ANNUAL REPORT 2016

WILH. WILHELMSEN ASA

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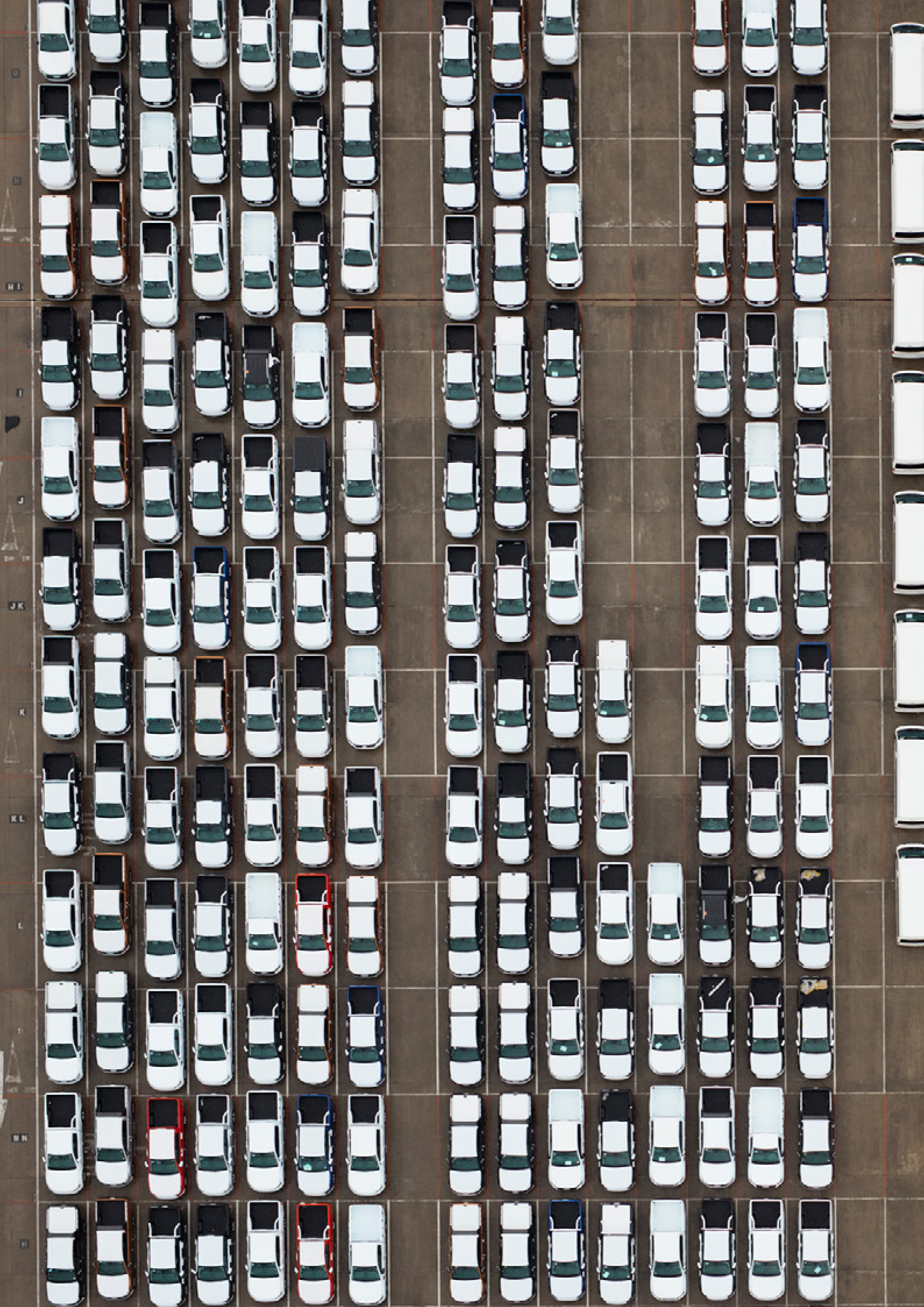
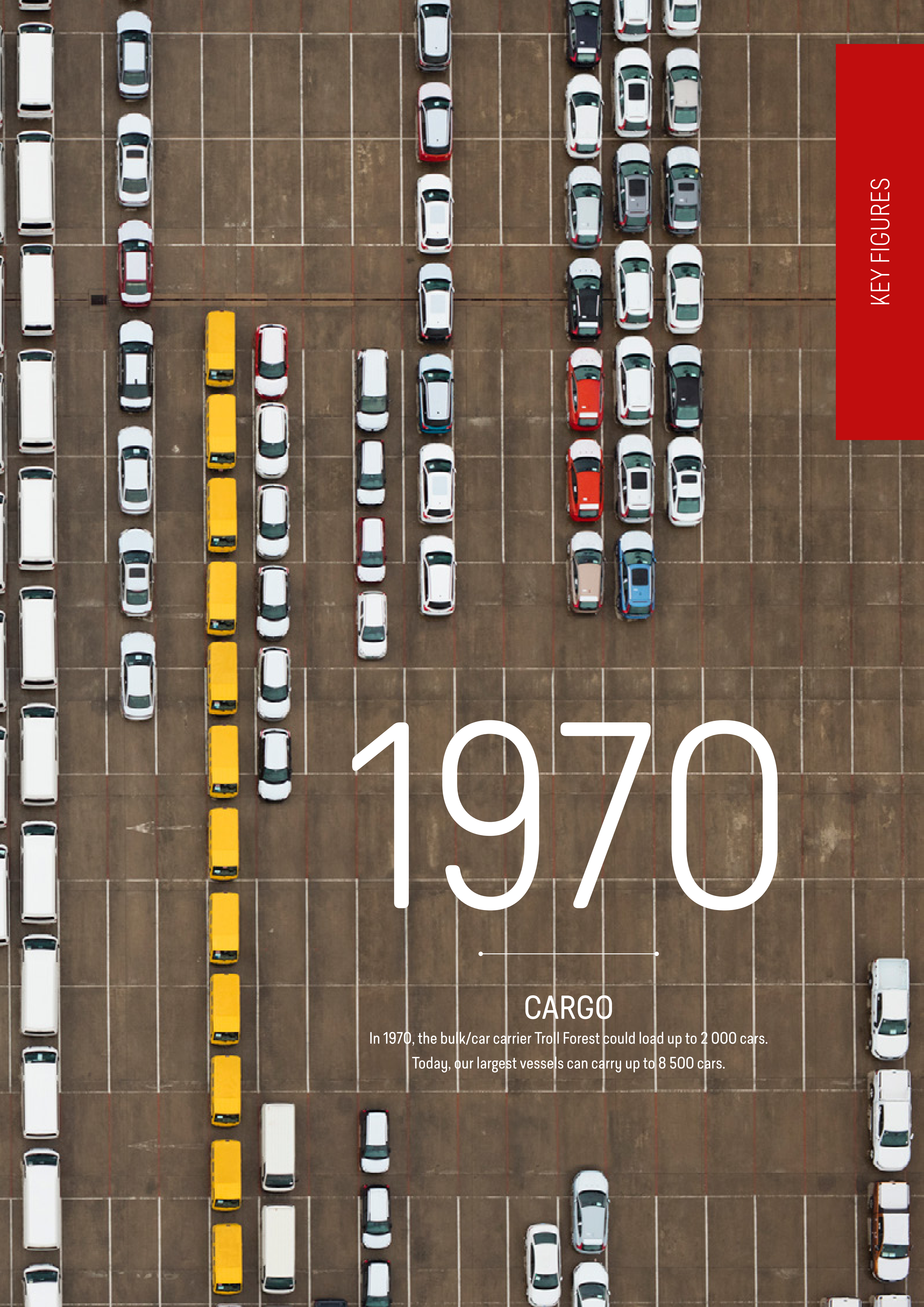
CORPORATE STRUCTURE

1953

CREW

In the fifties, liner ships needed a crew of more than 50 people to operate. Today, our largest roro vessels are maintained and run by less than 30 crew members.





1970

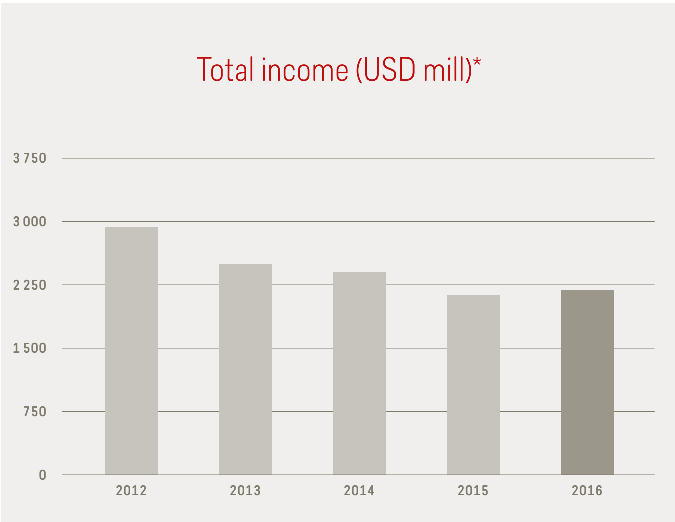
CARGO

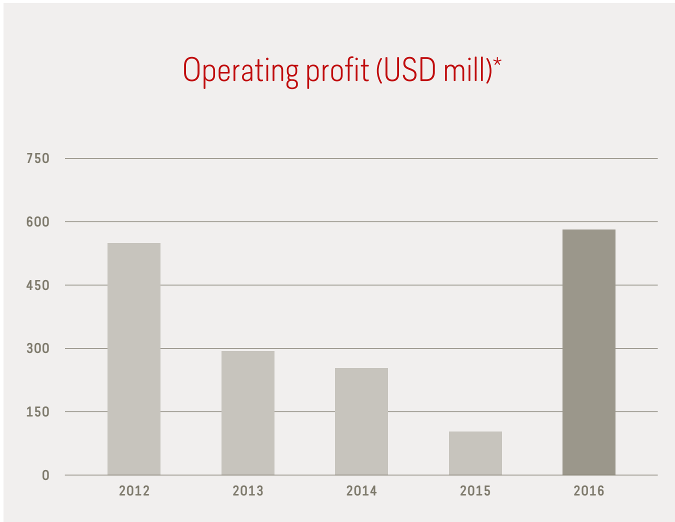
In 1970, the bulk/car carrier Troll Forest could load up to 2 000 cars. Today, our largest vessels can carry up to 8 500 cars.

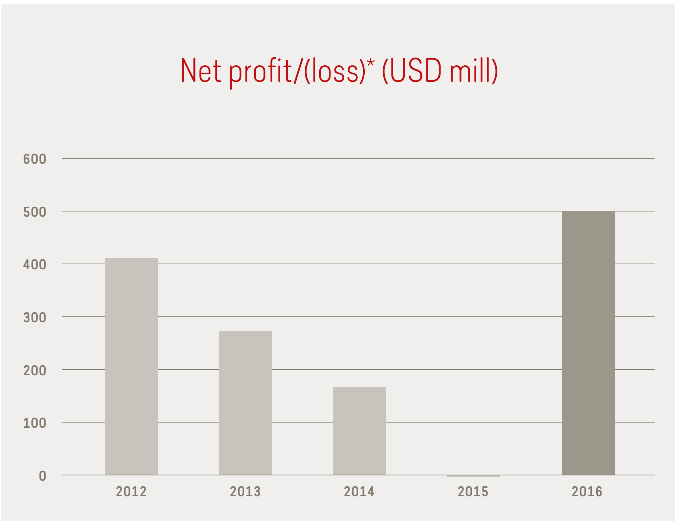
Key figures

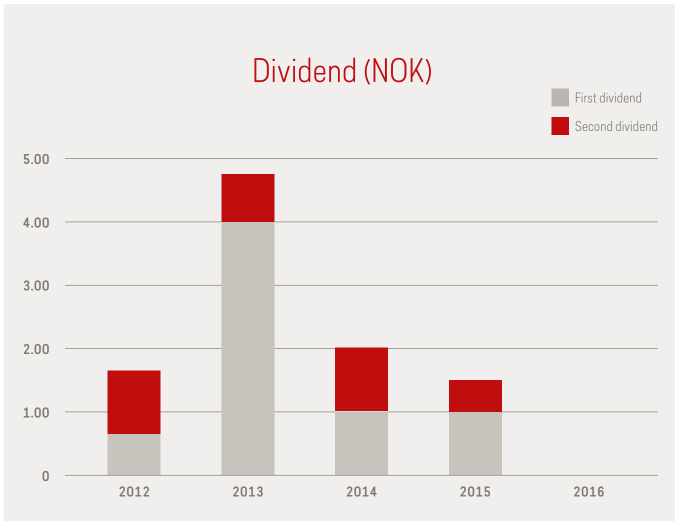
Consolidated accounts

		2016	2015	2014	2013	2012
Income statement						
Total income* (10)	USD mill	2 219	2 159	2 443	2 535	2 977
Primary operating profit (EBITDA)*	USD mill	728	262	413	445	697
Operating profit (EBIT)*	USD mill	580	103	253	293	548
Profit/(loss) before tax*	USD mill	543	(25)	122	285	448
Net profit/(loss)*	USD mill	500	(4)	166	272	410
Balance sheet						
Fixed assets	USD mill	2 708	2 925	2 955	2 952	2 897
Current assets	USD mill	305	373	398	436	511
Total assets	USD mill	3 013	3 299	3 353	3 388	3 407
Equity	USD mill	1 435	1 655	1 707	1 632	1 544
Interest-bearing debt	USD mill	1 320	1 319	1 325	1 502	1 534
Key financial figures						
Cash flow from operations (1)	USD mill	211	194	216	194	270
Liquid funds at 31 Dec (2)	USD mill	283	349	375	411	474
Current ratio (3)		1.5	1.3	2.7	1.9	3.2
Equity ratio (4)	%	48%	50%	51%	48%	45%
Yield						
Return on capital employed (5)	%	18.8%	2.0%	6.9%	8.2%	17.6%
Return on equity (6)	%	32.4%	(0.3%)	9.9%	17.1%	29.8%
Key figures per share						
Earnings per share (7)	USD	2.27	(0.02)	0.75	1.23	1.86
Diluted earnings per share (8)	USD	2.27	(0.02)	0.75	1.23	1.86
EBITDA per share (9)*	USD	3.31	1.19	1.88	2.02	3.17
Average number of shares outstanding	(thousand)	220 000	220 000	220 000	220 000	220 000
Market price at year end	NOK	33.80 (11)	35.30	46.00	56.75	49.70
Market price high	NOK	34.40	51.50	60.25	59.25	49.70
Market price low	NOK	15.76	32.80	41.60	45.00	29.50
Dividend per share	NOK	0.00	1.50	2.00	4.75	1.65









DEFINITION

(1) Net cash flow from operating activites.
(2) Cash, bank deposits and current financial investments.
(3) Current assets divided by current liabilities.
(4) Equity in per cent of total assets.
(5) Operating profit (EBIT) divided by 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.
(8) Earnings per share taking into consideration the number of potential outstanding shares in the period.
(9) Operating profit for the period adjusted for depreciation and impairments of assets, divided by average number of shares outstanding.
(10) Restated 2011-2015 figures: revenues/costs relating to procurement and process management with a fixed fee leaving no business risk with WWL Vehicle Services Americas (VSA) is considered "pass through" revenues/costs and will therefore be accounted for on a net basis going forward. Hence, previous reported figures have been restated accordingly.
(11) Den Norske Amerikalinje was demerged in the second quarter of 2016. The demerged entity, named Treasure ASA, was listed on the Oslo Stock Exchange at NOK 16.00 a share.

* Figures according to the proportional method, which reflects the WW group's underlying operations in more detail than the official accounts. The IFRS accounting principles are applied in both proportionate accounts and official accounts, but the former utilises a different method for consolidating the group's joint ventures. The presentation reflects proportionately the WW group's partnership based ownership structure.

The board of WWASA: (from left) Bente Brevik, Diderik Schnitler, Thomas Wilhelmsen (chair), Marianne Lie and Christian Berg

Directors' report for 2016

Wilh. Wilhelmsen ASA

Highlights for 2016

A non-recurring gain of USD 375 million related to the demerger of Den Norske Amerikalinje (including Hyundai Glovis shareholding) and stock listing of Treasure ASA

New ownership structure for jointly owned investments approved. Completion of the merger between Wilh. Wilhelmsen ASA and Wallroll AB (owned 100% by Wallenius Lines AB) is expected in april 2017, pending approval from competition authorities

Acquisition of full ownership of Vehicle Services Americas and CAT-WWL in South Africa

Total group income[2] increased by 3% compared with 2015

Transported volumes declined from 2015, with continued unfavourable cargo and trade mix given the group's advance fleet

Low bunker-compensation caused by low bunker prices negatively affected total income

STRATEGIC POSITION

Through its three operating companies Wallenius Wilhelmsen Logistics (WWL), EUKOR Car Carriers (EUKOR) and American Roll-on Roll-off Carrier Group (ARC), WWASA aims at creating value by offering global car/ro-ro customers high quality sea transportation and integrated logistics solutions from factory to dealer.

The main strategic goal for 2017 is to establish a new ownership structure for the operating entities and merge successfully with Wallenius. The new entity, to be named Wallenius Wilhelmsen Logistics ASA (WWLASA), will be based on the listing of WWASA and stock listed on the Oslo Stock Exchange. The completion of the merger is expected in April 2017.

The overall strategic goal for WWLASA is for its new board and management to decide. The board of WWASA expects the new governance structure to be more agile, enabling efficient adoption to rapidly changing market conditions. The common ownership and new governance structure 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.

SUMMARY OF 2016

The deep-sea transportation of cars and high and heavy units were lower compared with volumes shipped in 2015. In addition, an unfavourable cargo and trade mix combined with reduced bunker compensation negatively affected the total income. A general pressure on freight rates also had a negative effect. The year did however end on a positive note, with increased volumes in the fourth quarter.

Following the announcement of the NAL demerger, the contribution from Hyundai Glovis was discontinued in March 2016. Despite the reduction, the operating revenue from logistics activities grew with 6% compared with the previous year, mainly related to acquisitions.

The year was positively impacted by a non-recurring gain of USD 80 million related to the acquisition of full ownership of Vehicle Services Americas and CAT-WWL in South Africa (both previously joint ventures), and the sale of Vehicle Services Europe (VSE). In addition, there was a non-recurring gain of USD 375 million related to the demerger of Den Norske Amerikalinje (including Hyundai Glovis shareholding). Total income increased with approximately 3% from 2015 due to non-recurring gains.

The year was negatively affected by several non-recurring items. A provision of USD 31 million was recorded in relation to the ongoing antitrust investigations in joint venture companies EUKOR and WWL. In connection to the proposed merger, the company has recorded initial expenses related to severance pay and pensions of USD 6 million.

Excluding the gains, loss related to recycling of vessels, severance pay and the provision, the group's net profit came in below 2015.

WWASA continues to have a strong balance sheet with healthy liquidity.

ANNUAL GROUP ACCOUNTS – EQUITY FIGURES [1]

For 2016, WWASA's operating profit according to the equity method totalled USD 539 million compared with USD 60 million in 2015 (figures for 2015 are hereafter in brackets). The total income totalled USD 751 million (USD 267 million).

Figures for 2016 were affected by several non-recurring items, including a provision related to the ongoing antitrust investigation, a gain related to the demerger of Den Norske Amerikalinje (NAL), and a gain related to acquisitions in logistics. Adjusted for non-recurring items, the group's operating profit totalled USD 127 million (USD 235 million) based on a total income of USD 331 million (USD 442 million).

Net financial expense for 2016 was USD 17 million (expense of USD 98 million). A depreciation of the USD lead to unrealised gains on hedging contracts, partly offset by realised losses on hedging contracts at maturity. The improvement in net financial expenses was also driven by good return on the financial investment portfolio and gains, mainly unrealised, on bunker derivatives.

Net interest expenses in 2016, including realised losses on interest rate hedges, was USD 69 million (USD 67 million).

For the full year, net currency items totalled a gain of USD 10 million (loss of USD 38 million).

Group profit before tax was USD 522 million (loss of USD 38 million), mainly lifted by non-recurring items. Tax expense was USD 22 million (income of USD 33 million).

The net profit after tax amounted to USD 500 million (loss of USD 4 million).

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.

CAPITAL AND FINANCE

WWASA's total interest-bearing debt was USD 1 320 million at the end of 2016 (USD 1 319 million).

Outstanding bonds totalled USD 196 million (USD 270 million) with the remaining consisting of bank loans, export credit facilities and leasing commitments.

Two newbuildings were delivered in the first half of 2016, both financed through sale and leaseback agreements. In the third quarter of 2016, the group completed the refinancing of additional two pure car and truck carriers (PCTCs) through sale and leaseback agreements.

The group was in compliance with all loan covenants at 31 December 2016.

Interest rates

USD interest rates increased modestly during 2016. Three months USD Libor ended at 1.00%, up from 0.60% at the start of the year.

Net interest expenses for the group amounted to USD 69 million (USD 67 million), of which USD 28 million was related to realised losses on the interest hedging portfolio and higher average interest rates. WWASA has a high portion of the total debt hedged to fixed rate.

