.

Deviations from the code: None

14. TAKEOVERS

The board has not established a policy for its response to possible takeover bids. The board and management will seek to treat any takeover bids for the company's activities or shares in a professional way and in the best interest of the company's shareholders. If such circumstances arise, the board and the company's management will seek to treat all shareholders equally and take action to secure that shareholders receive sufficient and timely information to consider the offer.

Deviations from the code: No policy developed, but intention described above.

15. AUDITOR

The company's auditor – PricewaterhouseCoopers AS (PwC) – attends board meetings as required and is always present when the annual accounts are approved.

To ensure the board has solid understanding of the accounts and any changes in the accounting principles, the auditor discuss changes in IFRS relevant for the group's accounting principles or other law requirements relevant for the company with the board. The auditor also runs through the main features of the audits carried out. There were no disagreements between the management and PwC during 2016.

It is of importance to the board that the auditor is independent of management. The board therefore has at least one meeting with PwC without senior management being present. If used for other services than accounting, the parties will follow guidelines as described in the Auditing and Auditors' Act. The auditor provides the board with a confirmation of independence in relation to non-audit services provided.

In 2016, PwC has audited accounts, notes, the director's report and read through and commented on the board's report on corporate governance and the company's sustainability report.

The fee to external auditors, broken down by statutory work, other assurance services, tax services and other assistance, is specified in note 4 to the WWH group accounts and note 2 to the parent company accounts.

For the financial year 2016, Fredrik Melle has been the company's engagement partner from PwC. For the fiscal year 2017, Thomas Fraurud will succeed Mr Melle.

Deviations from the code: None

Further information

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Relations Manager

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1917

EQUAL OPPORTUNITIES

100 years ago, there were only men in all management positions throughout the company. Today, women occupy leading positions all the way from local offices to board of directors for the entire group.

Just how we do business

We have been doing business all around the world the last 156 years. To continue our journey, we need to deliver profitable and sustainable results also in the years to come.

STRONG, GENUINE COMMITMENT

We operate in an ever-changing world and are faced with global challenges related to, amongst others, pollution, inequality, sustainable consumption and renewable energy.

In September 2015, the United Nations (UN) agreed on 17 sustainable development goals . The goals, to be reached by 2030, are necessary to meet the needs of the present without compromising the needs of future generations. Sustainable development must be achieved through economic growth, social inclusion, and environmental protection.

One of the goals are related to substantially reducing corruption. We do not tolerate any form of corruption and convey clear standards towards all our employees. I am pleased to see that our zero tolerance policy is showing results. Further, I am happy to say that 98.5% of our land based employees and almost 99% of our seafarers have gone through our compliance training. Anti-corruption will continue to be on the top of our agenda also in the coming years.

Action to combat climate change and its impacts is another goal for the UN. Our contribution to reach this goal, is by constantly reducing the environmental footprint of first and foremost our shipping operations. Reducing emission from our vessels through multiple initiatives has been key in reaching our green shipping ambition. Climate change is a global challenge that does not respect national borders. We have seen a positive development of the fuel consumption and emissions from our fleet the last year, and the fuel efficiency indicator on our vessels are at an all-time best since the start of our environmental reporting more than a decade ago.

Other goals mentioned by the UN are global partnerships and initiatives to foster innovation. In this report and our magazine WW World you can read more about how we – on or own or together with industry and other partners – find new business models, introduce new solutions and work to utilize existing technology and possibilities.

Last, but not least a safe and healthy working environment for all our employees is of great importance to me, and we will continue to secure this at sea and on shore.

OUR RECIPE FOR SUCCESS

We continuously strive to deliver the right results the right way. To reach our goal we need healthy, motivated and competent employees, a healthy and ethical business world without corruption, healthy local communities, and we need a healthy global environment.

This report is our way of showing our sustainability impact during 2016, and how we wish to progress in 2017.

We might be a small player when it comes to changing the world, but the implementation and success of the UN's sustainable development goals rely on our personal contribution, our contribution as a group and on the contributions and goals set by each nation and the international community at large.

We live our vision of shaping the maritime industry and do so by taking on the role as a significant player, staying at the forefront of undertaking the challenges to come. Being a shaper means that we in times of challenge need to let the possibilities and opportunities shine through, not the constraints. We are committed, through our businesses, to contribute to reduce pollution, reduce inequality, promote sustainable consumption, a healthy business environment and even playing field, and utilise the potential associated with renewable energy. This is not something we turn on and off or do to promote our business. It is just how we do business.

2016

	TARGETS	PROGRESS
	Zero work related fatalities	Regrettably, one fatally injured. Further focus on securing a safe working environment.
2.8	Total recorded case frequency rate not to exceed 2.8.	Achieved with a case frequency rate at 1.96.
	Installing Shippersys system on all EUKOR vessels.	On track. Customisation and testing done in 2016.
100%	100% completion rate on anti-corruption training for land-based employees.	On track, with 98.5% of our land-based employees completing our anti-corruption training.
	No oil spills.	Achieved.
0.6	Lost time injury frequency rate not to exceed 0.6.	Achieved, with a reported LTIF at 0.35.

2016 HIGHLIGHTS

ZERO TOLERANCE POLICY TOWARDS FACILITATION PAYMENTS IMPLEMENTED

99%

OF OUR SEAFARERS COMPLETED COMPLIANCE TRAINING

98.5%

OF ALL LAND-BASED EMPLOYEES TRAINED IN ANTI-CORRUPTION

VESSEL BASED OPERATIONS: 0.35 LOST TIME INJURY FREQUENCY RATE (TARGET: 0.60)

1.68% SICKNESS ABSENCE RATE FOR ONSHORE OPERATIONS

1.96

VESSEL BASED OPERATIONS: 1.96 CASE FREQUENCY RATE (TARGET: 2.8)

OHSAS

WSS PRE CERTIFIED ACCORDING TO OHSAS 18001

TRACE

WSM CERTIFIED BY TRACE

THREE VESSELS RECYCLED IN ACCORDANCE WITH THE HONG KONG CONVENTION

FUEL OIL POLICY REVISED

5%

5% DIVIDEND ALLOCATED TO THE TOM WILHELMSEN FOUNDATIONS

TARGETS FOR 2017

- LTIF < 0.55 on vessels managed by WSM
- OHSAS implementation in WSS
- 100% anti-corruption training
- 80% performance appraisals completion
- Run the first digital trainee programme
- Roll-out our updated governing elements
- Improve our sustainable supplier management reporting

Our way

For us, doing business is about ensuring we continue to shape the maritime industry through growth, while always doing business in a sustainable and compliant way.

GLOBAL REPORTING INITIATIVE

This report is based on sustainability reporting guidelines developed by the Global Reporting Initiative (GRI G4). This is the fourth year we follow GRI guidelines. We report in accordance with the Core option, which comprises the essential elements of sustainability in the group's work. More information about the guidelines can be found on GRI's webpage globalreporting.org

MATERIALITY ASSESSMENT

One key element of the GRI guideline is to find the aspects of our business which we believe have the most impact on the environment and the societies in which we operate. These aspects are identified through a materiality assessment, where the importance of different topics are ranked by us and our stakeholders, such as our board, group and central management team, employees, customers, suppliers, competitors, industry players and shareholders. The process steps are shown on the opposite page.

In 2013, we conducted a materiality assessment that has formed the basis for our reports since 2014. In line with our ambition, we conducted a new materiality assessment in 2016 assisted by DNVGL. The process gave us the opportunity to prioritise, refine and streamline the group's sustainability work and reporting.

The materiality matrix shows the relative importance of issues assessed. Based on the assessment, we have divided the high priority aspects into five groups, which form the basis of this report:

- Business ethics and anti-corruption
- Working conditions, labour standards, health and safety
- Emissions to air, sea and soil
- Employee competence and development
- Sustainable supplier management

These topics are relevant for all entities, throughout the whole value chain, and in all geographical areas.

CHANGES FROM 2015 TO 2016

Business ethics and anti-corruption, environmental issues, along with securing safe working conditions and aspects of human rights, are all issues that remain of the highest concern to both our stakeholders and the Wilhelmsen group. Furthermore, we believe sustainable supplier management is imperative in a global organisation. In this report we have therefore included information about our supplier management.

CONTINUOUS IMPROVEMENTS

We aim at building a transparent reporting system. In time, we expect to have external assurance for the information provided. In the meantime, we use DNV GL, our accounting auditor PricewaterhouseCoopers AS, shareholder meetings and stakeholder engagement for advice and to identify ways to improve.

In addition to specifying relevant targets for 2017, we work continuously to improve our sustainability processes. We review and update guidelines and standards for managers, employees, customers, suppliers, subsidiaries, joint ventures and business partners, clearly expressing the group's expectations regarding material aspects of sustainability.

The subsidiaries handle business relevant issues on a central or local level, depending on the nature of the issue.

THE ASSESSMENT PROCESS

RISK MAPPING	IDENTIFY EXTERNAL STAKEHOLDER EXPECTATIONS	PEER AND MEDIA REVIEW	ANALYSIS AND FINDINGS	INTERNAL WW MATERIALITY WORKSHOP	FINALISE MATERIALITY ASSESSMENT
A materiality assessment was conducted to map key risk issues for us and assessing whether the issue is a high priority to us internally.	Review and measure perceived external stakeholder expectations of identified risk issues.	A peer review was conducted to identify issues of importance to our peers, while a media review was conducted to assess media attention around identified issues.	Each issue was given an external stakeholder scoring based on collection from peers, the materiality assessment and the Norwegian Accounting Act.	Collective debate within the group on results and findings from the assessment. Prioritising and setting targets for further work.	Final materiality matrix approved by our group management team and discussed with the boards of WWH and WWASA. Agreement on focus areas.