WWASA seeks to hedge between 30-70% of its net interest rate exposure, predominantly through interest rate swaps and options, as well as fixed rate loans. The notional value of the interest rate derivatives and fixed rate loans corresponded to approximately 80% (about 70%) of the interest rate exposure at the end of 2016. The high hedging ratio is caused by an increase in fixed loans through sale and leaseback arrangements.

Foreign exchange

The group's major currency exposure is in NOK as the accounts are denominated in USD. For 2016, the net effect from currency was a gain of USD 10 million (loss of USD 38 million).

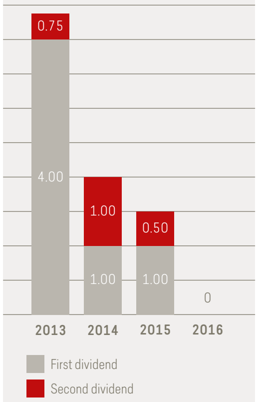
WWASA's policy is to hedge between 25–75% of the group's net transaction exposure. The projected two-year rolling USD/NOK exposure is hedged using a portfolio of currency options. The average hedge ratio at the end of 2016 was approximately 190% (65%) as exposures have been reduced through cost reduction at a quicker pace than the hedges have.

The group's hedge ratio increases when the NOK appreciates and vice versa. The main strike levels on

[1] Joint ventures and associates are accounted for using the equity method. This method provides a fair presentation of the group's financial position.

[2] WWASA's internal segment reporting is based on the proportionate method. The major contributors in the group are joint ventures and hence the proportionate method gives management a higher level of information and a fuller picture of the group's operations.

Dividend (NOK)



purchased put options at the end of 2016 were in the area of USD/NOK 5.50-6.10 (USD/NOK 5.50-6.10). WWASA is actively managing a portfolio of short call options to finance the put options. These call options led to realised gains due to the depreciation of the USD.

The market value of WWASA's foreign exchange derivatives portfolio was negative USD 95 million (negative USD 160 million) at the end of 2016.

Bunkers

Rotterdam FOB 380 increased to USD 304 per tonne at the end of 2016, more than doubled from previous year (USD 140).

Through the operating companies, WWASA has an ambition to secure bunker adjustment clauses (BAF) in all freight contracts. The majority of the roughly 1.6 million tonnes (1.8 million tonnes) of bunkers used in 2016 by the ship operating companies, were secured through BAF-clauses. WWASA's share amounted to 0.7 million tonnes (0.8 million tonnes). In addition, the group may secure part of its additional bunker exposure through various derivative contracts.

As of 31 December 2016, the WWASA group had put on a limited structure of financial derivatives to partly reduce the floor of when the BAF-clauses enter into effect.

The market value of the derivative contracts, including share of hedge contracts in joint ventures, was USD 4 million (negative USD 17 million) at year end.

As of 31 December 2016, the WWASA group had secured most of the group's share of expected bunker exposure in 2017 through derivatives and bunker compensation clauses in the freight contracts.

Liquidity

Cash flow

The WWASA group's net cash flow from operating, investing and financing activities was negative USD 27 million (negative USD 32 million) in 2016.

Cash flow from operating activities increased from USD 194 million in 2015 to USD 211 million in 2016. Reduced operating results were offset by increased cash up streaming from joint ventures and associates and reduced working capital.

Cash flow from investing activities amounted to negative USD 95 million (negative USD 137 million), as a result of taking delivery of two new vessels. Investments in vessels were partly offset by decreased financial investments and by proceeds from sale of vessels for recycling.

Cash flow from financing activities amounted to negative USD 143 million (negative USD 89 million), reflecting payment of interest expenses, planned instalments on the existing debt and repayment of bond debt maturing, partly offset by debt financing of the vessels delivered as well as proceeds from refinancing of two PCTCs.

Cash and bank deposits

Cash and bank deposits decreased to USD 81 million (USD 108 million). Total liquid assets, including cash and bank deposits and current financial investments were USD 283 million (USD 349 million) at the end of 2016. Undrawn committed drawing rights totalled USD 50 million (USD 50 million).

Equity

The group's equity amounted to USD 1 435 million (USD 1 655 million), representing an equity ratio of 48% (50%) based on book values for WWASA's own account by the turn of the year.

Financial asset management

WWASA carried out active financial asset management on a portion of the group's liquidity. The value of the total investment portfolio amounted to USD 202 million at year-end (USD 242 million), with investment primarily in investment grade bonds and Nordic equities. The return on the portfolio was positive 4.6% in 2016 (negative 2.0%) measured in USD. The portfolio of Nordic equities has been sold during January 2017, reducing the financial value of the portfolio.

Dividend

Dividend policy

With the proposed merger of WWASA and Wallroll, the board of WWLASA will communicate a future dividend policy.

Dividend paid in 2016

The demerger of NAL (owns the Hyundai Glovis shareholding) from the group was effective on 8 June 2016. The demerged entity, named Treasure ASA, is listed on the Oslo Stock Exchange. All shareholders of WWASA received one share in Treasure ASA for every share held in WWASA.

Visualising values for WWASA's shareholders through the spin-off, the annual general meeting held 3 May 2016 resolved not to pay dividend for the fiscal year 2015.

Proposed dividend for 2016

With the proposed merger of WWASA and Wallroll, the board proposes not to pay dividend for the fiscal year 2016. The proposal is expected to be resolved by the annual general meeting on 27 April 2017.

Share return

The total return on the group's share was 84% in 2016 excluding the demerger of NAL, compared with 8% on the Oslo Stock Exchange Industrial index (source: Oslo Stock Exchange Annual statistics).

TAX

WWASA recorded a tax expense of USD 22 million (USD 33 million tax income) at the end of 2016.

In 2016, the WWASA group had an estimated net payable tax amounting to USD 9 million related to withholding tax on dividends. Currency transition from USD to NOK for Norwegian tax purpose had an effect on change in deferred tax with USD 5 million (deferred tax cost).

WWASA group lost the 2010 appeal case in National Tax Tribunal in Korea related 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 fourth quarter 2015. The administrative appeal to the Board of Audit and Inspection (BAI) for the period 2011–2014 is still pending.

For further information, please refer to the tax note (note 6) in the group accounts.

ALLOCATION OF PROFIT

The board's proposal for allocating the net profit for 2016 is as follows:

Parent accounts (USD mill)	
Net profit	557
Dividend	
To other equity	(557)
Total allocation	**(557)**

ANNUAL GROUP ACCOUNTS – PROPORTIONATE FIGURES [2]

In 2016, the group delivered a total income of USD 2 219 million (USD 2 159 million) and an operating profit of USD 580 million (USD 103 million) according to the proportionate method.

The group recorded several non-recurring items, including a provision related to the ongoing antitrust investigation, a gain related to the demerger of NAL, and a gain related to acquisitions in logistics. Adjusted for non-recurring items, the group's total income ended at USD 1 765 million (USD 2 132 million), while the operating profit totalled USD 167 million (USD 278 million).

The net financial expense amounted to USD 37 million (expense of USD 128 million) and was impacted by a depreciation of the USD which lead to unrealised gains on hedging contracts, partly offset by realised losses on hedging contracts at maturity. The improvement in net financial expenses was also driven by good return on the financial investment portfolio and gains, mainly unrealised, on bunker derivatives.

The group reported profit before tax and minority interests was USD 543 million (loss of USD 25 million).

The group recorded a tax expense for the year amounting to USD 39 million (income of USD 23 million), while the net profit after tax and minority interests came to USD 500 million (loss of USD 4 million).

THE SHIPPING SEGMENT

Main goal

WWASA's main goal is, through its operating companies, to be a leading operator in the car and ro-ro segment.

Summary of 2016

In 2016, the shipping segment delivered a total income of USD 1 431 million (USD 1 800 million) and an operating profit of USD 98 million (USD 29 million).

Adjusted for non-recurring items, the shipping segment's total income ended at USD 1 431 million (USD 1 798 million), while the operating profit totalled USD 134 million (USD 230 million).

The fleet transported 64 million cubic metres (CBM) cargo, a decrease of 14% compared with 2015 (74 million cubic

The shipping segment

Shipping activities are mainly carried out through:

Wallenius Wilhelmsen Logistics (WWL) owned 50%

EUKOR Car Carriers (EUKOR) owned 40%

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

The logistics segment

Logistics activities are mainly carried out through:

Wallenius Wilhelmsen Logistics (WWL) owned 50%

metres). Both auto and high and heavy cargo volumes declined. A continued unfavourable cargo mix, with lower bunker compensation and a general rate pressure, saw a negative effect on profitability.

While ARC saw a positive development in volumes transported in 2016, both WWL and EUKOR had 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.

Auto volumes and trades

The group's auto volumes were down from 2015, mainly due to decreased volumes in EUKOR's foundation trades and WWL's non-foundation trades.

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 to the Middle East and the Americas declined.

Chinese vehicle exports were flat in 2016, with soft export to South America and some new volumes to US. Exports from Thailand were flat, while exports out of India increased with 13%.

High and heavy volumes and trades

Global demand for transportation of construction equipment, agricultural and mining machinery was largely flat in 2016. The group lifted 15% less high and heavy cargo. Volumes were down in all trades, and especially in the non-foundation trades.

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% y/y, with infrastructure spending being the fastest growing segment. The Chinese market remained fragile from slower economic growth, however was supported by steady industrial production and a strong real estate market. Western Europe recorded 2.7% growth, with most activity realised prior to the Brexit vote, and North America 1.9% growth, down due to lower oil related spending and election uncertainty.

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.

THE LOGISTICS SEGMENT

Main goal

Through its joint ventures, WWASA's ambition is to offer customers a global door-to-door service. In addition to differentiating revenue streams, logistics services complement ocean transportation services and strengthen customer relationships.

Summary of 2016

The logistics segment delivered an operating profit of USD 122 million (USD 82 million) based on a total income of USD 444 million (USD 389 million). When adjusting for non-recurring items affecting total income and operating profit, the logistics segment delivered underlying total income of USD 364 million (USD 363 million) and operating profit of USD 45 million (USD 56 million). Of the total income and operating profit, contribution from Hyundai Glovis was USD 12 million (USD 31 million). The reduced contribution was due to the demerger of NAL (including Hyundai Glovis shareholding).

Total operating profit from WWL's activities experienced a positive development. The operating margin improved compared with the previous year, primarily driven by the technical services segment and acquisitions. The main acquisition resulted in a non-recurring gain of USD 80 million related to the acquisition of full ownership of Vehicle Services Americas and CAT-WWL in South Africa (both previously joint ventures), and the sale of Vehicle Services Europe (VSE).

WWL transported 2.1 million vehicles over land. 13 terminals in various locations around the world handled five million cars and other rolling equipment units and 59 technical processing centres handled 7.2 million units. Turnover and results showed a 43% and 40% growth, respectively, driven by the acquisition of the remaining 50% stake in Group VSA.

Events after the turn of the year

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 WWL, EUKOR and ARC. 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, expected in 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.

Other issues

Update on the 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'S TONNAGE POSITION

World car carrying tonnage

At the turn of the year, the world car carrying fleet totalled about 740 vessels (3.9 million CEUs). On top of this comes approximately 100 vessels with capacity for less than 1 000 CEU and a handful of combined container and ro-ro vessels.

In 2016, 21 ships were delivered and 29 recycled.

Few orders for new vessels were signed in 2016 and discussions to postpone or cancel orders were reported. For this reason, the number of vessels on order differ between the major sources. The order book now totals approximately 50 ships (370 000 CEU), corresponding to about 10% of the active fleet. The majority, 37 vessels of the order book, are scheduled for delivery in 2017 while 12 are scheduled for delivery in 2018. However, negotiations to postpone deliveries are likely to affect this.

29 vessels with a total cargo carrying capacity of 149 000 CEU were recycled in 2016. The average age for the recycled vessels was 29 years.

The average vessel in service has a cargo intake of 5 300 CEU, compared with 6 700 CEU for the WWASA group fleet. Vessels recycled in 2016 had a capacity of 5 100 CEU, while vessels delivered measured 6 400 CEU, on average.

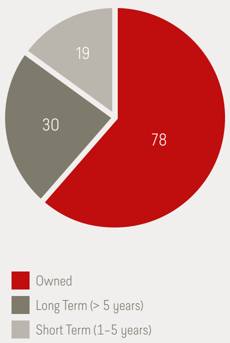
The average age of the current world fleet is approximately 11 years.

WWASA's fleet capacity

The WWASA group fleet was reduced from 137 to 127 vessels in 2016, down by 52 000 CEU during the year. The group redelivered five vessels, sold seven for recycling

"22% share of global capacity"

Number of vessels
(End of 2016)



Of 127 vessels, 24 vessels are owned by WWASA.

and received two newbuildings. At the turn of the year, the group fleet had a combined lifting capacity of 866 000 CEU, giving the group a 22% share of the global capacity.

WWASA owns 24 vessels and has another seven vessels on long-term charter, two on bareboat and five on long-time charter. The average age is 8 years for the WWASA fleet and 11 for the vessels owned by the group.

WWL operated a total fleet of 51 vessels (52 vessels) at the end of December 2016, with a total capacity of 369 000 CEU (369 000 CEU). The WWASA newbuildings Theben and Themis, both Post-Panamax vessels, joined the WWL-fleet in 2016.

EUKOR operated a total of 70 vessels (80 vessels) by the end of December 2016, with a total of 445 000 CEU (463 000 CEU).

ARC operated a total of six vessels (five vessels) by the end of December 2016, with a total capacity of 34 000 CEU (34 000 CEU). Operation of Endurance was transferred to ARC in the second quarter.

In addition, the operating companies employed a significant number of spot charter vessels for periods shorter than one year. Likewise, the operating companies adjusted their capacity to demand by chartering out tonnage as well.

Fleet capacity 31 December 2015	**137**
Newbuilding deliveries	+2
Redeliveries to external owners	-5
Vessels recycled	-7
Fleet capacity 31 December 2016	**127**

Flexible fleet
Adjusting fleet capacity to demand is a top priority for WWASA and an efficient way to improve the fleet's utilisation and the group's profitability.

The main goal is to ensure that the operating companies have a flexible fleet with modern, efficient vessels and a combination of owned tonnage, chartered vessels as well as spot and space charters for less than 12 months. Speed adjustments, redeliveries of chartered tonnage, newbuildings and recycling of older vessels enable WWASA to adjust offered capacity to demand.

Newbuildings
In 2016, the group companies took delivery of two Post-Panamax vessels with capacity for 8 000 CEU (two vessels). Both vessels, Theben and Themis commenced service for WWL.

The 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 group companies in 2016.

Redeliveries
During the year, five EUKOR operated vessels (four vessels) were redelivered to external owners.

The group has the option to redeliver nine chartered vessels to external owners during 2017.

Recycling
Seven group vessels were recycled (four vessels) in 2016, of which three were for WWASA's accounts. The capacity taken out by the WWASA group is in line with its share of the worldwide tonnage. All group vessels were recycled at green recycling facilities in China and Turkey, in accordance with the Hong Kong convention.

An updated overview of WWASA owned and controlled vessels can be found on the group's website www.wilhelmsenasa.com.

SUSTAINABILITY REPORTING
Corporate governance
The board believes sound corporate governance is a foundation for profitable growth and that it provides a healthy group culture. A responsible governance structure also contributes to reducing risk and creating value over time for shareholders and other stakeholders.

WWASA 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 98–109 or on www.wilhelmsenasa.com. It is the board's view that the group has an appropriate governance structure and that it is managed in a satisfactory way. The corporate governance report is to be reviewed by the general meeting (date to be confirmed).

Sustainability reporting

WWASA assesses environmental, social and corporate governance issues in its investment analysis, business decisions, ownership practises and financial reporting. The group has a social responsibility guideline, including human rights, labour standards and a commitment to promote greater environmental responsibility.

In addition, WWASA's majority shareholder, Wilh. Wilhelmsen Holding ASA, issues an annual sustainability report. A summary of the report for 2016 can be found on pages 122–129 in the Wilh. Wilhelmsen Holding ASA annual report. The full report is also available on wilhelmsen.com. The report, which follows the requirements set forward by the Global Reporting Initiative, describes how WWASA as part of the Wilhelmsen group combines long-term profitability with emphasis on ethical business conduct and with respect for human beings, the environment and society. The report will be reviewed by the annual general meeting (date to be confirmed).

Focus areas and achievements in 2016

In 2016, WWASA had a particular attention at the following topics:

- Innovation and sustainable solutions
- Anti-corruption, competition law, theft and fraud, whistleblowing
- Talent management
- A global safety culture

The group's achievements included:

- 5.3% reduction of CO2 emissions
- 6.5% reduction of NOx emissions
- Retrofitted two vessels with new optimised bulbous bulb
- Energy management certification (ISO50001) for the Southampton ship management office and 11 vessels managed by the office
- Revised fuel oil policy, all vessels operated by WWL to consume <0.1% sulphur fuel (ECA compliant fuel), or use scrubbers while at berth across all ports globally
- 95% of land-based employees and 80% of active seafarers conducted the "I comply" campaign
- Zero tolerance policy towards facilitation payments implemented
- 3.7% turnover rate
- 1.2% sickness absence on land
- Performance appraisals conducted

Further details on the progress on the focus areas can be viewed in the online sustainability report.

Ambitions for 2017

As per the merger plan between Wallenius and Wilhelmsen, creating WWLASA means all targets and ambition lies with the new entity.

Workforce, including non-discrimination measures

Workforce

The group employed 36 people in wholly owned companies (WWASA parent company, Wilhelmsen Lines Car Carriers UK and Wilhelmsen Lines Malta), and 7 258 people in joint ventures (WWL, EUKOR and ARC group).

The group's head office is located in Norway. In addition, WWASA has two foreign offices within its wholly owned structure and offices in 30 countries when joint ventures are included.

Equal opportunities

WWASA 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. Despite an ambition of having an equal mix of gender in the group, male and female representation in the industry's recruitment base is unequal, making it difficult to achieve.

Two of the five directors on the board of WWASA are female, as well as 50% (50%) of the group's senior management.

Women accounted for 39% of the 36 employees in the wholly owned structure.

WWL had 6 999 employees worldwide, of which 23% were women.

EUKOR employed 211 by year-end, of which 26% were women. The majority are located in Korea.

The US based shipping and logistics activities bundled in

ARC totalled 48 employees at 31 December 2016, with 29% being women.

Working environment and occupational health

By living the group values (empowerment, stewardship, customer centred, teaming and collaboration, learning and innovation), WWASA focuses on developing a good and inspiring working environment at sea and on land. The group's business is conducted 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 group's leadership expectations, as well as in the group's principles for human resources, quality, and health and safety. Several KPIs related to working environment are measured on a quarterly basis, including sickness leave, turnover and lost time injury frequency.

Sickness absence

The average sickness absence among land-based employees in Norway, the UK and Malta was 0.57% for 2016 (1.2%). WWASA has implemented a variety of initiatives to promote a healthy working environment, including group health services, workout and activity club, adapted working hours, serving of healthy food, employee empowerment and engagement, and possibilities for personal development initiatives.

No work related injuries were reported during the year.

Turnover

The turnover rate for WWASA in Norway, the UK and Malta was a combined 11% (4% in Norway, 22% in the UK and 25% in Malta) in 2016. That corresponds to one person retiring in Norway, one position being terminated in the UK during the year and not replaced, one replacement in the UK, one retired person in Malta and the position replaced, plus one more person joining the team in Malta. The group included 36 people at the start of 2016, and 36 at the end of the year. The low turnover rate indicates that employees in general were satisfied with their employment.

Lost time injuries

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

Wilhelmsen Ship Management and Wilhelmsen Lines Car Carriers manage WWASA's owned vessels, and they conducted a number of safety campaigns aimed at creating safer and healthier working conditions on board the vessels during the year.

For vessel based operations, the lost time injury frequency rate (LTIF) ended at 0.84 in 2016, slightly above the target not to exceed 0.60. The LTIF target for 2017 is 0.55. The total recordable case frequency rate (TRCF) for vessel based operations was 2.69, below the set target of 2.8.

In 2016, there were zero work related fatalities on board WWASA's vessel or at land-based facilities/offices.

Near miss incidents

There is a potential to improve near miss incidents among seafarers. All reported near misses were investigated to avoid similar incidents in the future and to improve necessary training and awareness measures.

Working committee and executive committee

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 group related issues in a constructive way.

The Joint Working Committee discusses issues related to health, working environment and safety. The Executive Committee for Industrial Democracy in Foreign Trade Shipping considers drafts of the accounts and budget, as well as matters of major financial significance for the group or of special importance for the workforce. In 2016, both committees held official meetings according to plan.

Performance appraisals

The performance appraisal (PA) process is mainly a dialogue between manager and employee. During the first quarter of 2016, we introduced a digital PA process. 100% of WWASA employees conducted a PA in 2016, same as the previous year.

Engagement survey

We believe that our business performance is driven by motivated and engaged employees. To measure our ability to provide an engaging and safe work environment in which all employees are motivated to achieve their full potential, we conduct annual engagement surveys. Due to major restructuring processes, we decided to not conduct a survey in 2016. The next survey is subject to future HR processes and targets set by WWLASA's management and board.

Compensation and benefits

The purpose of WWASA's compensation and benefit scheme is to attract and retain the right employees, with the right experience and knowledge deemed necessary to achieve the group's strategic ambitions. The schemes take local regulations and competition into account as well as the responsibility and complexity of the position.