MATERIALITY MATRIX

IMPORTANCE TO EXTERNAL STAKEHOLDERS

		» Business Ethics and Anti-corruption » Working conditions, labour standards, health and safety » Emissions to air, sea and soil » Employee competence and development
» Local communities » Diversity and inclusion	» Sustainable supplier management » Labour relations » Tax transparency » Ship recycling	» Energy use » Innovation
	» Waste » Lobbying	

IMPORTANCE TO WILHELMSEN

HOW WE ENGAGE WITH OUR STAKEHOLDERS

We are regularly in dialogue with key stakeholders who engage with issues relating to the maritime industry and the corporate activities of the Wilhelmsen group. The dialogue contributes to understanding the expectations of the community and transferring them to the group. It also enables us to communicate corporate decisions to stakeholders and provide them with explanations for our underlying motives. The table below provides examples of how we involve stakeholders in important topics.

KEY TOPICS	EMPLOYEES	INVESTORS	CUSTOMERS	SUPPLIERS	COMMUNITY
	Engagement, commitment, leadership, culture Business ethics, working conditions, HSEQ, training KPI results and targets	Results, prospects Knowledge sharing Main business drivers	Campaigns, plans Satisfaction, feedback Innovation, proper use, expertise advice	Human rights, child labour, environmental protection Sustainability governance, transparency, values Working conditions, HSEQ, regulations	Climate, environmental impact Anti-corruption, rules and regulations, labour regulations and standards Education

CHANNELS AND ACTIVITIES	EMPLOYEES	INVESTORS	CUSTOMERS	SUPPLIERS	COMMUNITY
	Engagement survey Performance appraisal Industrial democracy Code of conduct	Annual and quarterly reports and presentations, capital markets day Press releases Investor meetings	Customer meetings, regular dialogue Customer surveys Road-shows and fairs	Supply chain code of conduct Procurement policies Supplier audits	Meetings and discussions with NGOs Ship owners associations Sponsorships Presentations and guest lectures

MATERIALITY ASSESSMENT

TOPIC	HOW WE UNDERSTAND THE CONCEPT	WHY THE TOPIC IS IMPORTANT TO US
Business ethics and anti-corruption	Ethics refers to our vision, values and code of conduct. Anti-corruption includes any type of bribery, facilitation payment, anti-competitive behaviour, theft and fraud.	The Wilhelmsen group has clear policies on business standards, ethics and anti-corruption. Achieving the right results, the right way is a core element for the group and how we conduct our business.
Working conditions, labour standards, health and safety	Operational and process safety, accidents, preventions, LTIs.	We believe that our employees are our greatest assets. We are committed to maintaining high health and safety standards and to prevent accidents and dangerous situations for our employees.
Emissions to air, sea and soil	Impact on natural habitats and ecosystems from business activities. e.g. chemical use, invasive aquatic species, emissions of greenhouse gases, SO_x, NO_x and particular matters.	As a shaper of the maritime industry, our long-term success depends on being committed to explore the possibilities to further reduce any negative environmental impact of both our own and our customers' business activities.
Employee competence and development	Training, learning and competence initiatives.	As a learning organisation, we continually seek to renew ourselves, to work smarter and improve everything we do. As a result, we are able to recognise opportunities and develop new and innovative solutions.
Energy use	Energy use in all operations, including transport fuel, electricity usage.	We have a special responsibility to investigate new technology, solutions and ways of working to reduce emissions and fuel consumption on board our vessels, and through providing green products and solutions to the merchant fleet.
Innovation	Investment in and development of new technologies, processes and competencies.	Global challenges can be seen as great opportunities. As a shaper of the maritime industry, we pursue numerous initiatives aimed at building and meeting our stakeholders' ever-changing needs.
Sustainable supplier management	Environmental standards, practices and performance of suppliers. Working conditions, health and safety standards and performance, freedom of association.	Reduce risk and increase quality of procurement. Securing our suppliers' commitment to environmental stewardship and corporate social responsibility.
Labour relations	Freedom of association, collective bargaining, working hours, rest, minimum age, etc. Adherence to the ILO Maritime Labour Convention.	Empowered employees in an innovative, learning organisation are our main competitive advantage in meeting the needs and wants of our customers. Labour relations and standards, human rights, working conditions and stakeholder engagement are important topics for the group.
Tax transparency	Comply with tax regulations and tax reporting, contribution to successful societies through paying tax, following OECD guidelines regarding taxation.	Well-functioning public institutions are an essential foundation for doing business and holding a responsible approach to taxation is important for the group's long-term activities in the countries we operate.
Ship recycling	The systematic and controlled scrapping of ships according to the Hong Kong convention.	Our policy is that all vessels should be recycled in accordance with the Hong Kong convention. We strongly support green recycling and act as an advocate for this within the maritime industry.
Local communities	Business activities that have impact on local communities such as; job creation, human rights, sponsorships and knowledge sharing, infrastructure.	We care for the local communities in which we operate. As an important player around the world it is important for us that we have a positive impact on the development in these communities.
Diversity and inclusion	Ensure equal treatment and not discriminate based on age, gender, culture, religion, disabilities, etc.	A diverse and including work force makes for a balanced approach when doing business. In compliance with labour laws.
Waste	Use/disposure of resources and materials, hazardous waste management, recycling of food, garbage, etc.	Waste management is an important part of finding good solutions to environmental challenges international shipping faces. Imperative to the group to comply with international laws and regulations.
Lobbying	Transparency concerning activities towards governments and regulatory agencies with the aim of influencing regulations.	Stakeholders expect responsible lobbying practices.


HYUNDAI

1970

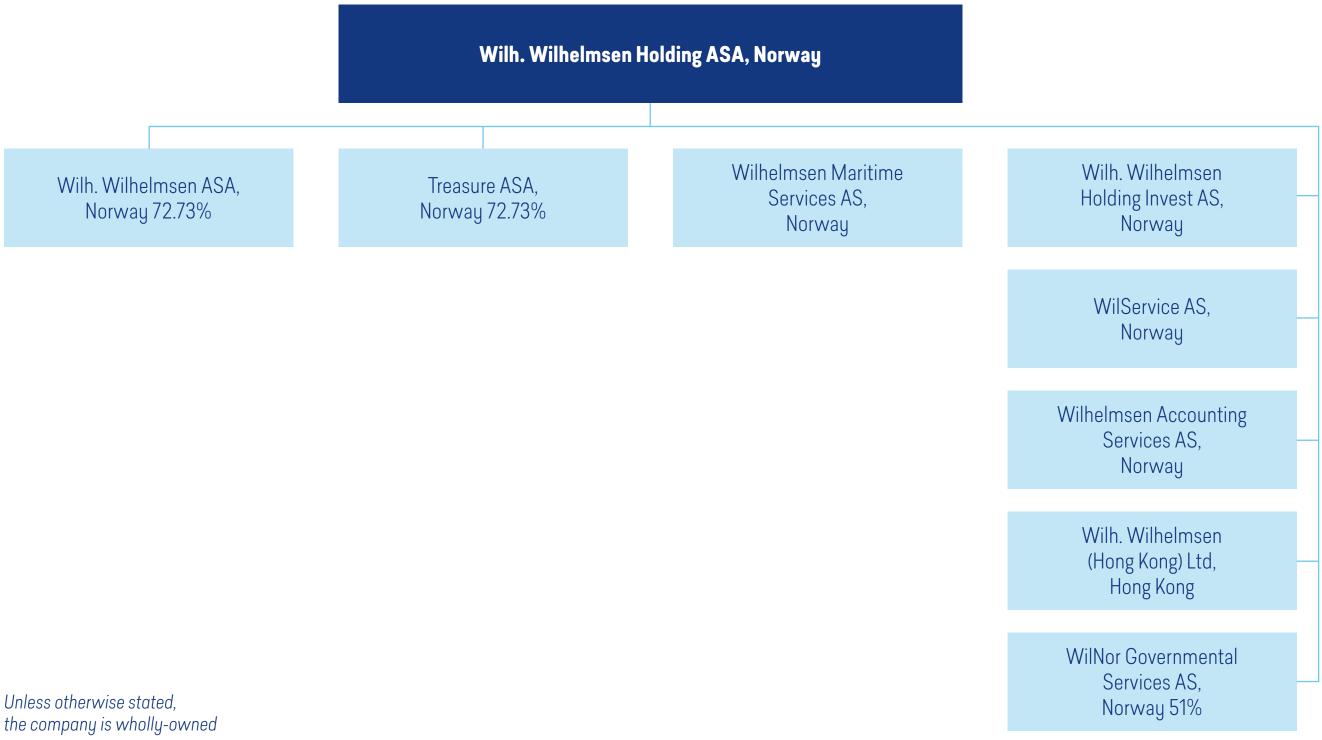
EMPLOYEES

In 1970, we were less than 5 000 employees. Today, the wider group counts 21 100 people with over 13 000 people directly working for Wilhelmsen.