Performance-related bonus scheme

WWASA practices a system of performance-related bonuses, intended to be one of several instruments focusing attention on the group's strategy. The bonus will be paid if set bonus targets are reached. Compensation to executive personnel is described in the corporate governance report on pages 98–109 and in the notes 4 and 2 in the group and parent accounts respectively, pages 42–44 and 74–75. The group also issues a declaration on the determination of employee benefits for senior executives, note 16 to the parent company accounts on page 89. More details on the remuneration policy can be found on page 107.

Competence development

"Learning and innovation" is one of the group's core values. WWASA pays particular attention to knowledge and competence development. The company believes a learning organisation with motivated employees contributes to efficient operations and has a positive impact on the group's revenue and earnings. Training related to each employee's working situation receives most attention. In addition, the group has an internal academy, offering industry-related courses and leadership development programmes and training. The courses are also important in contributing to developing common attitudes, expectations, ways of working, and common business standards.

The natural environment

The board acknowledges the environmental challenges faced by the maritime industry, and the need for sustainable solutions. WWASA aims to be the shaper of the maritime industry within environmental and energy efficient vessel operations with minimal adverse effect to the environment. To reach this ambition, the group investigates new technology, solutions and ways of working to reduce emissions and fuel consumption from its fleet of vessels.

The group implements its environmental ambition by focusing on high impact initiatives, and setting objectives and goals for the operating companies, technical managers and other stakeholders. In 2016, WWASA's main accomplishments included:

- Continued participation in the WG5 group working towards a more efficient and transparent shipping industry
- Further reducing fuel consumption by installing and utilising our highly sophisticated vessel energy performance reporting tool for further reducing emissions and fuel consumption
- Signed agreement with suppliers of LED tube technology to install LED tubes on board one vessel
- Several vessels inspected and cleaned successfully by EcoSubsea's effective, environmental friendly hull cleaning device, called a Remotely Operated Vehicle (ROV), resulting in lower emissions and fuel consumption. Fleet agreement with EcoSubsea signed in 2016
- Two new energy efficient vessels, both equipped with exhaust gas cleaning systems (scrubbers), delivered
- Three vessels recycled at green recycling yards in accordance with the Hong Kong Convention
- Two vessels retrofitted with new and more energy efficient bulbous bows, reducing emissions and fuel consumption
- Energy management certification (ISO50001) for the Southampton ship management office and 11 vessels managed by the office
- Revised WWL fuel oil policy, all vessels operated by WWL to consume <0.1% Sulphur fuel (ECA compliant fuel), or use scrubbers while at berth across all ports globally

With the proposed merger of WWASA and Wallenius , the board of WWLASA will communicate future targets and focus areas for 2017. An environmental account for 2016 and update on specific issues are included in the sustainability report available on www.wilhelmsenasa.com.

Environmental incidents in 2016

No serious incidents harming the environment were reported in 2016.

In case of incidents and near misses, investigations are conducted to improve necessary processes and implement appropriate training awareness to avoid similar accidents in the future.

Other environmental reporting

WWL reports on its commitment to the ten principles of the UN Global Compact and issues an environmental sustainability report. For their online reports, please refer to www.2wglobal.com.

Port state controls

The WWASA fleet had 100 port state controls in 2016. One vessel was detained in 2016 due to a faulty 15-ppm equipment oily water separator. Dispensation was given to sail to next port where repairs were performed.

Stakeholder engagement

In 2016, WWASA 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. Wilhelmsen or companies within the Wilhelmsen 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.

INTERNAL CONTROL AND RISK MANAGEMENT

Risk is defined by and managed according to the group's business portfolio and operations. A conscious strategy and controllable procedures for risk mitigation will over time impact profitability in a positive way. The group has a thorough enterprise risk management model and maps all main risks on a regular basis. Twice a year, the group presents to the board an overview of the most important risk factors given the organisational structure and business profile to the market and mitigating initiatives.

The responsibility of governing bodies, management and all employees are to be aware of the current environment in which they operate, implement measures to mitigate risks, prepare to act upon unusual observations, threats or incidents and proactively try to reduce potential negative consequences. Risk evaluation is integrated in all business operations, both at group and operational level. WWASA has sound internal control and systems for handling commercial, financial and operational risks.

Main risk factors

The group is through its global operation within ocean transportation and logistics services to the car and ro-ro industry exposed to certain market, operational and financial risks. For a thorough explanation of the financial risk factors, please refer to note 13 in the group accounts, pages 54–60.

Non-financial risks

Political unrest in parts of the world, environmental disasters and changing legislation and/or regulatory requirements could have an impact for individual group companies.

Unethical business behaviour can have a negative effect on the group's reputation and indirectly affect the profitability of the group. The group monitors the development of compliance requirements closely and will adapt to changes continuously. In addition, the group has implemented procedures to ensure that improper and unlawful business practices within the group are detected and dealt with. Further, the group has developed sound corporate governance structures, contributing to a healthy business culture, reducing risk and creating value over time for stakeholders.

Market development and uncertainties related to the development of the world economy

In 2016, the global auto market saw a modest growth, both for sales and demand for deep-sea transport services. For the high and heavy market, demand for transport was flat at a relatively low level.

As demand for WWASA's shipping and logistics service offerings are cyclical and closely correlated with the global economic activity and deep sea transportation of cars and high and heavy cargo in particular, changes in the global economy are highly decisive for the development of WWASA's earnings. A healthy mix of the cargo segments is also important.

Automotive sales grew broadly in line with global GDP in 2016, while ocean transportation have grown less lately, due to more local production of automobiles.

Markets for high and heavy equipment have different drivers and are not always correlated. Commodity prices for coal, precious metals and industrial metals increased significantly in 2016. Despite this, demand for transportation of mining equipment remained modest, as mining companies kept capital expenditures low. Mixed/low agricultural commodity prices resulted in lower overall farm income and low investments in new machinery. Global construction spending grew in line with GDP growth. However, activity was subdued following increased political uncertainties.

WWASA's cargo mix is affected by the developments in auto and high and heavy markets. Auto transportation is expected to show a modest growth in 2017, while high and heavy transport is forecasted to remain relatively stable.

WWASA continues to focus on efficiency measures and group synergies to utilise its resources in an optimal way. A key factor in this process is the planned establishment of WWLASA by WWASA's owner, Wilh Wilhelmsen Holding ASA, and Soya AB. WWLASA will represent an agile, world-leading and sustainable shipping and logistics platform. Subject to final regulatory approvals, WWLASA will be listed on Oslo Stock Exchange during April 2017.

Change in production patterns and tonnage balance
The geographical pattern of production of autos and high and heavy cargo are continuously changing as a consequence of i.e. restructuring in the industries, a more diversified production pattern among manufacturers and currency concerns. A shift in the balance between locally produced and exported cargo may affect the overall demand for deep-sea ocean transportation, resulting in changed utilisation of WWASA's fleet. The global newbuilding order book for car and ro-ro vessels could influence the demand/supply balance of tonnage. The current order book is 13% of the current fleet.

A shift in customers' market position can also represent opportunities and risks for WWASA's operating companies. The group's broad client exposure reduces this risk element. In addition to being favourably positioned by having a broad base of customers and a comprehensive global coverage, WWASA's operating entities have a sound platform in emerging markets where long term growth is expected.

Antitrust investigation
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 a provision covering its expected share of exposure (for details see page 15 and note 19 on page 68).

Bunker prices increase
WWASA's operating companies are well covered against increases in bunker prices through bunker adjustment factors in freight contracts and bunker hedging contracts. Higher bunker prices will however put some pressure on the operating margin, particularly in a period with a price increase, as there is a lagging effect in the bunker compensation mechanism. Adversely, low bunker prices will have a positive effect on bunker costs, while it may also have a negative effect on the operating entities BAF recovery.

Loan covenants
WWASA has financial covenants related to its bank loans. Changes in vessel values and uncertainty on earnings outlook necessitate focus on the covenants. The group was in compliance with all loan covenants at 31 December 2016.

Liquidity
The group has a sound cash position. The cash flow from operating entities will impact future cash balance. The cash flow statement is included in the report on page 28.

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

The board of WWASA expects the new governance structure to be more agile, enabling efficient adoption to rapidly changing market conditions. The common ownership and new governance structure through WWLASA 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.

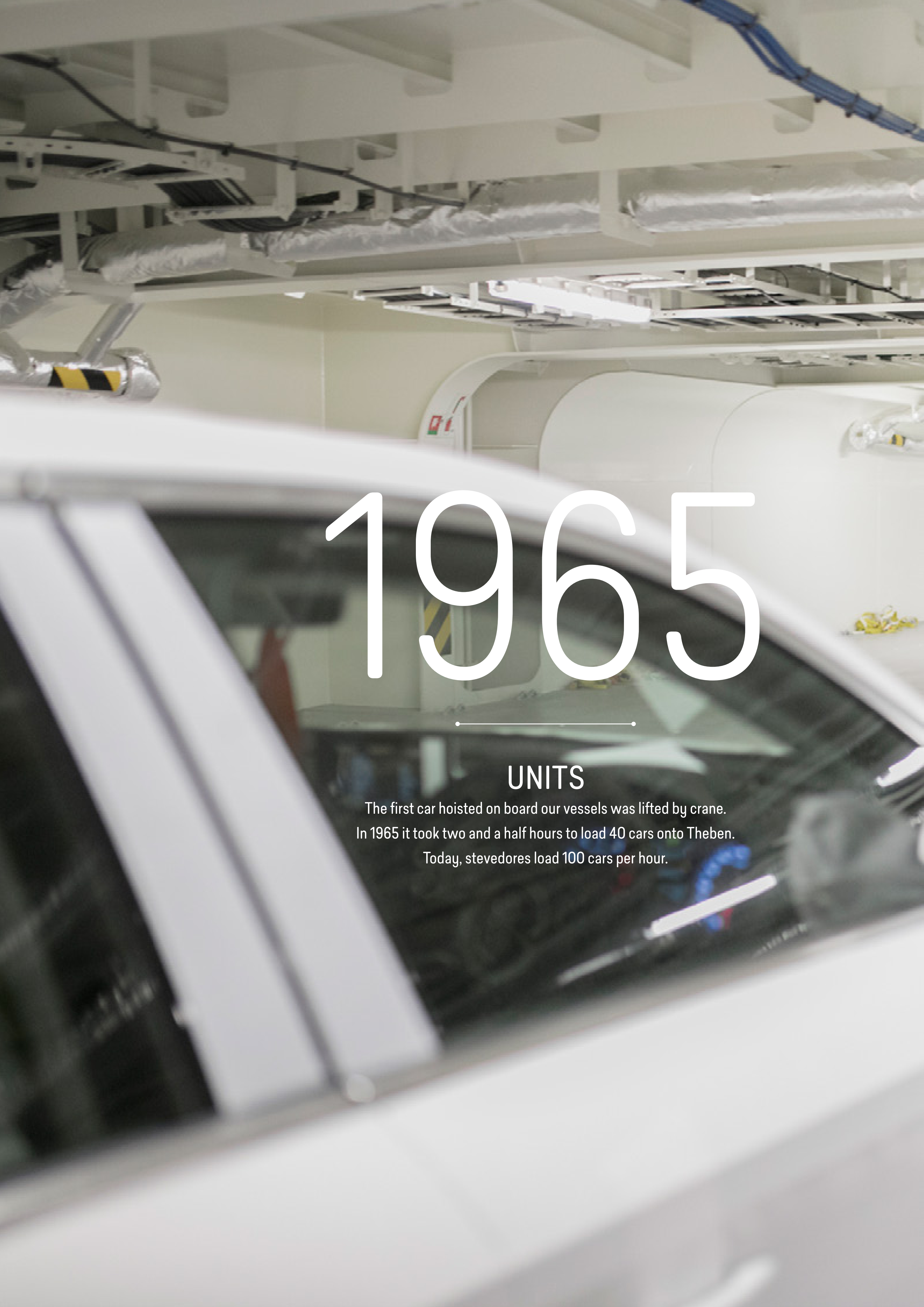
Prospects for 2017

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

The board of WWASA expects the new governance structure to be more agile, enabling efficient adoption to rapidly changing market conditions.

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

Thomas Wilhelmsen chair	Diderik Schnitler	Christian Berg
Marianne Lie	Bente G. Brevik	Jan Eyvin Wang president and CEO



1965

UNITS

The first car hoisted on board our vessels was lifted by crane. In 1965 it took two and a half hours to load 40 cars onto Theben. Today, stevedores load 100 cars per hour.

INCOME STATEMENT WILH. WILHELMSEN ASA GROUP

USD mill	Note	2016	2015
Operating revenue	1/17/18	**257**	**313**
Other income			
Share of profit/(loss) from joint ventures and associates	2	119	(72)
Gain on sale of assets	2/5	375	27
Total income		**751**	**267**
Operating expenses			
Vessel expenses	1	(36)	(42)
Charter expenses		(25)	(22)
Employee benefits	4	(51)	(52)
Other expenses	1/17	(18)	(11)
Depreciation and impairment	5	(81)	(80)
Total operating expenses		**(212)**	**(207)**
Operating profit/(loss)		**539**	**60**
Financial income	1	112	48
Financial expenses	1	(129)	(146)
Profit/(loss) before tax		**522**	**(38)**
Tax income/(expense)	6	(22)	33
Profit/(loss) for the year attributable to owners of the parent		**500**	**(4)**
Basic and diluted earnings per share (USD)	7	2.27	(0.02)

COMPREHENSIVE INCOME WILH. WILHELMSEN ASA GROUP

USD mill	Note	2016	2015
Profit/(loss) for the year		500	(4)
Other comprehensive income			
Items that may be subsequently reclassified to the income statement			
Cash flow hedges in joint venture, net of tax		12	(7)
Currency translation differences in joint venture		(2)	(5)
Items that will not be reclassified to the income statement			
Remeasurement postemployment benefits, net of tax	8	1	5
Other comprehensive income, net of tax		**10**	**(8)**
Total comprehensive income attributable to owners of the parent		**510**	**(12)**

Notes 1 to 20 on the next pages are an integral part of these financial statements.

BALANCE SHEET WILH. WILHELMSEN ASA GROUP

USD mill	Note	31.12.2016	31.12.2015
ASSETS			
Non current assets			
Deferred tax assets	6	55	66
Goodwill and other intangible assets	5	6	6
Investments in vessels and other tangible assets	5	1 879	1 827
Investments in joint ventures and associates	2	768	1 025
Other non current assets	9/17	1	1
Total non current assets		**2 708**	**2 925**
Current assets			
Current financial investments	10	202	242
Other current assets	9/17	22	24
Cash and cash equivalents		81	108
Total current assets		**305**	**373**
Total assets		**3 013**	**3 299**
EQUITY AND LIABILITIES			
Equity			
Share capital	7/15	16	30
Retained earnings and other reserves		1 419	1 624
Total equity attributable to owners of the parent		**1 435**	**1 655**
Non current liabilities			
Pension liabilities	8	40	42
Non current interest-bearing debt	12/13	1 205	1 135
Other non current liabilities	9	128	183
Total non current liabilities		**1 374**	**1 359**
Current liabilities			
Current income tax liabilities	6	7	3
Public duties payable		1	1
Other current liabilities	9/12/17	197	281
Total current liabilities		**204**	**285**
Total equity and liabilities		**3 013**	**3 299**

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

Thomas Wilhelmsen
chair

Diderik Schnitler

Christian Berg

Marianne Lie

Bente G. Brevik

Jan Eyvin Wang
president and CEO

Notes 1 to 20 on the next pages are an integral part of these financial statements.

CASH FLOW STATEMENT WILH. WILHELMSEN ASA GROUP

USD mill	Note	2016	2015
Cash flow from operating activities			
Profit/(loss) before tax		522	(38)
Financial (income)/expenses, excluding unrealised financial derivates		117	68
Financial derivatives unrealised		(100)	30
Depreciation/impairment	5	81	80
(Gain)/loss on sale of tangible assets		3	
Net (gain)/loss from sale of associate			(26)
(Gain)/loss on demerger	15	(375)	
Change in net pension assets/liabilities		(1)	(10)
Other change in working capital		22	(9)
Share of (profit)/loss from joint ventures and associates	2	(119)	72
Dividend received from joint ventures and associates	2	64	41
Tax paid (company income tax, witholding tax)		(5)	(14)
Net cash flow provided by/(used in) operating activities		**211**	**194**
Cash flow from investing activities			
Proceeds from sale of tangible assets		13	7
Investments in vessels, other tangible and intangible assets	5	(149)	(154)
Net proceeds from sale of associate			39
Proceeds from sale of financial investments		117	94
Investments in financial investments		(79)	(127)
Dividend received (financial investments)		3	2
Interest received			1
Changes in other investments			1
Net cash flow provided by/(used in) investing activities		**(95)**	**(137)**
Cash flow from financing activities			
Proceeds from issue of debt	12	248	221
Repayment of debt	12	(258)	(178)
Interest paid including interest derivatives		(73)	(77)
Realised financial derivatives		(42)	(13)
Dividend to shareholders		(17)	(41)
Net cash flow provided by/(used in) financing activities		**(143)**	**(89)**
Net increase/(decrease) in cash and cash equivalents		**(27)**	**(32)**
Cash and cash equivalents, excluding restricted cash, at 01.01		108	140
Currency on cash and cash equivalents*			
Cash and cash equivalents, excluding restricted cash, at 31.12		**81**	**108**

*The group is located and operate worldwide 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/(used in) operating activities.

Notes 1 to 20 on the next pages are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY WILH. WILHELMSEN ASA GROUP

USD mill	Share capital	Retained earnings	Total equity
Balance at 31.12.2015	30	1 623	1 655
Profit/(loss) for the year		500	500
Other comprehensive income		10	10
Total comprehensive income	**0**	**510**	**510**
Demerger Den Norske Amerikalinje AS	(15)	(716)	(730)
Balance 31.12.2016	**16**	**1 419**	**1 435**

USD mill	Share capital	Retained earnings	Total equity
Balance at 31.12.2014	30	1 675	1 707
Profit/(loss) for the year		(4)	(4)
Other comprehensive income		(8)	(8)
Total comprehensive income	**0**	**(12)**	**(12)**
Dividend to shareholders		(41)	(41)
Balance 31.12.2015	**30**	**1 623**	**1 655**

As of 31 December 2016 the company had no own shares.

With the proposed merger of WWASA and Wallroll AB, the board of Wallenius Wilhelmsen Logistics ASA will communicate a future dividend policy.

The demerger of Den Norske Amerikalinje AS (owns the Hyundai Glovis shareholding) from the group was effective on 8 June 2016. The demerged entity named Treasure ASA was listed on the Oslo Stock Exchange on 8 June 2016. All shareholders of WWASA received 1 share in Treasure ASA for every share held in WWASA.

Visualising values for WWASA's shareholders through the spin-off, the annual general meeting held 3 May 2016 resolved not to pay dividend for the fiscal year 2015.

Dividend for fiscal year 2014 of NOK 1.00 per share, total of approximately USD 28 million, was paid to the shareholders in May 2015.

Based on the company's distributable equity as of 31 December 2014 (less dividend paid in the first half of 2015), an additional dividend of NOK 0.50 per share, total of approximately USD 13 million, was paid in November 2015.

	Number of shares	NOK mill	USD mill
Share capital	220 000 000	114	16

The demerger of Den Norske Amerikalinje AS from the group led to a reduction of the share capital with NOK 106 million / USD 15 million in the second quarter of 2016.

Notes 1 to 20 on the next pages are an integral part of these consolidated financial statements.

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

GENERAL INFORMATION

Wilh. Wilhelmsen 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 which is 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. In the parent company, the company has elected to apply the exception from IFRS for dividends and group contributions. Otherwise, the explanations of the accounting policies 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. The parent company is presented in its functional currency USD.

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.

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 in the circumstances. The actual result can 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 below in the section on critical accounting estimates and assumptions.

The accounting policies outlined below have been applied consistently for all the periods presented in the group 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 be 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 or 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 are 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 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 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. 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.

SEGMENT REPORTING

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

The chief operating decision-maker, who is responsible for coordinate business and management issues to optimise use of knowhow, resources and align decision making related to the implementation of the company's strategy. In addition to the senior executives (chief executive and CFO), the team consists of department heads and main corporate functions.

The shipping segment is engaged in ocean transport of cars, roll-on roll-off (ro-ro) 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 segment.

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

The holding segment includes the parent company, and other minor activities (Den Norske Amerikalinje AS, Shippersys AB and corporate group activities like operational management, tax and finance) which fail to meet the definition for other core activities.

Eliminations are transactions 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, 17 and 18 to the group accounts for transactions with joint ventures and associates, and note 7 to the parent company's 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

In individual companies' transactions in foreign currencies are initially recorded in the functional currency by applying the rate of exchange as of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the 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. Change in the currency position related to qualifying 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).

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.

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.

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

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

Cash-settled share-based payment
The group operates a cash settled share-based payment incentive scheme for employees at senior executive management level. A liability equal to the portion of services received is recognised at the current fair value of the options determined at each balance sheet date. The total expense is recognised over the vesting period which is 12 months from grant date. The social security contributions payable in connection with the grant of the options is considered an integral part of the grant itself and the charge will be treated as a cash-settled transaction.

See note 4 to the group accounts and note 2 and 16 to the parent accounts concerning remuneration of senior executives.