Corporate structure

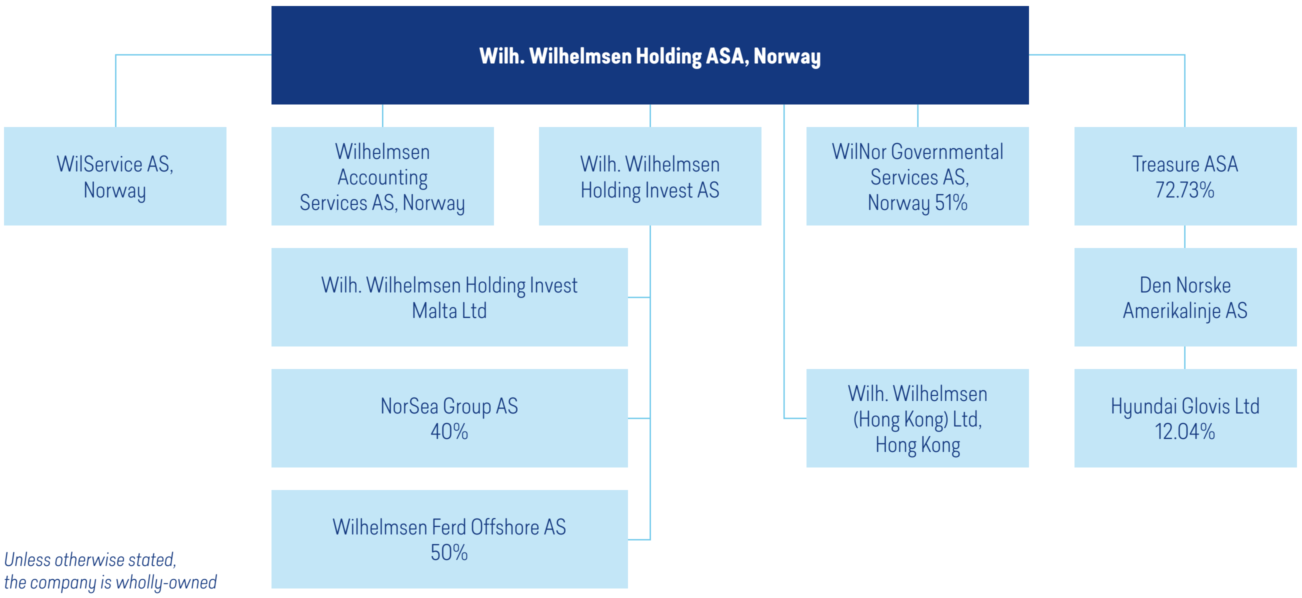
As of 31 December 2016

WWH GROUP



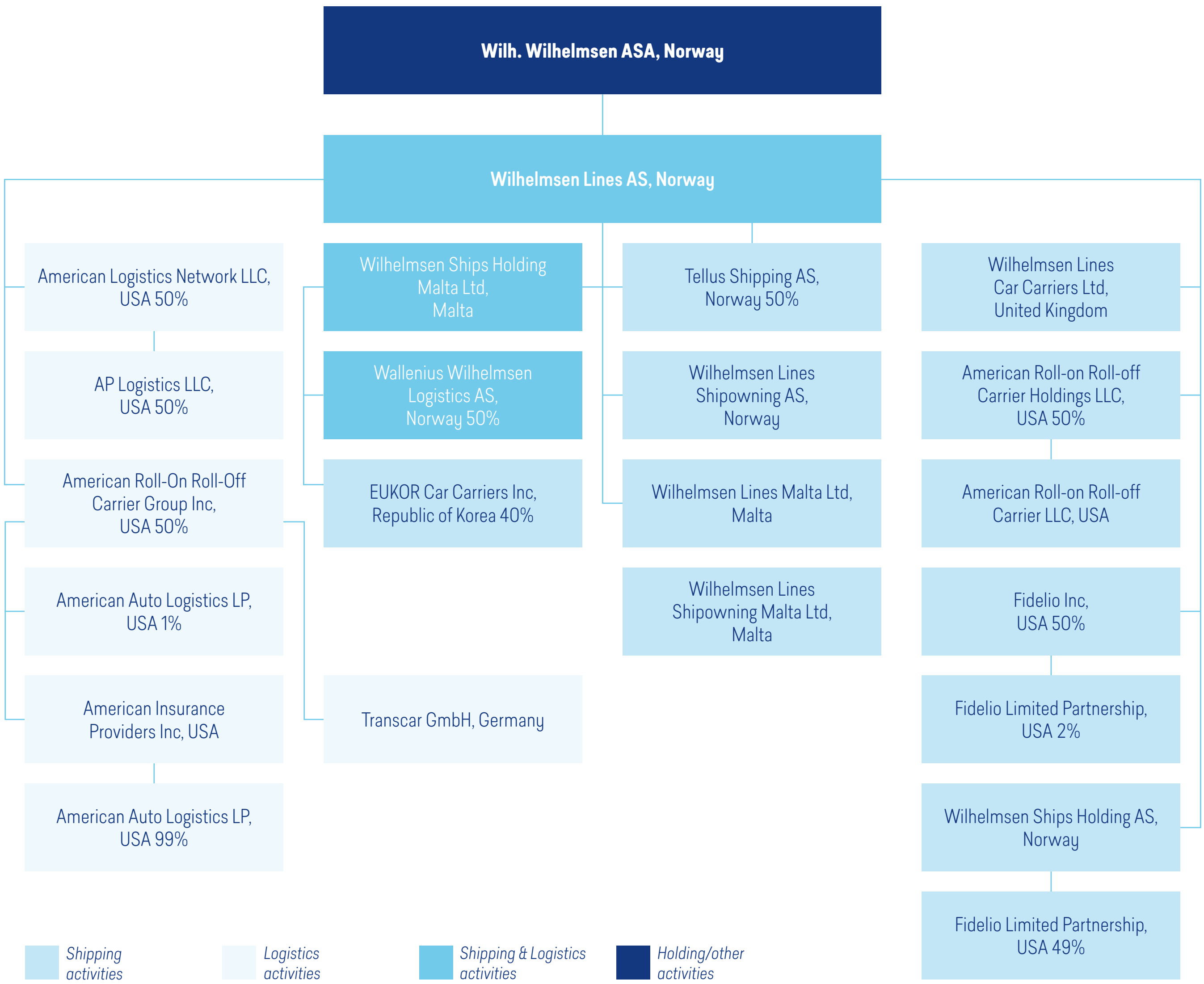
Unless otherwise stated, the company is wholly-owned

HOLDING AND INVESTMENTS SEGMENT



Unless otherwise stated, the company is wholly-owned

WILH. WILHELMSEN ASA SEGMENT* PER 31 DECEMBER 2016



Unless otherwise stated, the company is wholly-owned

WMS GROUP SEGMENT

Business area *Legal entity* *Unless otherwise stated, the company is wholly-owned*

CONT. WMS GROUP SEGMENT

COMPANY NAME	COUNTRY	OWNER SHIP %
WILHELMSEN MARITIME SERVICES		
Wilhelmsen IT Services Sdn Bhd*	Malaysia	100.00%
Wilhelmsen Insurance Services AS	Norway	100.00%
Wilhelmsen IT Services AS*	Norway	100.00%
WILHELMSEN SHIP MANAGEMENT		
Unicorn Shipping Services Ltd	Bangladesh	51.00% *
Wilhelmsen Ship Management Serviços Marítimos do Brasil Ltda	Brazil	100.00%
Wilhelmsen Marine Personnel d.o.o.	Croatia	100.00%
Aurora Wilhelmsen Management 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%
Global Vessel Management Ltd	Liberia	33.33%
Aurora Wilhelmsen Management Sdn Bhd	Malaysia	49.00%
Wilhelmsen Ship Management Sdn Bhd	Malaysia	100.00%
Wilhelmsen Ship Management Services Sdn Bhd	Malaysia	100.00%
WSM Offshore Services Sdn Bhd	Malaysia	100.00%
Diana Wilhelmsen Management Inc	Marshall Islands	50.00%

CONT. WMS GROUP SEGMENT		
COMPANY NAME	COUNTRY	OWNER SHIP %
WILHELMSEN SHIP MANAGEMENT		
Unicorn Shipping Services Limited	Mauritius	51.00%
Wilhelmsen Marine Personnel (Myanmar) Company Limited - in Liquidation	Myanmar	100.00%
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	25.00%
Wilhelmsen Marine Personnel Sp z.o.o.	Poland	100.00%
Haeyoung Maritime Services Co Ltd	Republic of Korea	20.00%
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 (USA) Inc	United States	100.00%
WILHELMSEN SHIPS SERVICE		
Wilhelmsen Ships Service Algeria SPA	Algeria	49.00% **
Wilhelmsen Ships Service Argentina SA	Argentina	100.00%
New Wave Maritime Services Pty Ltd	Australia	100.00%
WLB Shipping Pty Ltd	Australia	100.00%
Wilhelmsen Ships Service Pty Limited - Australia	Australia	100.00%
WWHI Property Australia Pty Ltd	Australia	100.00%
Almoayed Wilhelmsen Ltd	Bahrain	40.00% **
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	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	49.00% **
Wilhelmsen Ships Service Co Ltd - China	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	24.50%
Barwil Egytrans Shipping Agencies SAE	Egypt	49.00% **
Scan Arabia Shipping Agencies SAE	Egypt	49.00% **
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%