TANGIBLE ASSETS
Vessels 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 depreciation 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 capitalises loan costs related to vessels on the basis of the group's average borrowing rate on interest-bearing debt. Shipbuilder instalments paid, other direct vessel costs and the group's interest costs related to financing the acquisition cost of vessels are capitalised as they are paid.

Tangible assets are depreciated over the following expected useful lives:

Vessels	30 years
Other tangible assets	3-10 years

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

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.

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.

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. Further 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 zero 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 vessels and equipment where the group carries substantially all the risks and rewards of ownership are classified as financial leases.

Financial leases are capitalised at the 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 quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non current assets. Loans and receivable are classified as other current assets or other 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 price at the close of business on the balance sheet date. For investments where there is no active market fair value are determined applying commonly used valuation techniques.

Available-for-sale financial assets are included in non current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

FINANCIAL DERIVATIVES

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

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

Derivatives which do not qualify for hedge accounting

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

Derivatives which do qualify for hedge accounting

Changes in the fair value of any derivative instruments which do qualify for hedge accounting are recognised in other comprehensive income.

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 decided November 2014 to terminate the group defined benefit plans for the major part of Norwegian employees and change to defined contribution plan from 1 January 2015. The termination include risk plan that is covered by a defined benefit plan.

From 1 January 2014 the group established “Ekstrapensjon”, a new 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 in excess of 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 till 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

Trade 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, and other current highly liquid investments with original maturities of three months or less, or bank overdrafts. Bank overdrafts are shown under borrowings in current liabilities on the balance sheet.

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 accounts 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 interest 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.

Estimated 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 to the group accounts for additional information.

NOTE 1 COMBINED ITEMS, INCOME STATEMENT

USD mill	Note	2016	2015
OPERATING REVENUE			
Freight revenue	17/18	257	312
Other revenue			1
Total operating revenue		**257**	**313**
GAIN ON SALE OF ASSETS			
Gain on sale of vessels	5		
Gain on sale of associate	15	375	26
Total operating revenue		**375**	**27**
VESSEL EXPENSES			
Luboil		(5)	(6)
Stores (water, safety, chemicals, ropes, etc)		(3)	(3)
Maintenance of vessels		(15)	(18)
Insurance		(6)	(5)
Other		(7)	(10)
Total vessel expenses		**(36)**	**(42)**
OTHER EXPENSES			
Office expenses		(1)	(1)
Communication and IT expenses			(1)
External services		(6)	(2)
Travel and meeting expenses			(1)
Marketing expenses			(1)
Loss on sale of vessels		(3)	
Other administration expenses		(7)	(7)
Total other expenses		**(18)**	**(11)**
FINANCIAL INCOME/(EXPENSES)			
Financial items			
Investment management*		11	1
Interest income			1
Other financial items		(1)	(12)
Net financial items		**10**	**(9)**
Financial interest expenses			
Interest expense		(41)	(36)
Interest rate derivatives - realised		(28)	(32)
Net financial interest expenses		**(69)**	**(67)**
Interest rate derivatives - unrealised		25	24
Financial currency			
Net currency gain/(loss) – operating items			4
Net currency gain/(loss) – financial items		(14)	18
Derivatives for hedging of cash flow risk – realised		(23)	(2)
Derivatives for hedging of cash flow risk – unrealised		39	(26)
Derivatives for hedging of translation risk – realised		(20)	(12)
Derivatives for hedging of translation risk – unrealised		27	(21)
Net financial currency		**10**	**(38)**
Financial bunker derivatives			
Valuation of bunker hedges		9	
Realised portion of bunker hedges		(2)	(6)
Net financial derivatives bunkers		**7**	**(6)**
Financial income/(expenses)		**(17)**	**(98)**

*Includes financial derivatives for trading
See note 13 on financial risk and the section of the accounting policies concerning financial instruments.

NOTE 2 INVESTMENTS IN JOINT VENTURES

	Business office, country	2016	2015
		Voting share/ownership	
Shipping			
EUKOR Car Carriers Inc	Seoul, Republic of Korea	40.0%	40.0%
Tellus Shipping AS	Lysaker, Norway	50.0%	50.0%
American Roll-On Roll-Off Carrier Holdings LLC	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%
Shipping/Logistics			
Wallenius Wilhelmsen Logistics AS	Lysaker, Norway	50.0%	50.0%
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 the shipping and the 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 19 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 profit		
Share of total income	1 575	1 785
Share of operating expenses	(1 361)	(1 773)
Share of depreciation	(67)	(77)
Share of net financial items	(19)	(31)
Share of tax expense	(17)	(11)
Share of profit for the year	**106**	**(108)**
Share of equity (equity method)		
Book value	752	673
Excess value (goodwill)	16	16
Joint ventures' assets, equity and liabilities (WWASA's share of investment)		
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 for the period	106	(108)
Dividend to shareholder	(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**

CONT. NOTE 2 INVESTMENTS IN JOINT VENTURES

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

USD mill	EUKOR Car Carriers Inc		Other	
Summarised income statement/OCI	2016	2015	2016	2015
Total income	1 381	1 918	2 311	2 337
Operating expenses	(1 168)	(1 757)	(2 023)	(2 438)
Depreciation and impairment	(105)	(139)	(49)	(47)
Net operating profit	**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) for the year, after minority interest	**63**	**(27)**	**193**	**(195)**
Other comprehensive income	30	(19)	(3)	(7)
Total comprehensive income	**93**	**(46)**	**190**	**(202)**
Dividend received from joint ventures, WWASA share	40	24	12	9

	EUKOR Car Carriers Inc		Other	
Summarised balance sheet	31.12.2016	31.12.2015	31.12.2016	31.12.2015
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 of the financial statements of the joint ventures adjusted for consolidation eliminations and differences in accounting policies between the group and the joint ventures.

	EUKOR Car Carriers Inc		Other	
Reconciliation of summarised financial information	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Net assets 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			(2)	(11)
- Remeasurement postemployment benefits, net of tax	1		(1)	4
- Dividend to shareholder	(100)	(60)	(24)	(19)
Reclassification		(6)		6
Net assets 31.12	**1 329**	**1 336**	**454**	**289**
WWASA share	532	534	221	138
Goodwill	11	11	6	6
Carrying value 31.12	**542**	**545**	**226**	**144**

CONT. NOTE 2 INVESTMENTS IN ASSOCIATES

	Business office/country	2016	2015
		Voting/control share	
Logistics/Shipping			
Hyundai Glovis Co Ltd	Seoul, Republic of Korea	0%	12%
Holding			
Shippersys AB	Stockholm, Sweden	0%	25%

Effective on 8 June 2016, Den Norske Amerikalinje AS (owning the Hyundai Glovis shareholding) was demerged from the group. See note 15 regarding the demerger.
The shareholding in Shippersys AB was sold in December 2016.

USD mill	2016	2015
Share of profit from associates		
Hyundai Glovis Co Ltd	13	36
Other associates		
Share of profit from associates	**13**	**36**
Book value of material associates		
Hyundai Glovis Co Ltd		337
Specification of share of equity and profit/(loss):		
Share of equity 01.01	337	322
Share of profit for the year	13	36
Sale of share in Hyundai Glovis Co Ltd		(13)
Demerger of Hyundai Glovis Co Ltd	(338)	
Sale of share in Shippersys AB		
Dividend to shareholders	(12)	(9)
Share of equity 31.12	**0**	**337**

Joint ventures' assets, equity and liabilities (WWASA's share of investment)	2016	2015
Reconciliations of the group's income statement and balance sheet		
Share of profit/(loss) from joint ventures	106	(108)
Share of profit from associates	13	36
Share of profit/(loss) from joint ventures and associates	**119**	**(72)**
Share of equity from joint ventures	768	689
Share of equity from associates		337
Share of equity from joint ventures and associates	**768**	**1 025**

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.

In the first quarter of 2015, WWASA sold 187 500 shares in Hyundai Glovis with net proceeds of approximately USD 39 million. The net gain recorded in the 2015 group's accounts amounted to USD 26 million.

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

CONT. NOTE 2 INVESTMENTS IN ASSOCIATES

Set out below are the summarised financial information, based on 100%, for Hyundai Glovis Co Ltd, which, in the opinion of the directors, was a material associate to the group in 2015. Associate not considered to be material is defined under "other" (based on 100%).

Hyundai Glovis was accounted for one quarter in arrears and figures presented correspond to the periods included in WWASA group.

USD mill **Summarised income statement/OCI**	Hyundai Glovis Co Ltd 2015*	Other 2015
Total income	12 836	
Operating expenses	(12 237)	
Net operating profit	**598**	**0**
Financial income/(expenses)	(21)	
Other financial expenses	(109)	
Profit/(loss) before tax	**469**	**0**
Tax income/(expense)	(177)	
Profit/(loss) for the year	**292**	**0**
Other comprehensive income	20	
Total comprehensive income	**312**	**0**
Dividend received from associates, WWASA share	9	

*Corresponding to Hyundai Glovis' accounting period 01.10.2014 through 30.09.2015.

USD mill **Summarised balance sheet**	Hyundai Glovis Co Ltd 31.12.2015**	Other 31.12.2015
Non current assets	3 149	
Other current assets	2 745	
Cash and cash equivalents	695	
Total assets	**6 589**	**0**
Non current financial liabilities	660	
Other non current liabilities	911	
Current financial liabilities	972	
Other current liabilities	1 393	
Total liabilities	**3 936**	**0**
Net assets	**2 654**	**0**

**Corresponding to Hyundai Glovis' accounting period ending 30.09.2015.

The information above reflects the 100% amounts of the financial statements of the associates adjusted for consolidation eliminations and differences in accounting policies between the group and the associates.

Reconciliation of summarised financial information	Hyundai Glovis Co Ltd 31.12.2015**	Other 31.12.2015
Net assets 01.01	2 578	
Profit/(loss) for the period	292	
Other comprehensive income***	(158)	
Dividend to shareholders	(66)	
Other equity movements	8	
Net assets 31.12	**2 653**	**0**
WWASA share	318	
Sale of shares in Hyundai Glovis	(13)	
Goodwill	18	
Currency translation	13	
Carrying value 31.12	**337**	**0**

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

NOTE 3 PRINCIPAL SUBSIDIARIES

USD mill	Business office, country	Nature of business	Proportion of ordinary shares directly held by parent (%)	Proportion of ordinary shares held by the group (%)
Shipping/Logistics				
Wilhelmsen Lines AS	Lysaker, Norway	Intermediate holding company	100%	
Wilhelmsen Lines Shipowning AS	Lysaker, Norway	Shipowner		100%
Wilhelmsen Ships Holding AS	Lysaker, Norway	Intermediate holding company		100%
Wilhelmsen Lines Car Carriers Ltd	Southampton, United Kingdom	Shipowner		100%
Wilhelmsen Ships Holding Malta Ltd	Floriana, Malta	Intermediate holding company		100%
Wilhelmsen Lines Malta Ltd	Floriana, Malta	Intermediate holding company		100%
Wilhelmsen Lines Shipowning Malta Ltd	Floriana, Malta	Shipowner		100%
Holding				
Den Norske Amerikalinje AS	Lysaker, Norway	Intermediate holding company	0%	

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.

Effective on 8 June 2016, Den Norske Amerikalinje AS (owning the Hyundai Glovis shareholding) was demerged from the group. See note 15 regarding the demerger.

NOTE 4 EMPLOYEE BENEFITS

USD mill	2016	2015
Pay	8	5
Payroll tax	1	1
Pension cost	2	2
Employee benefits seagoing personnel*	39	43
Other remuneration	1	1
Total employee benefits	**51**	**52**
Number of employees		
Group companies in Norway	23	24
Group companies abroad	13	12
Total employees*	**36**	**36**
Average number of employees	36	38

*Seagoing personnel is hired and not employed by the group. Hence, they are not included as group employees.

REMUNERATION OF SENIOR EXECUTIVES

USD thousand	Pay	Bonus	Pension premium	Other remuneration	Total	Total in NOK
2016						
President and CEO – Jan Eyvin Wang	405	181	498	412**	1 495	12 559
CFO – Benedicte Bakke Agerup	239	89	30	17	375	3 151

**Including gross up of pension expense: president and CEO Jan Eyvin Wang USD 372.

USD thousand	Pay	Bonus	Pension premium	Other remuneration	Total	Total in NOK
2015						
President and CEO – Jan Eyvin Wang	454	188	554	512**	1 707	13 766
CFO – Benedicte Bakke Agerup	252	93	30	19	394	3 180

**Including gross up of pension expense: president and CEO Jan Eyvin Wang USD 481.

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.

REMUNERATION OF THE BOARD OF DIRECTORS

USD thousand	2016	2015
Diderik Schnitler***	39	43
Marianne Lie	39	43
Bente Brevik	39	
Hege Sjo		43
Thomas Wilhelmsen (chair)		
Christian Berg		
Nils P Dyvik		

*** Mr Diderik Schnitler has an additional consulting agreement with the group where he got paid USD 24 (2015: USD 27).

Remuneration of the nomination committee totalled USD 10 in 2016 (2015: USD 11).
The board's remuneration for the fiscal year 2016 will be approved by the general meeting 27 April 2017.

See also note 17 Related party transactions, and note 2 Employee benefits in the parent company accounts.

CONT. NOTE 4 EMPLOYEE BENEFITS

LONG TERM INCENTIVE SCHEME

As of 1 January 2015, a new long term incentive scheme (LTI) replaced the previous synthetic option programme. Participant is the current group's president and CEO, and maximum annual payment is 75% of base salary.

The LTI is focusing on long term shareholder value creation and is based on positive development of the WWH'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 and the value adjusted equity is based on market price.

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	0.3	0.3
Other assurance services	0.2	0.1
Tax and legal advisory services fee	0.0	0.0
Total expensed audit fee	**0.6**	**0.4**

NOTE 5 VESSELS, OTHER TANGIBLE AND INTANGIBLE ASSETS

USD mill	Other tangible assets	Vessels*	Newbuilding contracts	Total tangible assets	Intangible assets
2016					
Cost price 01.01	2	2 439	33	2 474	7
Additions		11	138	149	
Reclassification from new building contracts to vessels		172	(172)	0	
Disposal		(164)		(164)	
Cost price at 31.12	**2**	**2 457**	**0**	**2 459**	**7**
Accumulated depreciation and impairment losses 01.01	(1)	(646)		(648)	(1)
Depreciation		(81)		(81)	
Disposal		148		148	
Accumulated depreciation and impairment losses 31.12	**(1)**	**(579)**		**(581)**	**(1)**
Carrying amounts at 31.12	**0**	**1 878**	**0**	**1 879**	**6**
2015					
Cost price 01.01	2	2 338	61	2 401	7
Additions		10	144	154	
Reclassification from new building contracts to vessels		172	(172)	0	
Disposal		(81)		(82)	
Cost price at 31.12	**2**	**2 439**	**33**	**2 474**	**7**
Accumulated depreciation and impairment losses 01.01	(1)	(640)		(642)	(1)
Depreciation		(80)		(80)	
Disposal		75		75	
Accumulated depreciation and impairment losses 31.12	**(1)**	**(646)**		**(648)**	**(1)**
Carrying amounts at 31.12	**0**	**1 793**	**33**	**1 827**	**6**
Economic lifetime	3-10 years	30 years			
Depreciation schedule	Straight-line	Straight-line			

*Vessels include dry-docking, of which carrying amounts at year end was USD 19 million (2015: USD 15 million).

During 2016, 2 new vessels were delivered (2015: 2 new deliveries). WWASA has, on own accounts, no new vessels due for delivery. See note 16 for commitments related to the newbuilding program and note 18 for operational leasing of vessels to joint ventures.

Segment-level summary of the goodwill allocation:	2016	2015
Shipping	6	6
Total goodwill allocation	**6**	**6**

CONT. NOTE 5 VESSELS, OTHER TANGIBLE AND INTANGIBLE ASSETS

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.

NOTE 6 TAX

Tonnage tax
Companies subject to tonnage tax regimes are exempt from ordinary tax on their shipping income. In lieu of ordinary taxation, tonnage taxed companies are taxed on a notional basis based on the net tonnage of the companies' vessels. Income not derived from the operation of vessels in international waters, such as financial income, is usually taxed according the ordinary taxation rules applicable in the resident country of each respective company. The group had two wholly owned companies resident in UK and Malta which were taxed under a tonnage tax regime in 2016. Further, the group had one tonnage taxed joint venture company resident in the Republic of Korea and one tonnage taxed joint venture company resident in Norway in 2016.

The tonnage tax is considered as an operating expense in the accounts.

Ordinary taxation
The ordinary rate of corporation tax in Norway is 25% for 2016. 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 owned more than 90%, and located in Norway 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 and for Norwegian entities the group has applied a rate of 24%.

Foreign taxes
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.

USD mill	2016	2015
Specification of tax (income)/expense for the year		
Payable tax (including witholding tax)	9	17
Change in deferred tax	13	(50)
Total tax (income)/expense	**22**	**(33)**

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.

CONT. NOTE 6 TAX

USD mill	2016	2015
Reconciliation of actual tax expense against expected tax expense in accordance with the ordinary Norwegian income tax rate of 25%		
Profit/(loss) before tax	522	(38)
25% (2015: 27%) tax	130	(10)
Tax effect from		
Permanent differences	1	1
Non taxable income	(94)	(70)
Share of profits from joint ventures and associates	(30)	20
Payable taxes previous year	1	
Currency transition from USD to NOK for Norwegian tax purpose	5	10
Withholding tax	9	17
Calculated tax (income)/expense for the group	**22**	**(33)**
Effective tax rate for the group	4%	89%

The effective tax rate for the group will, from period to period, change dependent on the extent of gains and losses from investments under the exemption method and tax exempt revenues from tonnage tax regimes. USD to NOK currency transition for Norwegian tax purpose had a negative effect in 2016 of USD 5 million (2015: negative USD 10 million).

	2016	2015
Deferred tax assets to be recovered after more than 12 months	53	64
Deferred tax assets to be recovered within 12 months	52	59
Deferred tax liabilities to be recovered after more than 12 months	(38)	(43)
Deferred tax liabilities to be recovered within 12 months	(12)	(13)
Net deferred tax assets/(liabilities)	**55**	**66**
Net deferred tax liabilities at 01.01	66	25
Currency translation differences	3	(10)
Demerger	(2)	
Tax charged to equity		1
Income statement charge	(13)	50
Net deferred tax assets/(liabilities) at 31.12	**55**	**66**
Deferred tax assets in balance sheet	55	66
Deferred tax liabilities in balance sheet		
Net deferred tax assets/(liabilities)	**55**	**66**

CONT. NOTE 6 TAX

The movement in deferred income tax assets and liabilties during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

USD mill	Tangible assets	Tonnage tax regime	Other	Total
Deferred tax liabilities				
At 31.12.2015	(39)	(17)	3	(56)
Through income statement	2	1	(1)	1
Currency translations		4		4
Deferred tax liabilities at 31.12.2016	**(37)**	**(13)**	**2**	**(50)**
At 31.12.2014	(40)	(33)	1	(73)
Through income statement		12		12
Currency translations		4	1	5
Deferred tax liabilities at 31.12.2015	**(39)**	**(17)**	**3**	**(56)**

	Non current assets and liabilities	Current assets and liabilities	Tax losses carried forward	Total
Deferred tax assets				
At 31.12.2015	85	(5)	43	122
Through income statement	(28)	5	9	(15)
Demerger			(2)	(2)
Charged directly to equity	2		(2)	0
Currency translations	(2)	(1)	3	(1)
Deferred tax assets at 31.12.2016	**57**	**(1)**	**51**	**105**
At 31.12.2014	83	(4)	21	98
Through income statement	12	1	26	38
Charged directly to equity	1			1
Currency translations	(10)	(1)	(3)	(15)
Deferred tax assets at 31.12.2015	**85**	**(5)**	**43**	**122**

Temporary differences related to joint ventures 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 tempory differences related to tangible 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 due to different functional currency than local currency.

NOTE 7 EARNINGS PER SHARE

Earnings per share are calculated by dividing profit for the period by numbers of shares. There are no shares or dilutive instruments outstanding.

Earnings per share is calculated based on 220 000 000 shares.

The company's share capital is as follows:	Number of shares	NOK mill	USD mill
Share capital	220 000 000	114	16

The demerger of Den Norske Amerikalinje AS from the group led to a reduction of the share capital with NOK 106 million / USD 15 million in the second quarter of 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 institutes, similar solutions with different 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 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.