CONT. WMS GROUP SEGMENT		
COMPANY NAME	**COUNTRY**	**OWNER SHIP %**
WILHELMSEN SHIPS SERVICE		
Barwil Hellas Ltd	Greece	60.00%
Uniref SA	Greece	100.00%
Wilhelmsen Ships Service Hellas SA	Greece	100.00%
Wilhelmsen Ships Service Limited - HK	Hong Kong	100.00%
Wilhelmsen Maritime Services Private Limited	India	100.00%
Barwil For Maritime Services Co Ltd	Iraq	100.00%
Wilhelmsen Ships Service S.p.A - Italy	Italy	100.00%
Wilhelmsen Ships Service Co Ltd - Japan	Japan	100.00%
Wilhelmsen Ships Service (Japan) Pte Ltd - Legal Branch	Japan	100.00%
Wilhelmsen Ships Service Ltd	Kenya	100.00%
Alghanim Barwil Shipping Co-Kutayba Yusuf Ahmed & Partners WLL	Kuwait	49.00%
Wilhelmsen Ships Service Lebanon SAL	Lebanon	49.00%
Wilhelmsen Agencies Sdn Bhd	Malaysia	100.00%
Wilhelmsen Freight & Logistics Sdn Bhd	Malaysia	100.00%
Wilhelmsen Ships Service Holdings Sdn Bhd	Malaysia	100.00%
Wilhelmsen Ships Service Malaysia Sdn Bhd	Malaysia	30.00% **
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 BV	Netherlands	100.00%
Unitor Ships Service NV Netherlands Antilles	Netherlands Antilles	100.00%
Wilhelmsen Ships Service Limited - NZ	New Zealand	100.00%
Wilh. Wilhelmsen (New Zealand) Limited	New Zealand	100.00%
Barwil Agencies AS	Norway	100.00%
Wilhelmsen Chemicals AS	Norway	100.00%
Wilhelmsen Ships Service AS	Norway	100.00%
Wilhelmsen Towell Co LLC (formerly known as Towell Barwil Co LLC)	Oman	60.00%
Wilhelmsen Ships Service (Private) Limited - Pakistan	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 Ships Service Peru SA	Peru	100.00%
Wilhelmsen-Smith Bell (Subic) Inc	Philippines	50.00%
Wilhelmsen-Smith Bell Shipping Inc	Philippines	40.00%
Wilhelmsen Ships Service Philippines Inc	Philippines	100.00%
Wilhelmsen Ships Service Polska Sp z.o.o.	Poland	100.00%
Argomar-Navegcao e Transportes SA	Portugal	100.00%
Perez Torres Portugal Lda	Portugal	50,00 %
Wilhelmsen Ships Service Portugal, SA	Portugal	100.00%
Wilhelmsen Hyopwoon Ships Service Ltd	Republic of Korea	50.00%
Wilhelmsen Ship Services Co Ltd - Korea	Republic of Korea	100.00%
Barwil Star Agencies SRL	Romania	100.00%
Wilhelmsen Ships Service OOO	Russia	100.00%
Barwil Agencies Ltd For Shipping	Saudi Arabia	70.00%
Binzagr Barwil Maritime Transport Co Ltd	Saudi Arabia	50.00%

CONT. WMS GROUP SEGMENT		
COMPANY NAME	**COUNTRY**	**OWNER SHIP %**
WILHELMSEN SHIPS SERVICE		
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%
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 SAU	Spain	100.00%
Wilhelmsen Meridian Navigation Ltd	Sri Lanka	40.00%
Alarbab For Shipping Co. Ltd	Sudan	0.00%
Baasher Barwil Agencies Ltd	Sudan	50.00%
Wilhelmsen Ships Service AB	Sweden	100.00%
Wilhelmsen Ships Service Inc - Taiwan	Taiwan	100.00%
Wilhelmsen Ship Services Limited - Tanzania	Tanzania	100.00%
Wilhelmsen Ships Service (Thailand) Ltd	Thailand	49.00%
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	0.00%
Barwil Dubai LLC	United Arab Emirates	49.00%
Triangle Shipping Agencies LLC	United Arab Emirates	49.00%
Wilhelmsen Maritime Services JAFZA	United Arab Emirates	100.00%
Wilhelmsen Ships Service (LLC)	United Arab Emirates	49.00%
Wilhelmsen Ships Service AS (Dubai Branch)	United Arab Emirates	100.00%
Wilhelmsen Ship Services LLC - Fujairah	United Arab Emirates	42.50%
Denholm Wilhelmsen Ltd. (formerly known as Denholm Barwil Ltd.)	United Kingdom	40.00%
Wilhelmsen Ships Service Limited - UK	United Kingdom	100.00%
Wilhelmsen Ships Service Inc -USA	United States	100.00%
Barwil de Venezuela CA	Venezuela	50.00%
Barwil-Sunnytrans Ltd	Vietnam	49.00%
International Shipping Co Ltd	Yemen	0.00%

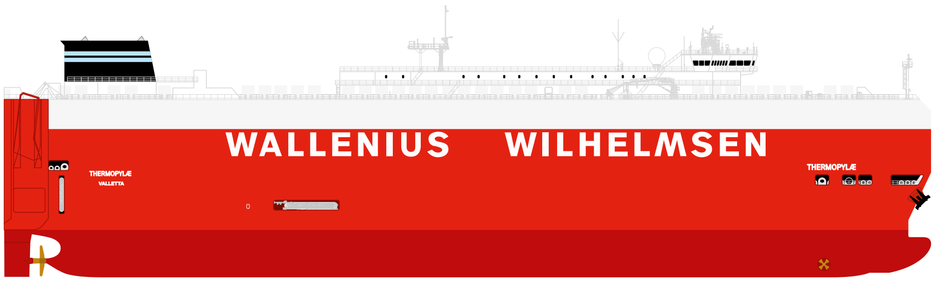
** From 01.01.2017 a part of WSS*
*** Additional profit share agreement*

WW FLEET FLAG AND OWNERSHIP AS PER 31.12.2016

PCTC

PCTC: Pure car and truckcarrier

NAME	IMO	BUILT	TYPE	FLAG	CEU	WW SHARE
MHI TYPE						
TORRENS	9293612	2004/10	PCTC	GBR	6 500	100 %
TOLEDO	9293624	2005/2	PCTC	GBR	6 500	100 %
TORONTO	9302205	2005/8	PCTC	GBR	6 500	100 %
TOPEKA	9310109	2006/06	PCTC	GBR	6 500	100 %
TOMBARRA	9319753	2006/09	PCTC	GBR	6 500	B/B
TORTUGAS	9319765	2006/12	PCTC	GBR	6 500	B/B
TOMAR	9375264	2008/10	PCTC	GBR	6 500	100 %
TOREADOR	9375288	2008/12	PCTC	GBR	6 500	100 %
TORINO	9398321	2009/03	PCTC	GBR	6 500	100 %
TOSCANA	9398333	2009/06	PCTC	GBR	6 500	100 %
TONGALA	9605786	2012/09	PCTC	MLT	6 400	100 %
OTHER						
TALIA	9311854	2006/08	PCTC	BAH	6 200	T/C
TAIPAN	9311866	2006/09	PCTC	BAH	6 200	T/C
TARIFA	9327748	2007/04	PCTC	BAH	6 200	T/C
MORNING CONCERT	9312822	2006/04	PCTC	GBR	6 600	100 %



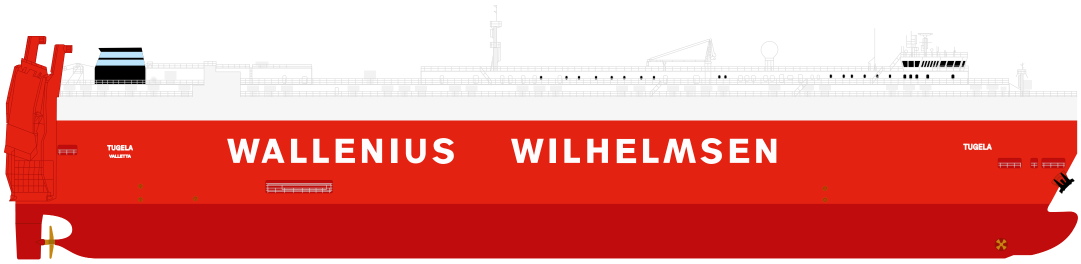
PCTC: Pure car and truckcarrier

NAME	IMO	BUILT	TYPE	FLAG	CEU	WW SHARE
POST PANAMAX (HERO TYPE)						
THERMOPYLÆ	9702443	2015/01	PCTC	MLT	8 000	100 %
THALATTA	9702455	2015/04	PCTC	MLT	8 000	100 %
THEBEN	9722302	2016/04	PCTC	SIN	8 000	T/C
THEMIS	9722314	2016/06	PCTC	SIN	8 000	T/C

Capacity in terms of Car Equivalent Units (CEU) equals RT43 and is based on stowage plans for PCTC and LCTC.

WW FLEET FLAG AND OWNERSHIP AS PER 31.12.2016

LCTC



LCTC: Large car and truckcarrier

NAME	IMO	BUILT	TYPE	FLAG	CEU	WW SHARE
LCTC1						
TIJUCA	9377511	2008/12	LCTC	NIS	7 600	100 %
TIRRANNA	9377523	2009/6	LCTC	NIS	7 600	100 %
LCTC2						
TUGELA	9505065	2011/07	LCTC	MLT	8 050	100 %
TULANE	9505089	2012/06	LCTC	MLT	8 050	100 %
TIGER	9505039	2011/06	LCTC	MLT	8 050	100 %
TITANIA	9505053	2011/12	LCTC	MLT	8 050	100 %

RO-RO

RO-RO: Roll-on-roll-off

NAME	IMO	BUILT	TYPE	FLAG	CEU	WW SHARE
MARK V						
TØNSBERG	9515383	2011/03	RO/RO	MLT	8 500	100 %
TYSLA	9515400	2012/01	RO/RO	MLT	8 500	100 %
MARK IV						
TAMESIS	9191307	2000/04	RO/RO	NIS	5 550	100 %
TALISMAN	9191319	2000/06	RO/RO	NIS	5 550	100 %
TARAGO	9191321	2000/09	RO/RO	NIS	5 550	100 %
TAMERLANE	9218648	2001/02	RO/RO	NIS	5 550	100 %

For RO-RO vessels, the CEU capacity is estimated from the bale cubic and is greater than the RT43-capacity.

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