In a few countries where there is no deep market 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	
	2016	2015	2016	2015
Number of people covered by pension schemes at 31.12				
In employment	2	2	2	2
On retirement (inclusive disability pensions)			687	683
Total number of people covered by pension schemes	**2**	**2**	**689**	**685**

	Expenses		Commitments	
	2016	2015	31.12.2016	31.12.2015
Financial assumptions for the pension calculations				
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 Funded	2016 Unfunded	2016 Total	2015 Funded	2015 Unfunded	2015 Total
Pension expenses						
Service cost	1		1	1		1
Net interest cost		1	1		1	1
Cost of defined contribution plan			0			0
Net pension expenses	**1**	**1**	**2**	**1**	**1**	**2**

	2016 Total	2015 Total
Remeasurements – Other comprehensive income		
Effect of changes in financial assumptions	1	1
Effect of experience adjustments		3
Return on plan assets (excluding interest income)		
Total remeasurements included in OCI (parent and subsidaries)	**1**	**4**
Tax effect of pension OCI (parent and subsidaries)		(1)
Net remeasurements in OCI (parent and subsidaries)	**1**	**3**
Remeasurements included in OCI (joint ventures)		2
Total remeasurements included in OCI	**1**	**5**

	2016	2015
Pension obligations		
Defined benefit obligation at end of prior year	44	58
Effect of changes in foreign exchange rates	1	(9)
Service cost – current	1	1
Interest expense	1	1
Benefit payments from employer	(3)	(3)
Remeasurements – change in assumptions	(1)	(4)
Pension obligations at 31.12	**43**	**44**
Gross pension assets		
Fair value of plan assets at end of prior year	2	2
Effect of changes in foreign exchange rates		
Interest income		
Employer contributions	1	1
Return on plan assets (excluding interest income)		
Gross pension assets at 31.12	**3**	**2**

CONT. NOTE 8 PENSION

USD mill	2016			2015		
	Funded	Unfunded	Total	Funded	Unfunded	Total
Total pension obligations						
Defined benefit obligation	3	40	43	2	42	44
Service cost	1		1	1		1
Total pension obligations	**3**	**40**	**44**	**2**	**42**	**45**
Fair value of plan assets	3		3	2		2
Net pension liabilities	**(0)**	**(40)**	**(40)**	**(0)**	**(42)**	**(42)**

Premium payments in 2017 are expected to be USD 0.9 million (2016: USD 1.0 million).
Payments from operations are estimated at USD 2.8 million (2016: USD 3.1 million).

Historical developments	31.12.2016	31.12.2015	31.12.2014	31.12.2013	31.12.2012
Defined benefit obligation	(44)	(45)	(58)	(98)	(99)
Plan assets	3	2	2	38	43
Surplus/(deficit)	**(40)**	**(42)**	**(56)**	**(60)**	**(56)**

NOTE 9 COMBINED ITEMS, BALANCE SHEET

USD mill	Note	2016	2015
OTHER CURRENT ASSETS			
Luboil		3	4
Accounts receivables			2
Accounts receivables related party	17	3	6
Financial derivatives		9	2
Payroll tax withholding account	11	1	1
Other current receivables		6	10
Total other current assets		**22**	**24**
OTHER NON CURRENT LIABILITIES			
Financial derivatives		128	182
Other non current liabilities			
Total other non current liabilities		**128**	**183**
OTHER CURRENT LIABILITIES			
Accounts payables		1	3
Accounts payables related party	17	1	1
Next year's instalment on interest-bearing debt	12	115	184
Financial derivatives		25	63
Other current liabilities related party	17	1	
Other current liabilities		54	30
Total other current liabilities		**197**	**281**

ACCOUNTS RECEIVABLES

Historically, the percentage of bad debts has been low and the group expects the customers to repay outstanding receivables.
As of year end there was no receivables fallen due.

	2016	2015
Accounts receivable per segment		
Shipping (shipowners)	4	8
Holding		
Total accounts receivables	**4**	**8**

See note 13 on credit risk.

ACCOUNTS PAYABLE

	0-30 days	31-60 days	61-90 days	91 days +	Total
Aging accounts payable	**2**		**0**		**2**

NOTE 10 CURRENT FINANCIAL INVESTMENTS

USD mill	2016	2015
Market value current financial investments		
Bonds	143	169
Other financial assets	59	72
Total current financial investments	**202**	**242**

The fair value of the investments that are actively traded in organised financial markets is determined by reference to quoted market price at the close of business on the balance sheet date.

Net unrealised gain/(loss) 31.12	(11)	(20)

NOTE 11 RESTRICTED BANK DEPOSITS AND UNDRAWN COMMITTED DRAWING RIGHTS

USD mill	2016	2015
Payroll tax withholding account	1	1
Undrawn committed drawing rights	50	50
– Of which backstop for outstanding certificates and bonds with a remaining term of less than 12 months to maturity		50

NOTE 12 INTEREST-BEARING DEBT

USD mill	Note	2016	2015
Interest-bearing debt			
Mortgages		886	1 049
Financial lease liabilities		239	
Bonds		196	270
Total interest-bearing debt		**1 320**	**1 319**

Sale and leaseback agreements have been entered into for the two newbuildings delivered in 2016. The 2 leases run over 14 years and 9 month from delivery (until 2031) 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, the group 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 fixed assets.

CONT. NOTE 12 INTEREST-BEARING DEBT

USD mill	Note	2016	2015
Book value of mortgaged and leased asset			
Vessels		1 814	1 730
Total book value of mortgaged and leased assets		**1 814**	**1 730**
Repayment schedule for interest-bearing debt			
Due in year 1	9	115	184
Due in year 2		292	105
Due in year 3		307	279
Due in year 4		83	337
Due in year 5 and later		523	414
Total interest-bearing debt		**1 320**	**1 319**
Net interest-bearing debt (joint ventures based on equity method)			
Non current interest-bearing debt		1 205	1 135
Current interest-bearing debt	9	115	184
Total interest-bearing debt		**1 320**	**1 319**
Cash and cash equivalents		81	108
Current financial investments	10	202	242
Net interest-bearing debt		**1 038**	**970**
Net interest-bearing debt in joint ventures			
Non current interest-bearing debt	2	668	640
Current interest-bearing debt	2	93	67
Total interest-bearing debt in joint ventures		**761**	**707**
Cash and cash equivalents	2	181	262
Current financial investments			
Net interest-bearing debt in joint ventures		**580**	**445**

A key part of the liquidity reserve takes the form of undrawn committed drawing rights, which amounted to USD 50 million at 31 December 2016 (2015: USD 50 million).

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 these 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.)

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.

	2016	2015
Guarantee commitments		
Guarantees for group companies	1 132	1 057
This is intra group guarantees securing loan obligations to external lenders.		
The carrying amounts of the group's borrowings are denominated in the following currencies		
USD	1 124	1 049
NOK	196	270
Total	**1 320**	**1 319**

NOTE 13 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

Economic hedging strategies have been established in order to reduce market risks in line with the financial strategy approved by the board of directors. Hedge accounting according to IAS 39 has not been applied for these economic hedges. Any change in market value of hedge derivatives is therefore recognised in the income statement.

Joint ventures and associates, entities in which the group has joint control or significant influence respectively, hedge their own exposures. Under the equity method, the effects of realised and unrealised changes in financial instruments in these companies are included in the line "share of profit/loss 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 (transaction risk) and balance sheet items denominated in currencies other than USD (translation risk). The group's largest individual foreign exchange exposure is NOK against USD, but the group also has exposure towards a number of other currencies whereof EUR and SEK are most important.

Hedging of cash flow risk

The group's foreign exchange strategy is to hedge 25-75% of its net transaction risk. The projected two year rolling USD/NOK exposure is hedged using a portfolio of currency options. The average hedge ratio at the end of 2016 was approximately 190% (2015: 65%) as exposures have been reduced at a quicker pace than hedges through cost reductions. Hedge ratios (in both nominal and delta terms) are gradually reduced over the period. Material exposures against other currencies are hedged on an ad-hoc basis.

Hedging of translation risk

The group has outstanding NOK-denominated bonds of about NOK 1.7 billion (USD 196 million). The corresponding amount was NOK 2.4 billion (USD 270 million) for 2015. A large part of this debt (NOK 1.2 billion) has been hedged against USD with basis swaps.

FX sensitivities

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

USD mill					
Sensitivity	(20%)	(10%)	0%	10%	20%
Translation risk					
USD/NOK	6.88	7.74	8.60	9.46	10.33
Income statement effect (post tax)	**(3)**	**(2)**	**0**	**2**	**2**
USD/EUR	0.84	0.95	1.05	1.16	1.27
Income statement effect (post tax)	**(0)**	**(0)**	**0**	**0**	**0**
USD/SEK	7.24	8.15	9.05	9.96	10.86
Income statement effect (post tax)	**3**	**2**	**0**	**(2)**	**(1)**
USD/DKK	5.64	6.34	7.05	7.75	8.45
Income statement effect (post tax)	**2**	**2**	**0**	**(1)**	**(1)**

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

A negative USD 2 million in translation difference was booked in other comprehensive income for the period ending 31 December 2016 (2015: negative USD 5 million). All fair value changes of the financial derivatives are booked against the income statement. Equity sensitivities will therefore equal sensitivities in the income statement.

Through income statement	Note	2016	2015
Financial currency			
Net currency gain/(loss) - operating currency			4
Net currency gain/(loss) - financial currency		(14)	18
Derivatives for hedging of cash flow risk - realised		(23)	(2)
Derivatives for hedging of cash flow risk - unrealised		39	(26)
Derivatives for hedging of translation risk - realised		(20)	(12)
Derivatives for hedging of translation risk - unrealised		27	(21)
Net financial currency	1	**10**	**(38)**
Through other comprehensive income			
Currency translation differences through other comprehensive income		(2)	(5)
Total net currency effect		**7**	**(44)**

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	6.88	7.74	8.60	9.46	10.33
Income statement effect (post tax)	**21**	**10**	**0**	**(9)**	**(16)**

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

CONT. NOTE 13 FINANCIAL RISK

Interest rate risk

The group's strategy is to ensure that a minimum of 30% and a maximum of 70% of the interest-bearing debt portfolio have a fixed interest rate.

Interest rate contracts held by the group corresponded to about 60% (2015: about 60%) of its outstanding long-term interest exposure at 31 December 2016. When fixed rate debt is included, the hedge ratio is about 80% (2015: about 70%) as at 31 December 2016. Financial leases entered into are considered fixed rate debt for this calculation, leading to the high ratio.

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

As the current level of hedges is comparatively high, and with swaptions soon coming to expiration, the group has not entered into any forward starting swaps (2015: entered into forward starting swaps with a notional of USD 150 million to commence in 2016).

The group has outstanding swaption contracts with a notional value of USD 150 million expiring 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 normally expiring swaps on similar terms until 2021.

The average remaining term of the existing loan portfolio is approximately 4.2 years, while the average remaining term of the running interest rate derivatives and fixed interest loans is approximately 6.0 years.

Interest rate sensitivities

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 (e.g. corporate bonds) are subject to risk from changes in the general level of interest rates, primarily in USD. On the liability side, the mix of debt and issued bonds with attached fixed or floating coupons – in combination with financial derivatives on interest rates (plain vanilla interest rates swaps and swaptions) – are 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 methodology differs from the accounting principles, as only the changes in the market value of interest rate derivatives are recognised over the income statement (as "unrealised gain or loss on interest rate instruments"), whereas outstanding debt is booked at the respective outstanding notional value.

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 (post tax)	**(74)**	**(37)**	**0**	**37**	**74**

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

CONT. NOTE 13 FINANCIAL RISK

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

All financial derivatives are booked against the income statement in accordance with the fair value accounting principle. Equity sensitivities will therefore equal sensitivities in the income statement.

USD mill	2016		2015	
	Assets	Liabilites	Assets	Liabilites
Interest rate derivatives				
Holding segment		12		17
Shipping segment		41		60
Total interest rate derivatives	**0**	**53**	**0**	**77**
Derivatives used for cash flow hedging				
Holding segment		34		69
Shipping segment	6		2	1
Total currency cash flow derivatives	**6**	**34**	**2**	**69**
Derivatives used for translation risk hedging (basis swaps)				
Holding segment		66		93
Shipping segment				
Total cross currency derivatives (basis swaps)	**0**	**66**	**0**	**93**
Derivatives used for bunker hedging				
Shipping segment	3			6
Total bunker derivatives	**3**	**0**	**0**	**6**
Total market value of capitalised financial derivatives	**9**	**153**	**2**	**246**

Book value equals fair value.

Investment portfolio risk

The group actively manages a defined portfolio of liquid financial assets for a portion of the group's liquidity. In the WWASA group, the board determines a strategic asset allocation by setting weights for main asset classes, bonds, equities and cash. The portfolio of Nordic equities has been sold during January 2017, reducing the financial risk of the portfolio.

Equity risk

Within the investment portfolio, held equities are exposed to movements in equity markets. The below table summarizes the equity market sensitivity towards the market value of held equities and equity derivatives:

USD mill					
Fair value sensitivities of equity market risk					
Change in equity prices	(20%)	(10%)	0%	10%	20%
Income statement effect (post tax)	**(9)**	**(4)**	**(0)**	**4**	**9**

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

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). The 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 (post tax)	**5**	**3**	**0**	**(3)**	**(5)**

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

CONT. NOTE 13 FINANCIAL RISK

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 about 122 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.

USD mill					
Fair value sensitivities of credit risk					
Change in credit spreads level	(2%)	(1%)	0%	1%	2%
Income statement effect (post tax)	**5**	**3**	**0**	**(3)**	**(5)**

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

Bunker price 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 increased to USD 304 per tonne at the 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 has 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.

CREDIT RISK

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument 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 direct exposure to credit risk on its receivables is limited as the group does not have any direct relationship with the customers.

However, the group's underlying exposure to credit risk through its joint ventures is influenced mainly by individual characteristics of each customer. The demographics of the group's customer base, including the default risk of the industry and country, in which the customers operate, has less of an influence on credit risk.

The group's shipping segment has historically been considered to have low credit risk as the joint ventures do business with large and well-reputed customers. In addition, cargo can be held back.

However, due to the financial difficulties currently facing some customers, the credit risk has increased somewhat, but is still regarded as moderate.

Cash and cash equivalents

The group's exposure to credit risk on cash and cash equivalents is considered to be very limited as the group maintains banking relationships with well reputed and familiar banks 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 to be limited as the group's counterparties are well reputed and familiar banks, in addition to outstanding derivatives has a negative fair value.

Loans to associate

The group's exposure to credit risk on loans to associate is limited as the group, together with its associate partners, control the entity to which loans has been provided.

No loans or receivables were past due or impaired as of 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 subsidiaries. See note 12 for further details.

Credit risk exposure

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

USD mill	Note	2016	2015
Exposure to credit risk			
Other non current assets		1	1
Accounts receivable	9	4	8
Financial derivatives - asset	9	9	2
Other current assets	9	6	10
Current financial investments	10	202	242
Cash and cash equivalents		81	108
Total exposure to credit risk		**301**	**371**

Book value equals market value.

CONT. NOTE 13 FINANCIAL RISK

LIQUIDITY RISK

The group's approach to managing liquidity is to secure that it will always have 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 considered low in that it holds significant liquid assets in addition to credit facilities with the banks.

At 31 December, the group had USD 283 million (2015: USD 350 million) in liquid assets which can be realised over a three-day period in addition to USD 50 million (2015: USD 50 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				
Mortgages	156	229	365	348
Financial lease liabilities	13	13	39	185
Bonds	5	87	105	13
Financial derivatives	56	57	42	2
Total interest-bearing debt	**230**	**387**	**551**	**548**
Current liabilities (excluding next year's instalment on interest-bearing debt and financial derivatives)	56			
Total gross undiscounted cash flows financial liabilities 31.12.2016	**287**	**387**	**551**	**548**
Mortgages	125	136	561	374
Bonds	90	6	185	13
Financial derivatives	124	26	102	4
Total interest-bearing debt	**339**	**168**	**848**	**391**
Current liabilities (excluding next year's instalment on interest-bearing debt and financial derivatives)	34			
Total gross undiscounted cash flows financial liabilities 31.12.2015	**373**	**168**	**848**	**391**

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

COVENANTS

Most financing is subject to certain financial and non-financial covenants or restrictions. The main covenant related to the group's bond debt is limitation on the ability to pledge assets.

The main bank and lease financing of the group (Wilhelmsen Lines group) and its wholly owned subsidiaries have financial covenant clauses relating to one or several of the following:

- Minimum liquidity
- Current assets/current liabilities
- Net interest-bearing debt/ EBITDA

The minimum ratios are adjusted to reflect the financial situation of the relevant borrowing company or group of companies. Certain loan agreements have loan-to-value clauses (ship values), however, the group has the ability to provide additional security if necessary. Certain subsidiary loan agreements also have change of control clauses.

As of the balance date, the group is in compliance with all financial and non-financial covenants.

Covenants can be adjusted in the event of material changes in accounting principles.

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 development of the business. 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 board also monitors the level of dividends to shareholders.

The group seeks to maintain a balance between the potentially higher returns that can be achieved with a higher level of debt and the advantages of maintaining a solid capital position. The group's target is to achieve a return on capital employed over time that exceeds the risk adjusted long term weighted average cost of capital. In 2016 the return on capital employed was 18.8% (2015: 2.0%).

USD mill	2016	2015
Capital employed		
Average equity	1 545	1 681
Average interest-bearing debt	1 320	1 322
Profit/(loss) after tax	500	(4)
Operating profit	539	60
Return on equity	32.4%	(0.3%)
Return on capital employed	18.8%	2.0%

CONT. NOTE 13 FINANCIAL RISK

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) are based on third party quotes. These quotes use the maximum number of observable market rates for price discovery. Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves
- The fair value of interest rate swap option (swaption) contracts is determined using observable volatility, yield curve 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 and
- The fair value of foreign exchange option contracts is determined using observable forward exchange rates, volatility, yield curve and time-to-maturity parameters at the balance sheet date, resulting in an option premium.

The carrying value less impairment provision of trade 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 instruments.

USD mill	Fair value	Book value
Interest-bearing debt		
Mortgages	882	886
Financial lease liabilities	238	239
Bonds	193	196
Total interest-bearing debt 31.12.2016	**1 312**	**1 320**
Mortgages	1 047	1 049
Bonds	268	270
Total interest-bearing debt 31.12.2015	**1 315**	**1 319**

Total financial instruments and current financial investments:

USD mill	Level 1	Level 2	Level 3	Total balance
Financial assets at fair value through income statement				
– Financial derivatives		9		9
– Equities	59			59
– Bonds	143			143
Total assets 31.12.2016	**202**	**9**	**0**	**210**
Financial liabilities at fair value through income statement				
– Financial derivatives		153		153
Total liabilities 31.12.2016	**0**	**153**	**0**	**153**
Financial assets at fair value through income statement				
– Financial derivatives		2		2
– Equities	72			72
– Bonds	169			169
Total assets 31.12.2015	**241**	**2**	**0**	**243**
Financial liabilities at fair value through income statement				
– Financial derivatives		246		246
Total liabilities 31.12.2015	**0**	**246**	**0**	**246**

CONT. NOTE 13 FINANCIAL RISK

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. Following instruments are included in level 1: Listed equities, equity derivatives and liquid investment grade bonds.

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

Financial instruments by category:

USD mill	Loans and receivables	Assets at fair value through the income statement	Other	Total
Assets				
Other non current assets			1	1
Current financial investments		202		202
Other current assets	4	9	10	22
Cash and cash equivalent	81			81
Assets at 31.12.2016	**84**	**210**	**10**	**305**

	Liabilities at fair value through the income statement	Other financial liabilities at amortised cost	Total
Liabilities			
Non current interest-bearing debt		1 205	1 205
Other non current liabilities	128		128
Other current liabilities	25	172	197
Liabilities 31.12.2016	**153**	**1 377**	**1 530**

	Loans and receivables	Assets at fair value through the income statement	Other	Total
Assets				
Other non current assets			1	1
Current financial investments		242		242
Other current assets	8	2	14	24
Cash and cash equivalent	108			108
Assets at 31.12.2015	**116**	**243**	**15**	**374**

	Liabilities at fair value through the income statement	Other financial liabilities at amortised cost	Total
Liabilities			
Non current interest-bearing debt		1 135	1 135
Other non current liabilities	182		183
Other current liabilities	63	218	281
Liabilities 31.12.2015	**246**	**1 353**	**1 599**

NOTE 14 SEGMENT REPORTING

SEGMENTS - INCOME STATEMENT

The chief operating decision-maker monitors the business by combining operations having similar operational characteristics such as product services, market and underlying asset base, into operating segments. The shipping segment offers a global service covering major global trade routes which makes it difficult to allocate to geographical segments.

The equity method provides a fair presentation of the group's financial position but the group's internal financial reporting is based on the proportionate method.

The major contributors in the shipping and logistics segments are joint ventures and hence the proportionate method gives the chief operating decision-maker a higher level of information and a better picture of the group's operations.

For the holding 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 ending 31 December is as follows:

USD mill	Shipping		Logistics		Holding		Eliminations		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
INCOME STATEMENT										
Operating revenue	1 430	1 793	352	331	4	5	(34)	(34)	1 751	2 095
Share of profit from associates	2	5	12	31					13	36
Gain on sale of assets		2	80	26	375				455	29
Total income	**1 431**	**1 800**	**444**	**389**	**379**	**5**	**(34)**	**(34)**	**2 219**	**2 159**
Voyage expenses	(669)	(847)					30	29	(638)	(818)
Vessel expenses	(77)	(85)							(77)	(85)
Charter expenses	(260)	(316)							(260)	(316)
Employee benefits	(119)	(125)	(42)	(36)	(10)	(7)			(170)	(168)
Other expenses	(72)	(245)	(269)	(265)	(9)	(6)	4	5	(346)	(510)
Depreciation and impairment	(137)	(153)	(11)	(6)					(148)	(160)
Total operating expenses	**(1 333)**	**(1 771)**	**(322)**	**(307)**	**(20)**	**(14)**	**34**	**34**	**(1 640)**	**(2 057)**
Operating profit (EBIT)*	**98**	**29**	**122**	**82**	**359**	**(8)**	**0**	**(0)**	**580**	**103**
Net financial items	14	(7)	6	1	(1)			(1)	19	(6)
Net interest expenses, including derivatives	(51)	(47)	(8)	(2)	(14)	(19)		1	(73)	(67)
Net currency items, including derivatives		(12)	1	(5)	9	(31)			10	(49)
Valuation of bunker hedges	9	(6)							9	(6)
Profit/(loss) before tax	**68**	**(43)**	**121**	**76**	**354**	**(58)**	**0**	**0**	**543**	**(25)**
Tax income/(expense)	(21)	4	(13)	(5)	(5)	24			(39)	23
Profit/(loss)	**47**	**(39)**	**108**	**71**	**349**	**(34)**	**0**	**0**	**504**	**(3)**
Of which minority interest	(2)		(2)	(1)					(4)	(1)
Profit/(loss) after minority interest	**45**	**(39)**	**106**	**69**	**349**	**(34)**	**0**	**0**	**500**	**(4)**

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

WWL Logistics booked a bargain purchase gain of USD 80 million as a result of step acquisition in Vehicle Services Americas (VSA) and CAT-WWL, and sale of Vehicle Services Europe (VSE) in the first quarter of 2016.

Reconciliations between the operational segments and the group's income statement	Note	2016	2015
Total segment income	14	2 219	2 159
Share of total income from joint ventures	2	(1 575)	(1 785)
Share of profit from joint ventures	2	106	(108)
Total income		**751**	**267**
Share of (profit)/loss from joint ventures and associate	2	(119)	72
Gain on sale of assets	1	(375)	(27)
Operating revenue	1	**257**	**313**
Segment note's profit for the year	14	500	(4)
Profit for the year (Income statement)		**500**	**(4)**

CONT. NOTE 14 SEGMENT REPORTING

RESTATEMENT OF "PASS THROUGH" REVENUES/COSTS

After WWL acquired the full ownership of WWL Vehicle Services Americas (VSA), the group has reviewed and analysed the past accounting and reporting practices. For Inland Distribution Nissan compensates VSA for procurement and process management with a fixed fee leaving no business risk with VSA. In the past this was accounted for on a gross basis in the WWASA consolidated figures. Going forward this is considered "pass through" revenues/costs and will therefore be accounted for on a net basis. As per third quarter 2016 the accounting practice has changed, and previous reported figures have been restated accordingly.

These revenues/costs are a part of the group revenue/cost in the Income statement based on proportionate consolidation method for joint ventures. The adjustments have no effect on EBIT or net profit.

The 2015 figures are restated and shown below.

USD mill	Logistics	Total incl elimination		Logistics	Total incl elimination
	As reported		Restatement	Restated figures	
INCOME STATEMENT					
Operating revenue	480	2 243	(148)	331	2 095
Share of profit from associates	31	36		31	36
Gain on sale of assets	26	28		26	28
Total income	**537**	**2 308**	**(148)**	**389**	**2 159**
Operating expenses					
Voyage expenses		(818)			(818)
Vessel expenses		(85)			(85)
Charter expenses		(316)			(316)
Employee benefits	(36)	(168)		(36)	(168)
Other expenses	(413)	(658)	148	(265)	(510)
Depreciation and impairment	(6)	(160)		(6)	(160)
Total operating expenses	**(455)**	**(2 205)**	**148**	**(307)**	**(2 057)**
Operating profit (EBIT)*	**82**	**103**	**0**	**82**	**103**
Financial income/(expenses)	(6)	(128)		(6)	(128)
Profit/(loss) before tax	**76**	**(25)**	**0**	**76**	**(25)**
Tax income/(expense)	(5)	23		(5)	23
Profit/(loss)	**71**	**(3)**	**0**	**71**	**(3)**
Of which minority interest	(1)	(1)		(1)	(1)
Profit/(loss) after minority interest	**69**	**(4)**	**0**	**69**	**(4)**

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

SEGMENTS - BALANCE SHEET

The amounts provided to the chief operating decision-maker with respect to total assets, liabilities and equity are measured in a manner consistent with that of the balance sheet. The balance sheet is based on equity consolidation and is therefore not directly consistent with the segment reporting for the income statement.

USD mill	Shipping		Logistics		Holding		Eliminations		Total	
	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										
Fixed assets	1 884	1 832				1			1 884	1 833
Investments in joint ventures and associates	642	641	126	385					768	1 025
Non current receivables/investments	(8)	1			64	66			56	67
Current assets	305	349			23	58	(23)	(33)	305	373
Total assets	**2 823**	**2 823**	**126**	**385**	**87**	**124**	**(23)**	**(33)**	**3 013**	**3 299**
Equity	1 596	1 678	126	385	(287)	(408)			1 435	1 655
Non current liabilities	1 052	1 007			322	353			1 374	1 359
Current liabilities	175	139			52	179	(23)	(33)	204	285
Total equity and liabilities	**2 823**	**2 823**	**126**	**385**	**87**	**124**	**(23)**	**(33)**	**3 013**	**3 299**
Investments in tangible assets	149	154							149	154

CONT. NOTE 14 SEGMENT REPORTING

USD mill	Europe		Americas		Asia & Africa		Other		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
GEOGRAPHICAL AREAS										
Total income	457	(71)	13	7	38	25	243	307	751	267
Total assets	154	103	36	36		337	2 823	2 823	3 013	3 299
Investment in tangible assets							149	154	149	154

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 profits 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.

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.

USD mill	Shipping		Logistics		Holding		Eliminations		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
INCOME STATEMENT										
Income other operating segments					4	5	(4)	(5)	0	0
Income external customers	257	312							257	313
Share of profit/(loss) from joint ventures and associates*	12	(115)	106	43					119	(72)
Gain on sale of assets				26	375				375	27
Total income	**269**	**197**	**106**	**69**	**379**	**5**	**(4)**	**(5)**	**751**	**267**
Operating profit before depreciation and impairment	**155**	**79**	**106**	**69**	**359**	**(8)**			**620**	**140**
Depreciation and impairment	(81)	(80)							(81)	(80)
Operating profit (EBIT)	**73**	**(1)**	**106**	**69**	**359**	**(8)**	**0**	**0**	**539**	**60**
Financial income/(expenses)	(12)	(48)			(5)	(50)			(17)	(98)
Profit/(loss) before tax	**62**	**(49)**	**106**	**69**	**354**	**(58)**	**0**	**0**	**522**	**(38)**
Tax income/(expense)	(17)	10			(5)	24			(22)	33
Profit/(loss) for the year	**45**	**(39)**	**106**	**69**	**349**	**(34)**	**0**	**0**	**500**	**(4)**

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

NOTE 15 DEMERGER / BUSINESS COMBINATIONS

There were no material business acquisitions in the period 1 January 2015 to 31 December 2016.

Demerger of Den Norske Amerikalinje AS (/Hyundai Glovis)
The demerger of Den Norske Amerikalinje AS (owns the Hyundai Glovis shareholding) from the group was effective on 8 June 2016. The demerger was accounted for at fair value and contributed with a significant non-recurring gain in the second quarter of USD 375 million. The book value of equity, after the accounting gain, was reduced with USD 730 million by the demerger.

The demerged entity named Treasure ASA was listed on the Oslo Stock Exchange on 8 June 2016. All shareholders of WWASA received 1 share in Treasure ASA for every share held in WWASA.

USD mill	As reported 2016	Demerger 2016	Remaining operation 2016	As reported 2015	Demerger 2015	Remaining operation 2015
INCOME STATEMENT						
Operating revenue	257		257	313		313
Other income						
Share of profit from joint ventures and associates	119	13	106	(72)	(36)	(108)
Gain on sale of assets	375	375		27	(26)	
Total income	**751**	**388**	**363**	**267**	**(62)**	**205**
Operating expenses						
Vessel expenses	(36)		(36)	(42)		(42)
Charter expenses	(25)		(25)	(22)		(22)
Employee benefits	(51)		(51)	(52)		(52)
Other expenses	(18)		(18)	(11)		(10)
Depreciation and impairment	(81)		(81)	(80)		(80)
Total operating expenses	**(212)**	**(0)**	**(212)**	**(207)**	**0**	**(207)**
Operating profit (EBIT)	**539**	**387**	**152**	**60**	**(62)**	**(2)**
Financial income/(expenses)	(17)	(1)	(16)	(98)	(1)	(99)
Profit/(loss) before tax	**522**	**387**	**135**	**(38)**	**(63)**	**(101)**
Tax income/(expense)	(22)	(2)	(20)	33	5	38
Profit for the period attributable to the owners of the parent	**500**	**385**	**115**	**(4)**	**(58)**	**(62)**

CONT. NOTE 15 DEMERGER / BUSINESS COMBINATIONS

USD mill	Demerger 31.12.16	As reported 31.12.15	Demerger 31.12.15	Remaining operation 31.12.15
BALANCE SHEET				
Non current assets				
Deferred tax assets		66		66
Goodwill and other intangible assets		6		6
Investments in vessels and other tangible assets		1 827		1 827
Investments in joint ventures and associates	712	1 025	(337)	689
Other non current assets	17	1		1
Total non current assets	**730**	**2 925**	**(337)**	**2 589**
Current assets				
Current financial investments		242		242
Other current assets		24		24
Cash and cash equivalents		108		108
Total current assets	**0**	**373**	**(0)**	**373**
Total assets	**730**	**3 299**	**(337)**	**2 962**
Equity				
Share capital	(15)	30		30
Retained earnings and other reserves	(716)	1 624	(346)	1 279
Total equity attributable to owners of the parent	**(730)**	**1 655**	**(346)**	**1 309**
Non current liabilities				
Pension liabilities		42		42
Non current interest-bearing debt		1 135		1 135
Other non current liabilities		183		183
Total non current liabilites	**0**	**1 359**	**0**	**1 359**
Current liabilities				
Current income tax liabilities		3		3
Public duties payable		1		1
Other current liabilities		281	9	290
Total current liabilities	**0**	**285**	**9**	**293**
Total equity and liabilities	**(730)**	**3 299**	**(337)**	**2 962**

NOTE 16 COMMITMENTS

OPERATING LEASES

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 lease agreements for office rental and office equipment.

The commitments related to the leases are as set out below (nominal amounts):

USD mill	2016	2015
Due in year 1	23	22
Due in year 2	23	22
Due in year 3	23	23
Due in year 4	23	23
Due in year 5 and later	20	43
Nominal amount of operating lease commitments	**111**	**134**

CONT. NOTE 16 COMMITMENTS

COMMITMENTS RELATED TO THE NEWBUILDING PROGRAM

WWASA has, on own accounts, no vessels due for delivery in 2017.

The commitments related to the previous newbuilding program are set out below:

USD mill	2016	2015
Due in year 1		130
Due in year 2		
Nominal amount of newbuilding commitments	**0**	**130**

FINANCIAL LEASES

Sale and leaseback agreements have been entered into for the 2 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.

After delivery in 2016 the 2 vessels are accounted for as financial lease and is included in "leasing commitments" in note 12 Interest-bearing debt.

The time charter commitments relating to the fixed period are 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 17 RELATED PARTY TRANSACTIONS

TRANSACTIONS WITH RELATED PARTIES

The ultimate owner of the Wilh. Wilhelmsen ASA group is Tallyman AS, which controls the group through its ownership in Wilh. Wilhelmsen Holding ASA. Tallyman AS controls about 60% of voting shares of Wilh. Wilhelmsen Holding ASA who has an ownership of approximately 73% in Wilh. Wilhelmsen ASA. In addition, Tallyman AS directly owns 0.5% of Wilh. Wilhelmsen ASA.

The ultimate owners of Tallyman AS are the Wilhelmsen family and Mr Wilhelm Wilhelmsen controls Tallyman AS.

Remuneration of Mr Wilhelm Wilhelmsen totaled USD 222 000, whereof USD 198 000 was ordinary paid pension and USD 24 000 in other remuneration.

See note 4 regarding fees to board of directors, and note 2 and note 10 in the parent company regarding ownership.

The group has undertaken several transactions with related parties within Wilh. Wilhelmsen Holding ASA (WWH), Wilservice AS and Wilhelmsen Maritime Services group (WMS group). All transactions are entered into in the ordinary course of business of the company and the agreements pertaining to the transactions are all entered into on commercial market terms.

USD mill	2016	2015
Operating revenue from WWH	0.1	0.1
Operating revenue from related parties are accounting services		
Operating expenses to WWH, Wilservice AS and WMS group	6.9	7.2

CONT. NOTE 17 RELATED PARTY TRANSACTIONS

WWH delivers services to the WWASA group related to inter alia human resources, tax, communication, treasury, accounting and legal services ("Shared Services") and in-house services such as canteen, post, switchboard and rent of office facilities. 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.

Historically and currently there are several agreements and transactions made between the group and companies in the WMS group, all of which are made on an arm's length principle based on market terms, based on the principles set out in the OECD's transfer pricing guidelines for group services, including, inter alia, cost plus basis or based on independent broker estimates, as the case may be. In the event services are provided to both external and internal parties, the prices set forth in the contracts regarding such services, are on same level for both the external and the internal customers. The contracts cover:

- Ship management including crewing, technical and management service
- Agency services
- Freight and liner services
- Marine products to vessels
- IT Services

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

USD mill	Note	2016	2015
Current receivables related parties within WWH, Wilservice AS and WMS group	9		
Current loan/payables related parties within WWH, Wilservice AS and WMS group	9	0.7	0.1

TRANSACTIONS WITH JOINT VENTURES AND ASSOCIATES

Wallenius Wilhelmsen Logistics (WWL) is a joint venture between WWASA and Wallenius Lines AB (Wallenius). It is an operating company within both the shipping segment and the logistics segment. It operates most of the WWASA's and Wallenius' owned vessels. The distribution of income from WWL to WWASA and Wallenius is based on the total net revenue earned by WWL from the operating of the combined fleets of WWASA and Wallenius, rather than the net revenue earned by each party's vessels. EUKOR Car Carriers Inc is also chartering vessel from WWASA. 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	Business office, country	Ownership	Note	2016	2015
Operating revenue from joint ventures					
Wallenius Wilhelmsen Logistics AS	Lysaker, Norway	50%	18	227	268
EUKOR Car Carriers Inc	Seoul, Republic of Korea	40%	18	30	44
EUKOR Car Carriers Singapore Pte Ltd	Singapore	40%			1
Tellus Shipping AS	Lysaker, Norway	50%			
ARC**	New Jersey, USA	50%			
Freight revenue from joint ventures			1	**257**	**312**

**American Roll-on Roll-off Carrier Holdings LLC, Fidelio Inc, Fidelio Limited Partnership, American Logistics Network LLC and American Roll-On Roll-Off Carrier Group Inc.

	Note	2016	2015
Loan to related party			
Associate (fixed interest of 6%)	9		0.2
Accounts receivable from related party			
Joint ventures	9	3	6
Accounts payable to related party			
Joint ventures	9	1	1

In addition, joint ventures and Hyundai Glovis Co Ltd (previously associate) 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.

Further, shipowning subsidiaries and Shippersys AB (associate until end of 2016) have transactions with each other. The contracts governing such transactions are based on commercial market terms and relates to software solutions for the shipping industry.

NOTE 18 OPERATING LEASE REVENUE

Of the group's total controlled fleet as per 31 December 2016 28 (26) vessels are chartered out on operating lease with variable time charter rates and 3 (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 income under non-cancellable fixed operating lease 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 19 CONTINGENCIES

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

Update on 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 are expected during 2017.

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

NOTE 20 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 WWL, EUKOR and ARC. 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, expected in 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.

An information memorandum relating to the merger has been prepared by WWASA and approved by The Oslo Stock Exchange on 19 January 2017. Please refer to the Stock Exchange Notice from WWASA dated 20 January 2017 or WWASA's website, www.wilhelmsenasa.com.

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 ASA

USD mill	Note	2016	2015
Operating income	1	**4**	**5**
Operating expenses			
Employee benefits	2	(10)	(7)
Depreciation and impairment	3		
Other operating expenses	1	(9)	(6)
Total operating expenses		**(20)**	**(13)**
Net operating profit/(loss)		**(15)**	**(8)**
Financial income and expenses			
Financial income	1	573	107
Financial expenses	1	(21)	(15)
Financial derivatives	1	23	(89)
Financial income/(expense)		**576**	**3**
Profit/(loss) before tax		**560**	**(5)**
Tax income/(expense)	4	(3)	24
Profit/(loss) for the year		**557**	**19**
Transfers and allocations			
To equity		(557)	(8)
Interim dividend pay			(11)
Proposed dividend			
Total transfers and allocations		**(557)**	**(19)**

COMPREHENSIVE INCOME WILH. WILHELMSEN ASA

USD mill	Note	2016	2015
Profit/(loss) for the year		557	19
Items that will not be reclassified to the income statement			
Remeasurement postemployment benefits, net of tax	11	1	3
Total comprehensive income		**558**	**22**
Attributable to			
Owners of the parent		558	22
Total comprehensive income for the year		**558**	**22**

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

BALANCE SHEET WILH. WILHELMSEN ASA

USD mill	Note	31.12.2016	31.12.2015
ASSETS			
Non current assets			
Deferred tax assets	4	64	65
Intangible assets	3		
Tangible assets	3		
Investments in subsidiaries	5	600	902
Investments in joint ventures and associates	6		
Other non current assets	7/12		
Total non current assets		**665**	**969**
Current assets			
Current financial investments	8		
Other current assets	7/12	8	18
Cash and bank deposits	9/12	15	57
Total current assets		**23**	**74**
Total assets		**688**	**1 043**
EQUITY AND LIABILITIES			
Equity			
Share capital	10	16	30
Premium fund	10	89	89
Retained earnings	10	208	365
Total equity		**314**	**485**
Non current liabilities			
Pension liabilities	11	38	40
Non current interest-bearing debt	12	196	191
Other non current liabilites	7/12		
Total non current liabilities		**234**	**230**
Current liabilities			
Public duties payable		1	1
Other current liabilities	7/12	140	327
Total current liabilities		**140**	**327**
Total equity and liabilities		**688**	**1 043**

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

Thomas Wilhelmsen
chair

Diderik Schnitler

Christian Berg

Marianne Lie

Bente G. Brevik

Jan Eyvin Wang
president and CEO

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

CASH FLOW STATEMENT WILH. WILHELMSEN ASA

USD mill	Note	2016	2015
Cash flow from operating activities			
Profit/(loss) before tax		560	(5)
Depreciation and impairment	3		
Tax paid			
Financial (income)/expense excluding financial derivatives unrealised		(79)	(11)
Financial derivatives unrealised	1	(77)	57
Currency exchange operation – through P/L		8	(49)
(Gain)/loss on sale of tangible and intangible assets			
Change in net pension assets/liabilities		(1)	(2)
Change in current financial investment	8		
Other change in working capital		(13)	42
Net cash provided by/(used in) operating activities		**397**	**33**
Cash flow from investing activities			
Proceeds from sale of tangible and intangible assets	3		
Investments in tangible and intangible assets			
Investments in subsidiaries, associates and joint ventures		(428)	
Loan repayments received from subsidiaries			47
Loans granted to subsidiaries and associates			
Interest received			1
Group contribution			2
Dividends received from associates and joint ventures		145	41
Net cash flow provided by/(used in) investing activities		**(283)**	**92**
Cash flow from financing activities			
Proceeds from issuance of debt			
Repayment of debt		(90)	(16)
Dividends paid			(40)
Amortization discount WW bonds			
Interest paid including interest rate derivates		(65)	(45)
Bank charges			(1)
Net cash flow provided by/(used in) financing activities		**(156)**	**(102)**
Net increase/(decrease) in cash and cash equivalents		**(42)**	**23**
Cash and cash equivalents at 01.01*		57	33
Cash and cash equivalents at 31.12		**15**	**57**

*The company has several banks accounts in different currencies. The cash flow effect from revaluation of cash and cash equivalents is included in net cash flow provided by/(used in) operating activities

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

NOTE 1 COMBINED ITEMS, INCOME STATEMENT

USD mill	Note	2016	2015
OPERATING INCOME			
Intercompany income	14	4	5
Other external income			
Total operating income		**4**	**5**
OTHER OPERATING EXPENSES			
Intercompany expenses	14	(3)	(3)
Other administration expenses		(6)	(3)
Total other operating expenses		**(9)**	**(6)**
FINANCIAL INCOME/(EXPENSES)			
Financial income			
Dividend from subsidiaries and group contribution	14	145	58
Interest income			1
Gain on sale of investments		428	
Net currency gain			49
Other financial income			
Total financial income		**573**	**107**
Financial expenses			
Interest expenses		(12)	(13)
Net currency loss		(8)	
Other financial expenses		(1)	(1)
Total financial expenses		**(21)**	**(15)**
Financial derivatives			
Realised gain/(loss) related to currency derivatives		(27)	(25)
Realised gain/(loss) related to interest rate derivatives		(24)	(7)
Realised gain/(loss) related to bunker hedging		(2)	
Unrealised gain/(loss) related to currency derivatives		33	(52)
Unrealised gain/(loss) related to interest rate derivatives		9	1
Unrealised gain/(loss) related to commodities		35	(6)
Total financial derivatives		**23**	**(89)**
Financial income/(expenses)		**576**	**3**

NOTE 2 EMPLOYEE BENEFITS

USD mill	2016	2015
Pay	7	4
Payroll tax	1	1
Pension cost	3	4
Termination gain defined benefit plan	(1)	(2)
Other remuneration	1	1
Total employee benefits	**10**	**7**
Average number of employees	23	24

REMUNERATION OF SENIOR EXECUTIVES

USD thousand	Pay	Bonus	Pension premium	Other remuneration	Total	Total in NOK
2016						
President and CEO – Jan Eyvin Wang	405	181	498	412*	1 495	12 559
CFO – Benedicte Bakke Agerup	239	89	30	17	375	3 151

*Including gross up of pension expense: President and CEO Jan Eyvin Wang USD 372.

2015						
President and CEO – Jan Eyvin Wang	454	188	554	512*	1 707	13 766
CFO – Benedicte Bakke Agerup	252	93	30	19	394	3 180

*Including gross up of pension expense: President and CEO Jan Eyvin Wang USD 481.

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.

Mr Jan Eyvin Wang and Ms Benedicte Bakke Agerup will leave WWASA when the transition to WWLASA has been completed, tentatively beginning of the second quarter of 2017. This is subject to approval from various competition authorities. Mr Wang is entitled to salary and full compensation until the age of 62, which is by 1 August 2018. Possible income during the period will be deducted up to 50%, which comes into force after the notice period (6 months). WWASA has agreed to continue to pay his pension premium until it is fully financed by 1 August 2018. Mr Wang is entitled to compensation for a company car and various minor benefits until the age of 67. The pension should be approximately 66% at age 67.

Ms Bakke Agerup is entitled to an 18 months' severance package. Possible income during the period will be deducted up to 50%, which comes into force after the notice period (6 months). Accrued pension obligations for salary exceeding 12G will be paid out after the notice period.

REMUNERATION OF THE BOARD OF DIRECTORS

USD thousand	2016	2015
Diderik Schnitler**	39	43
Marianne Lie	39	43
Bente Brevik	39	
Hege Sjo		43
Thomas Wilhelmsen (chair)		
Christian Berg		
Nils P Dyvik		

** Mr Diderik Schnitler has an additional consulting agreement with the group where he got paid USD 24 (2015: USD 27).

Remuneration of the nomination committee totalled USD 10 in 2016 (2015: USD 11).
The board's remuneration for the fiscal year 2016 will be approved by the general meeting 27 April 2017.

LOANS AND GUARANTEE

There were no loans or guarantees to employees or members of the board per 31 December 2016.

CONT. NOTE 2 EMPLOYEE BENEFITS

SHARES OWNED OR CONTROLLED BY REPRESENTATIVES OF WILH. WILHELMSEN ASA AT 31.12.2016

Name	Number of shares	% of shares
Board of directors		
Thomas Wilhelmsen (chair)	42 000	0.02%
Diderik Schnitler	60 000	0.03%
Senior executives		
President and CEO – Jan Eyvin Wang	36 246	0.02%
CFO – Benedicte Bakke Agerup	21 246	0.01%
Nomination Commitee		
Wilhelm Wilhelmsen	1 151 095	0.52%

LONG TERM INCENTIVE SCHEME

As of 1 January 2015, the synthetic option programme was replaced with a new long term incentive scheme (LTI). Participant is the group's president and CEO, and maximum annual payment is 75% of base salary.

The LTI is focusing on long term shareholder value creation and is based on positive development of WWH'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 and the value adjusted equity is based on market price.

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 provision for 2016.

EXPENSED AUDIT FEE

USD thousand	2016	2015
Statutory audit	90	90
Other assurance services	233	42
Tax advisory fee		1
Total expensed audit fee	**323**	**133**

NOTE 3 INTANGIBLE AND TANGIBLE ASSETS

USD mill	Intangible assets	Tangible assets
2016		
Cost price 01.01	1.5	1.4
Cost price 31.12	**1.5**	**1.4**
Accumulated ordinary depreciation 01.01	1.2	1.1
Depreciation	0.1	0.1
Accumulated ordinary depreciation 31.12	**1.3**	**1.3**
Carrying amounts 31.12	**0.1**	**0.2**
2015		
Cost price 01.01	1.5	1.4
Cost price 31.12	**1.5**	**1.4**
Accumulated ordinary depreciation 01.01	1.1	1.0
Depreciation	0.1	0.1
Accumulated ordinary depreciation 31.12	**1.2**	**1.1**
Carrying amounts 31.12	**0.2**	**0.3**
Economic lifetime	Up to 3 years	3-10 years
Depreciation schedule	Straight-line	Straight-line

The company has a lease agreement for the office building, Strandveien 20.	2016	2015
Due in year 1		
Due in year 2		
Due in year 3		
Due in year 4		
Due in year 5 and later	2	2
Total expense related to lease agreement of office building	**3**	**3**

NOTE 4 TAX

USD mill	2016	2015
Distribution of tax (income)/expense for the year		
Payable tax/witholding tax		
Change in deferred tax	3	(24)
Total tax (income)/expense	**3**	**(24)**
Basis for tax computation		
Profit/(loss) before tax	560	(5)
25% tax (2015: 27% tax)	140	(1)
Tax effect from		
Witholding tax		
Non taxable income	(137)	(23)
Current year's calculated tax	**3**	**(24)**
Effective tax rate	0%	0%

CONT. NOTE 4 TAX

USD mill	2016	2015
Deferred tax assets/(liabilites)		
Tax effect of temporary differences		
Current assets and liabilities	26	46
Non current liabilities and provisions for liabilities	9	10
Tax losses carried forward	29	10
Deferred tax assets/(liabilities)	**64**	**65**
Composition of deferred tax and changes in deferred tax		
Deferred tax assets 01.01	65	50
Adjustment previous year Group Contribution		
Charged directly to equity		(1)
Change of deferred tax through income statement	(3)	24
Currency translation differences	2	(8)
Deferred tax assets/(liabilities) 31.12	**64**	**65**

The main part of deferred tax asset is related to financial derivatives and will vary in size.

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, an impairment to net realisable value is recorded.

USD thousand	Business office country	Voting share/ ownership share	2016 Book value	2015 Book value
Wilhelmsen Lines AS	Lysaker, Norway	100%	600 464	600 464
Den Norske Amerikalinje AS (NAL)	Lysaker, Norway	0%/100%		301 827
Total investments in subsidiaries			**600 464**	**902 291**

Demerger of NAL (/Hyundai Glovis)
The demerger of Den Norske Amerikalinje AS (owns the Huyndai Glovis shareholding) from the group was effective on 8 June 2016. The demerger was accounted for at fair value and contributed with a significant non-recurring gain in the second quarter of USD 375 million. The book value of equity, after the accounting gain, was reduced with 730 million by the demerger.

The demerged entity named Treasure ASA was listed on the Oslo Stock Exchange on 8 June 2016. All shareholders of WWASA received 1 share in Treasure ASA for every share held in WWASA.

NOTE 6 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

	Business office, country	Note	2016 Voting share/ ownership share	2015 Voting share/ ownership share
Associates				
Shippersys AB*	Stockholm, Sweden		0%	25.0%

USD thousand	Business office, country	Book value	Book value
Associates			
Shippersys AB*	Stockholm, Sweden		68
Book value of joint ventures and associates			**68**

*The shareholding in Shippersys AB was sold in December 2016.

NOTE 7 COMBINED ITEMS, BALANCE SHEET

USD mill	Note	2016	2015
OTHER NON CURRENT ASSETS			
Non current loan group companies	14		
Other non current assets			
Total other non current assets		**0**	**0**
Of which non current debitors falling due for payment later than one year:			
Loans to subsidiaries	14		
Total other non current assets due after one year		**0**	**0**
OTHER CURRENT ASSETS			
Intercompany receivables	14	4	17
Financial derivatives		3	
Other current receivables		1	
Total other current assets		**8**	**18**
OTHER NON CURRENT LIABILITES			
Total other non current liabilites	14	**0**	**0**
OTHER CURRENT LIABILITIES			
Accounts payable			
Intercompany payables	14	1	24
Next year's instalment on interest-bearing debt			79
Financial derivatives		112	185
Other current liabilities		27	38
Total other current liabilities		**140**	**327**

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

Borrowing is at floating rates of interest with margins approximately at today's market terms except for bonds. Fair value is virtually identical with the carried amount.

NOTE 8 CURRENT FINANCIAL INVESTMENTS

USD mill	2016	2015
Market value current financial investment		
Other financial assets	0	0

NOTE 9 RESTRICTED BANK DEPOSITS AND UNDRAWN COMMITTED DRAWING RIGHTS

USD mill	2016	2015
Payroll tax withholding account	1	1
Undrawn committed drawing rights	50	50
– Of which backstop for outstanding certificates and bonds with a remaining term of less than 12 months to maturity.		50

NOTE 10 EQUITY

USD mill	Share capital	Own shares	Other reserves	Retained earnings	Total
Change in equity					
Equity 31.12.2015	30		89	365	485
Demerger Den Norske Amerikalinje AS	(15)			(716)	(730)
Profit for the year				557	557
Other comprehensive income for the year				1	1
Adjustment previous year				1	1
Equity 31.12.2016	**16**	**0**	**89**	**208**	**314**
Equity 31.12.2014	30		89	354	474
Interim dividend paid				(11)	(11)
Profit for the year				19	19
Other comprehensive income for the year				3	3
Equity 31.12.2015	**30**	**0**	**89**	**365**	**485**

As of 31 December 2016 the company's share capital comprises 220 000 000 shares with a nominal value of NOK 0.52 each. The company had no own shares.

Dividend/Equity transaction
With the proposed merger of WWASA and Wallroll AB, the board of Wallenius Wilhelmsen Logistics ASA will communicate a future dividend policy.

The demerger of Den Norske Amerikalinje AS (owns the Hyundai Glovis shareholding) from the group was effective on 8 June 2016. The demerged entity named Treasure ASA was listed on the Oslo Stock Exchange on 8 June 2016. All shareholders of WWASA received 1 share in Treasure ASA for every share held in WWASA. The demerger led to a reduction of the share capital with NOK 106 million / USD 15 million in the second quarter of 2016.

Visualising values for WWASA's shareholders through the spin-off, the annual general meeting held 3 May 2016 resolved not to pay dividend for the fiscal year 2015.

The largest shareholders at 31.12.2016

Shareholders	Note	Number of shares	% of shares
Wilh. Wilhelmsen Holding ASA	14	160 000 000	72.73%
Folketrygdfondet		6 058 448	2.75%
Danske Invest Norske Instit. II.		5 270 378	2.40%
Fidelity Funds-Nordic Fund/Sicav		3 055 409	1.39%
VPF Nordea Norge Verdi		2 960 210	1.35%
Storebrand Norge i verdipapirfond		2 634 184	1.20%
Danske Invest Norske Askjer Inst		2 511 404	1.14%
Others		37 509 967	17.05%
Total number of shares		**220 000 000**	**100.00%**

Shares on foreigners hands
At 31.12.2016 – 23 574 196 (10.70%) shares.
At 31.12.2015 – 16 723 999 (7.60%) shares.

NOTE 11 PENSIONS

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.

The company's defined contribution pension schemes for Norwegian employees are with Storebrand, similar solutions with different investment funds. Maximum contribution levels according to regulations have been followed up to 31 December 2014. From 1 January 2015, the contributions from the company are changed to be in accordance with new requirements.

The company 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 the company obligations mainly financed from operation. However, the company 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 company has agreements on early retirement. These 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 company 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	
	2016	2015	2016	2015
Number of people covered by pension schemes at 31.12				
In employment	2	2	2	2
On retirement (inclusive disability pensions)			654	649
Total number of people covered by pension schemes	**2**	**2**	**656**	**651**

	Expenses		Commitments	
	2016	2015	31.12.16	31.12.15
Financial assumptions for the pension calculations				
Discount rate	2.50%	2.30%	2.30%	2.50%
Anticipated pay regulation	2.25%	3.00%	2.00%	2.25%
Anticipated regulation of 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 11 PENSIONS

USD mill	2016 Funded	2016 Unfunded	2016 Total	2015 Funded	2015 Unfunded	2015 Total
Pension expenses						
Service cost	1		1	1		1
Net interest cost		1	1		1	1
Cost of defined contribution plan			0			0
Net pension expenses	**1**	**1**	**2**	**1**	**1**	**2**

	2016 Total	2015 Total
Remeasurements – Other comprehensive income		
Effect of changes in financial assumptions	1	1
Effect of experience adjustments		3
Return on plan assets (excluding interest income)		
Total remeasurements included in OCI	**1**	**4**
Tax effect of pension OCI		(1)
Net remeasurement in OCI	**1**	**3**

	2016	2015
Pension obligations		
Defined benefit obligations 01.01	42	55
Effect of changes in foreign exchange rates	1	(8)
Service cost - current	1	1
Interest expense	1	1
Benefit payments from employer	(3)	(2)
Remeasurements - change in assumptions	(1)	(4)
Pension obligations 31.12	**41**	**42**
Gross pension assets		
Fair value of plan assets 01.01	2	2
Effect of changes in foreign exchange rates		
Interest income		
Employer contributions	1	1
Return on plan assets (excluding interest income)		
Gross pension assets 31.12	**3**	**2**

	2016 Funded	2016 Unfunded	2016 Total	2015 Funded	2015 Unfunded	2015 Total
Total pension obligations						
Defined benefit obligation	3	38	40	2	39	41
Service cost	1		1	1		1
Total pension obligations	**3**	**38**	**41**	**2**	**39**	**42**
Fair value of plan assets	3		3	2		2
Net pension liabilities	**(0)**	**(38)**	**(38)**	**(0)**	**(39)**	**(40)**

Premium payments in 2017 are expected to be USD 0.9 million (2016: USD 1.0 million).
Payments from operations are estimated at USD 2.5 million (2016: USD 3.1 million).

NOTE 12 INTEREST-BEARING DEBT

USD mill	2016	2015
Interest-bearing debt		
Bonds	196	270
Repayment schedule for interest-bearing debt		
Due in year 1		79
Due in year 2	81	
Due in year 3	93	79
Due in year 4	9	91
Due in year 5 and later	12	21
Total interest-bearing debt	**196**	**270**

As of 31 December 2016 weighted average interest rate on interest-bearing debt is 3.08%

Financial instruments by category	Loans and receivables	Assets at fair value through the income statement	Other	Total
Assets				
Other non current assets				0
Current financial investments				0
Other current assets	4	3	1	8
Cash and cash equivalents	15			15
Assets at 31.12.2016	**19**	**3**	**1**	**23**

	Liabilites at fair value through the income statement	Other financial liabilites at amortised cost	Total
Liabilities			
Non current interest-bearing debt		196	196
Other non current liabilities			0
Other current liabilities	112	28	140
Liabilities 31.12.2016	**112**	**224**	**335**

	Loans and receivables	Assets at fair value through the income statement	Other	Total
Assets				
Other non current assets				0
Current financial investments				0
Other current assets	17			18
Cash and cash equivalents	57			57
Assets at 31.12.2015	**74**	**0**	**0**	**74**

	Liabilites at fair value through the income statement	Other financial liabilites at amortised cost	Total
Liabilities			
Non current interest-bearing debt		191	191
Other non current liabilities			0
Other current liabilities	185	141	327
Liabilities 31.12.2015	**185**	**332**	**517**

Financial risk
See note 13 to the group accounts for further information on financial risk, and note 12 to the group accounts concerning the fair value of interest-bearing debt.

NOTE 13 FINANCIAL RISK

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

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

MARKET RISK

For the group as a whole, economic hedging strategies have been established in order to reduce market risks in line with the financial strategy approved by the board of directors. Hedge accounting according to IAS 39 has not been applied for these economic hedges. Any change in market value of hedge derivatives is therefore recognised in the income statement. Separate economic hedging strategies have not been established for the parent company for the market risks. As a consequence, financial derivatives part of the group's economic hedging strategies, are held by the company and included in the parent company's accounts without any direct hedging effect for the parent company.

Foreign exchange rate risk

The company is exposed to currency risk on revenues and costs in non-functional currencies (transaction risk) and balance sheet items denominated in currencies other than USD (translation risk). The company's largest individual foreign exchange exposure is NOK against USD.

Hedging of cash flow risk

The group's foreign exchange strategy is to hedge 50-75% of its net transaction risk. The group projected two year rolling USD/NOK exposure is hedged using a portfolio of currency options. Material exposures against other currencies are hedged on an ad-hoc basis.

Hedging of translation risk

The company has outstanding NOK-denominated bonds of about NOK 1.7 billion (USD 196 million). The corresponding amount was NOK 2.4 billion (USD 270 million) for 2015. A large part of this debt (NOK 1.2 billion) has been hedged against USD with basis swaps.

FX sensitivities

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

USD mill					
Sensitivity	(20%)	(10%)	0%	10%	20%
Translation risk					
USD/NOK	6.88	7.74	8.60	9.46	10.33
Income statement effect (post tax)	**(3)**	**(2)**	**0**	**2**	**1**

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

All financial derivatives are booked against the income statement. Equity sensitivities will therefore equal sensitivities in the income statement.

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

Income statement sensitivities of economic hedge program

USD mill					
Sensitivity	(20%)	(10%)	0%	10%	20%
Transaction risk					
USD/NOK spot rate	6.88	7.74	8.60	9.46	10.33
Income statement effect (post tax)	**21**	**10**	**0**	**(9)**	**(16)**

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

CONT. NOTE 13 FINANCIAL RISK

Interest rate risk

The group's strategy, of which WWASA is a part, is to ensure that a minimum of 30% and a maximum of 80% of the interest-bearing debt portfolio have a fixed interest rate.

Interest rate contracts held by the company corresponded to about 95% of its outstanding long-term interest exposure at 31 December 2016. The hedge ratio at 31 December 2016 is about 95% when fixed rate debt is also included. It should be noted that the company also takes on hedges on behalf of the group.

USD mill

Maturity schedule interest rate hedges (nominal amounts)	2016	2015
Due in year 1	40	90
Due in year 2		40
Due in year 3		
Due in year 4		
Due in year 5 and later*	150	150
Total interest rate hedges	**190**	**280**
*of which forward starting		150

As the current level of hedges is comparatively high, the company has not entered into any forward starting swaps (2015: entered into forward starting swaps with a notional of USD 150 million to commence in 2016).

The average remaining term of the existing loan portfolio is approximately 2.1 years, while the average remaining term of the running interest rate derivatives and fixed interest loans is approximately 5.8 years.

Interest rate sensitivities

The company's interest rate risk originates from differences in duration between interest-bearing assets and interest-bearing liabilities. On the asset side, bank deposits are subject to risk from changes in the general level of interest rates, primarily in USD. On the liability side, the issued bonds with attached fixed or floating coupons – in combination with financial derivatives on interest rates (plain vanilla interest rates swaps and swaptions) – are 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 methodology differs from the accounting principles, as only the changes in the market value of interest rate derivatives are recognized over the income statement (as "unrealised gain or loss on interest rate instruments"), whereas outstanding debt is booked at the respective outstanding notional value.

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 (post tax)	**5**	**3**	**0**	**(3)**	**(5)**

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

Apart from the fair value sensitivity calculation based on the company's net duration, the company has cash flow risk stemming from the risk of increased future interest payments on the unhedged part of the company's interest bearing debt.

All financial derivatives are booked against the income statement in accordance with the fair value accounting principle. Equity sensitivities will therefore equal sensitivities in the income statement.

CONT. NOTE 13 FINANCIAL RISK

USD mill	2016		2015	
	Assets	Liabilites	Assets	Liabilites
Interest rate derivatives				
Wilh. Wilhelmsen ASA		12		17
Total interest rate derivatives	**0**	**12**	**0**	**17**
Derivatives used for cash flow hedging				
Wilh. Wilhelmsen ASA		34		69
Total currency cash flow derivatives	**0**	**34**	**0**	**69**
Derivatives used for translation risk hedging (basis swaps)				
Wilh. Wilhelmsen ASA		66		93
Total cross currency derivatives (basis swaps)	**0**	**66**	**0**	**93**
Derivatives used for bunker hedging				
Wilh. Wilhelmsen ASA	3			6
Total bunker derivatives	**3**	**0**	**0**	**6**
Total market value of capitalised financial derivatives	**3**	**112**	**0**	**185**

Book value equals market value.

Bunker price 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.

CREDIT RISK
Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and originates primarily from the company'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 company's direct exposure to credit risk on its receivables is limited as the company does not have any direct relationship with the customers.

However, the company's underlying exposure to credit risk through its subsidiaries and joint ventures is influenced mainly by individual characteristics of each customer. The demographics of the customer base, including the default risk of the industry and country in which the customers operate, has less of an influence on credit risk.

Cash and bank deposits
The company's exposure to credit risk on cash and bank deposits is considered to be very limited as the company maintains banking relationships with well reputed and familiar banks. In addition, the group – of which WWASA is a part - in most instances - has a net debt position towards these banks.

Financial derivatives
The company's exposure to credit risk on its financial derivatives is considered to be limited as the group's counterparties are well reputed and familiar banks, in addition to outstanding derivatives having a negative fair value.

Loans to affiliated companies
The company's exposure to credit risk on loans to affiliated companies is limited as the company control the entity to which loans has been provided.

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

Guarantees
The parent policy is that no financial guarantees are provided by the parent company.

Credit risk exposure
The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

USD mill	Note	2016	2015
Exposure to credit risk			
Other non current assets	7		
Intercompany receivables	7	4	17
Financial derivatives – asset	7	3	
Other current receivables	7	1	
Current financial investments	8		
Cash and cash equivalents	12	15	57
Total exposure to credit risk		**23**	**74**

Book value equals market value.

CONT. NOTE 13 FINANCIAL RISK

LIQUIDITY RISK

The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

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

At 31 December, the company had USD 15 million (2015: USD 57 million) in liquid assets which can be realised over a three-day period in addition to USD 50 million (2015: USD 50 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				
Bonds	5	87	105	13
Financial derivatives	40	43	30	2
Total interest-bearing debt	**46**	**131**	**135**	**15**
Current liabilities (excluding next year's instalment on interest-bearing debt and financial derivatives)	140			
Total gross undiscounted cash flows financial liabilities 31.12.2016	**185**	**131**	**135**	**15**
Bonds	90	6	185	13
Financial derivatives	100	7	76	3
Total interest-bearing debt	**189**	**13**	**261**	**16**
Current liabilities (excluding next year's instalment on interest-bearing debt and financial derivatives)	247			
Total gross undiscounted cash flows financial liabilities 31.12.2015	**437**	**13**	**261**	**16**

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

COVENANTS

The main covenant related to the company's bond debt is limitation on the ability to pledge assets.

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

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 that are not traded in an active market (over-the-counter contracts) are based on third party quotes.
These quotes use the maximum number of observable market rates for price discovery.

Specific valuation techniques used to value financial instruments include:
- Quoted market prices or dealer quotes for similar instruments;
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;
- The fair value of interest rate swap option (swaption) contracts is determined using observable volatility, yield curve 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; and
- The fair value of foreign exchange option contracts is determined using observable forward exchange rates, volatility, yield curve and time-to-maturity parameters at the balance sheet date, resulting in an option premium.

The carrying value less impairment provision of trade 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 instruments.

USD mill	Fair value	Book value
Interest-bearing debt		
Bonds	193	196
Total interest-bearing debt 31.12.2016	**193**	**196**
Bonds	268	270
Total interest-bearing debt 31.12.2015	**268**	**270**

CONT. NOTE 13 FINANCIAL RISK

Total financial instruments and current financial investments:

USD mill	Level 1	Level 2	Level 3	Total balance
Financial assets at fair value through income statement				
– Financial derivatives		3		3
Total assets 31.12.2016	**0**	**3**	**0**	**3**
Financial liabilities at fair value through income statement				
– Financial derivatives		112		112
Total liabilities 31.12.2016	**0**	**112**	**0**	**112**
– Financial derivatives		185		185
Total liabilities 31.12.2015	**0**	**185**	**0**	**185**

The following table presents the changes in level 3 instruments:

USD mill	2016	2015
Changes in level 3 instruments		
Opening balance 01.01	0	0
Disposals		
Gains and losses recognised through income statement		
Closing balance 31.12	**0**	**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. Following instruments are included in level 1: Listed equities, equity derivatives and liquid investment grade bonds.

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

See note 13 to the group accounts for further information on financial risk, and note 12 to the group accounts concerning the fair value of interest-bearing debt.

NOTE 14 RELATED PARTY TRANSACTIONS

TRANSACTIONS WITH RELATED PARTY

The ultimate owner of Wilh. Wilhelmsen ASA is Tallyman AS, which controls the company through its ownership in Wilh. Wilhelmsen Holding ASA. Tallyman AS controls about 60% of voting shares of Wilh. Wilhelmsen Holding ASA who has an ownership of approximately 73% in Wilh. Wilhelmsen ASA. In addition, Tallyman AS directly owns 0.5% of Wilh. Wilhelmsen ASA.

The ultimate owners of Tallyman AS are the Wilhelmsen family and Mr Wilhelm Wilhelmsen controls Tallyman AS.

Remuneration of Mr Wilhelm Wilhelmsen totaled USD 222 000, whereof USD 198 000 was ordinary paid pension and USD 24 000 in other remuneration.

See note 2 regarding fees to board of directors and note 10 regarding ownership.

The company has undertaken several transactions with related parties within the Wilh. Wilhelmsen Holding group (WWH group). All transactions are entered into in the ordinary course of business of the company and the agreements pertaining to the transactions are all entered into on commercial market terms.

WWH delivers services to the WWASA group related to inter alia human resources, tax, communication, treasury, accounting and legal services ("Shared Services") and in-house services such as canteen, post, switchboard and rent of office facilities. 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.

CONT. NOTE 14 RELATED PARTY TRANSACTIONS

USD mill	Note	2016	2015
INTERCOMPANY INCOME			
WWASA group subsidiaries		4	5
WWASA group joint ventures and associates			
Operating revenue from group companies	**1**	**4**	**5**
INTERCOMPANY EXPENSES			
WWH group		(3)	(3)
WWASA group subsidiaries			
Operating expenses to group companies	**1**	**(3)**	**(3)**
DIVIDEND FROM SUBSIDIARIES AND GROUP CONTRIBUTION			
WWASA group subsidiaries		145	58
Total Dividend from Subisidiaries and Group Contribution	**1**	**145**	**58**
INTERCOMPANY INTEREST INCOME			
WWASA group subsidiaries			1
WWASA group joint ventures and associates			
Financial income from group companies	**1**	**0**	**1**
INTERCOMPANY INTEREST EXPENSES			
WWASA group subsidiaries			
Financial expenses to group companies	**1**	**(0)**	**(0)**
INTERCOMPANY RECEIVABLES			
WWH group			
WWASA group subsidiaries		4	17
WWASA group joint ventures and associates			
Account receivables group companies	**7**	**4**	**17**
INTERCOMPANY PAYABLES			
WWH group		1	
WWASA group subsidiaries			24
Account payables group companies	**7**	**1**	**24**
NON CURRENT LOAN GROUP COMPANIES			
WWASA group joint ventures and associates			
Total non current loan to group companies*	**7**	**0**	**0**
LOANS FROM SUBSIDIARIES			
Total non current loan from group companies*	**7**	**0**	**0**

*Loans to and from group companies were provided at floating rates of 3 month LIBOR interest with margins at commercially reasonable market terms.

NOTE 15 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 WWL, EUKOR and ARC. 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, expected in 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.

An information memorandum relating to the merger has been prepared by WWASA and approved by The Oslo Stock Exchange on 19 January 2017. Please refer to the Stock Exchange Notice from WWASA dated 20 January 2017 or WWASA's website, www.wilhelmsenasa.com.

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.

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 currently: Mr Jan Eyvin Wang (president and CEO) and Ms Benedicte Bakke Agerup (CFO).

Mr Craig Jasienski has been appointed president and CEO from the establishment of WWLASA, subject to approval from various competition authorities. Mr Jasienski is currently CEO of WWL AS.

The following guidelines are applied for 2017.

General principles for the remuneration of senior executives
The remuneration of the president and CEO is determined by the board, 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. This includes newspapers, telecommunication, broadband, insurance and company car.

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 overall strategic goals. The variable pay scheme takes into consideration both key financial targets and individual targets (derived from the annual operating plan).

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 full pension entitlement is earned after 30 years of service and gives the right to an old age pension at a level of approximately 66% of gross salary, maximum 12 times the Norwegian National Insurance base amount (G) including National Insurance and other social security payments.

The President and CEO has rights related to salaries in excess of 12G and the option to take early retirement from the age of 62. Pension obligations related to salaries in excess of 12G and the option to take early retirement are insured.

The CFO also has rights related to salaries in excess of 12G and the option to take early retirement from the age of 65. Pension obligations related to salaries in excess of 12G and the option to take early retirement are financed through operation.

Severance package scheme
Mr Wang and Ms Bakke Agerup will leave WWASA when the transition to WWLASA has been completed, tentatively beginning of April 2017. This is subject to approval from various competition authorities.

Mr Wang is entitled to salary and full compensation until the age of 62, which is by 1 August 2018. Possible income during the period will be deducted up to 50%, which comes into force after the notice period (6 months). WWASA has agreed to continue to pay his pension premium until it is fully financed by 1 August 2018. Mr Wang is entitled to compensation for a company car and various minor benefits until the age of 67.

Ms Bakke Agerup is entitled to an 18 months' severance package. Possible income during the period will be deducted up to 50%, which comes into force after the notice period (6 months). Accrued pension obligations for salary exceeding 12G will be paid out after the notice period.

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 ASA

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Wilh. Wilhelmsen 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 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 ASA

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 19 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 report on Corporate Governance, 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.

(3)

AUDITOR'S REPORT

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

(4)

AUDITOR'S REPORT

Auditor's Report - 20 March 2017 - Wilh. Wilhelmsen 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 Corporate Governance report 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

(5)

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 ASA

Thomas Wilhelmsen
chair

Diderik Schnitler

Christian Berg

Marianne Lie

Bente G. Brevik

Jan Eyvin Wang
president and CEO

2016

EMISSIONS

Last year, the fuel efficiency indicator was an all-time best, at 18.5 gram per tonne nautical mile. This is the lowest number reported since the start of our environmental account more than a decade ago.

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 100
2.	The business	None	On page 100
3.	Equity and dividends	None	On page 100
4.	Equal treatment of shareholders and transactions with close associates	None	On page 101
5.	Freely negotiable shares	None	On page 101
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 101
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 101
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 101
9.	The work of the board of directors	The whole board acts as remuneration committee. Without a corporate assembly, the board elects its own chair.	On page 101
10.	Risk management and internal control	None	On page 105
11.	Remuneration of the board of directors	None	On page 107
12.	Remuneration of the executive personnel	None	On page 107
13.	Information and communications	None	On page 108
14.	Take-overs	No policy developed. However, intention is described in the report.	On page 108
15.	Auditor	None	On page 108

A foundation for profitable growth

Listed on the Oslo Stock Exchange and subject to Norwegian securities legislation and stock exchange regulations, Wilh. Wilhelmsen ASA (WWASA) is a public limited company organised under Norwegian law.

The WWASA board believes sound corporate governance is a foundation for profitable growth and essential for a healthy company culture. A responsible governance structure contributes to reducing risk and creates value over time for the company's shareholders, employees and other stakeholders.

WWASA provides the public with accurate, consistent and timely information in accordance with legal requirements and high corporate governance standards. The purpose is to secure pricing of the company's shares in accordance with underlying value and future prospects.

The board assess the company's corporate governance performance to be of high standard, and discussed and approved this report on 20 March 2017. All the directors were present at the meeting.

The report will also be presented to the annual general meeting (date to be confirmed).

Thomas Wilhelmsen
Chair Wilh. Wilhelmsen ASA

1. IMPLEMENTATION AND REPORTING ON CORPORATE GOVERNANCE

Annual corporate governance report

The board of WWASA issues a report on governance performance annually. This report is based on the requirements outlined 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. The report is published as part of the annual report, and is also available on the company's website.

In December 2016, the board approved a new ownership structure for the shareholdings in WWASA's joint ventures. The new entity, Wallenius Wilhelmsen Logistics ASA (WWLASA), will continue on WWASA's listing and will, subject to regulatory approvals, be operational in April 2017. Simultaneously, the information will no longer be available on wilhelmsenasa.com, but can be found on walleniuswilhelmsen.com.

Comply or explain principle

The code is built on a "comply or explain" principle, which means that reasons will be given for possible divergence from the code's 15 provisions. Explanation for the deviations and alternative solutions chosen by the company is given where applicable. A comply and explain overview can be found on page 98 of this report.

Company values and governing elements

WWASA's governing elements – the foundation for corporate governance in the group – are developed in order to improve business performance and ensure that the right results are achieved in the right way. The elements include the company vision, values and basic philosophy, the code of conduct, leadership expectations and eight company principles. One of the principles outlines a commitment to be a socially responsible company.

The governing elements are available in detail to all employees through the web based global information management system, Navigator, both as written documentation and as e-learning. Governance training is conducted on a regular basis and covers various topics. In 2016, competition law was one of the focus areas.

WWASA's board of director's report includes a section on how the company continuously works to minimise the effects its activities have on people, society and the environment; including prevention of corruption, employee rights, health and safety and the working environment, equality and environmental issues.

Deviations from the code: None

2. THE BUSINESS

According to WWASA's Articles of Association, the objective of the company 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. This may take place as direct operations or in an indirect manner by way of insuring guarantees, subscribing shares or in other ways.

As WWASA and its major shareholder Wilh. Wilhelmsen Holding ASA (WWH) have agreed with their partners Rederi AB Soya and Wallenius Lines AB to establishing a new ownership structure for their jointly owned investments, WWASA will cease to exist in 2017. The new entity, Wallenius Wilhelmsen Logistics ASA, will be based on the listing of WWASA and stock listed on the Oslo Stock Exchange. The merger is expected to be completed in April 2017. The new entity's future strategy will be communicated by WWLASA's management and board pending regulatory approvals.

The board of WWASA expects the new governance structure to be more agile, enabling efficient adoption to rapidly changing market conditions. The common ownership and new governance structure 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.

Deviations from the code: None

3. EQUITY AND DIVIDEND

Equity

The company has a solid balance sheet. As of 31 December 2016, the total equity amounted to USD 1 435 million (USD 1 655 million), representing an equity ratio of 48% (50%) based on book values for WWASA's own account.

Dividend policy

WWASA's dividend policy was to provide shareholders with a competitive return over time through a combination of value creation of the WWASA share and payment of dividend semi-annually to the shareholders.

Dividend pay-out in 2016

In June 2016, Den Norske Amerikalinje AS (owns the Hyundai Glovis shareholding) was demerged from WWASA. The demerged entity, named Treasure ASA, is listed on the Oslo Stock Exchange. The board of WWASA decided not to pay a dividend in 2016. Shareholders in WWASA received one share in Treasure ASA for every share held in WWASA.

Dividend proposal for 2017

The board of the new entity, WWLASA, will communicate a future dividend policy.

Own shares

WWASA does not hold own shares. At the annual general meeting in May 2016, the board was authorised to increase the share capital by up to NOK 22 million. The authorisation has not been used and is valid until the company's next annual general meeting, scheduled 27 April 2017.

Deviations from the code: None

4. EQUAL TREATMENT OF SHAREHOLDERS AND TRANSACTIONS WITH CLOSE ASSOCIATES

One share class

WWASA has one share class, comprising 220 million shares, all with equal rights. Updated share information is available on the company's web site and on the Oslo Stock Exchange website.

Shareholder structure

As of 31 December 2016, WWASA had 3 356 shareholders, of whom 198 were foreign and 3 158 were Norwegian. This is an increase of 33 foreign and a decrease of 154 Norwegian shareholders compared with 31 December 2015. The Norwegian shareholder base comprised 94% of the total number of shareholders, and held 89% of the total shares.

An updated list of the 20 largest shareholders can be found on the company's web page.

WWASA's governance structure reflects that WWH controls 72.7% of WWASA's shares. WWASA is transparent and treats all shareholders fairly in compliance with the code. Existing shareholders have no pre-emption right to subscribe for shares in the event of an increase in the company's share capital.

Transactions with close associates

Any transactions taking place between a principal shareholder or close associates and the company will be conducted on arm's length market 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 WWASA group (including subsidiaries).

Overview of insiders

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

Deviations from the code: None

5. NEGOTIABILITY

WWASA was listed on the Oslo Stock Exchange under the ticker "WWASA", while the new company will be listed under "WWL". The shares are freely negotiable and the company's Articles of Association do not include any restrictions on negotiability.

Deviations from the code: None

6.-9. GOVERNING BODIES

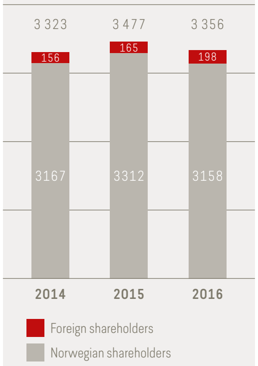
The company's governing bodies consist of the general meeting, the executive committee for industrial democracy, the board, the group chief executive and the management team.

General meeting

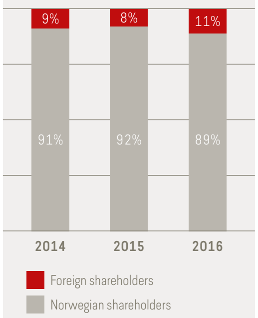
The ordinary general meeting has normally been held in the second quarter. The following items have been on the agenda for the general meeting:

- 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 members

Number of shareholders



% of shares owned by Norwegian and foreign shareholders



- Election of members to the board and election of the auditors (if up for election)
- Other matters required by law

Shareholders with known addresses are notified by mail no later than 21 days prior to the ordinary general meeting. Information on the meeting and all relevant documents are published on the company's website no later than 21 days prior to the meeting. The company strives to develop resolutions and supporting documents that are sufficiently detailed and comprehensive to give shareholders necessary background information for decision-making. Summons from the meetings have been published on the company's website without unreasonable delay.

Shareholders can participate at the general meeting either:

- In person, by sending a notice to the company within two working days prior to the meeting
- By nominating a proxy (form is sent to shareholders, but also available on the company's website)
- By voting electronically in advance of the meeting (guidelines are submitted to shareholders with the summons)

The company's Articles of Association states that documents to be handled at the general meeting need not to be mailed in hard copy to the shareholders. Hard copies can, however, be provided to shareholders upon request. All the documents are to be available to shareholders on the company's web site.

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 acts as the chair of the meeting according to the specifications in the Articles of Association.

The company is not aware of any shareholder agreements among its shareholders.

Nomination committee

The general meeting appoints a nomination committee and has approved guidelines for the committee's work. The committee nominates directors to the board and proposes the director 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.

In 2016, WWASA's nomination committee consisted of three members. No director or representative from management was a member of the nomination committee. The members were elected by the annual general meeting for a term of two years. All previous three members were re-elected at the AGM in May 2016. As of 31 December 2016, the nomination committee consisted of Mr Wilhelm Wilhelmsen (chair), Mr Gunnar Frederik Selvaag and Mr Jan Gunnar Hartvig. The committee held two meetings in 2016.

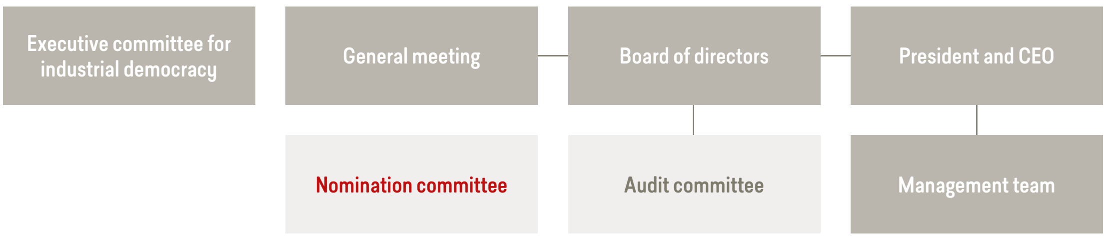
Board of directors – composition and independence

The annual general meeting elects the board, which consisted of five members in 2016.

Board member	Elected	Up for election
Thomas Wilhelmsen, chair	April 15	2017
Marianne Lie	May 16	2018
Bente Brevik	April 15	2017
Diderik Schnitler	April 15	2017
Christian Berg	April 16	2018

The board elected its own chair. In 2016, two of the directors were women. Two directors were independent

Governing bodies



of the majority owner (Ms Marianne Lie and Ms Bente Brevik) and all five were independent of the executive management. Mr Nils P. Dyvik stepped down from the board effective May 2016 and was replaced by Mr Christian Berg.

The board was perceived to comprise a broad competence base ensuring both shareholders' and the company's best interests. Members of the administration attended the board meetings, but were not part of the board.

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

With the exception of one meeting where one of the directors where absent, all the directors were present at meetings either in person or per telephone.

The board of WWASA will step down once the new entity WWLASA has received regulatory approvals and becomes operational.

Work of the board

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 head 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 twelve board meetings, including two full day strategy 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 has kept the board regularly updated on development in the group through a variety of communication channels, including a board portal containing timely and relevant information.

The board otherwise has met as and when required. Directors are kept regularly informed about the group's development between board meetings. Documents to be discussed at board meetings are developed by the administration in cooperation with the chair of the board.

Audit committee

WWASA's audit committee consisted of three members elected by and from the board of directors. In 2016, Christian Berg, Bente Brevik and Marianne Lie sat on the audit committee. All three are independent of the management in the company and independent of the auditor. Ms Brevik and Ms Lie are also independent of the majority shareholder. Mr Berg replaced Mr Dyvik, when he stepped down from the board in May 2016. Ms Brevik was re-elected in 2016. Both Mr Berg and Ms Brevik were elected for a two-year period. The competencies of the members are broad and includes accounting and industry expertise in addition to finance, risk management, strategy, corporate governance and social responsibility.

The audit committee reviews drafts of quarterly and annual accounts before these are presented to the board of directors. The CFO and the external auditor are present at the committee meetings.

The audit committee is instructed to have a particular attention on issues relating to the integrity of WWASA's financial statements and financial reporting processes and internal controls, including:

- annual and quarterly accounts
- risk assessment
- risk management policies related to financial reporting
- qualifications
- independence
- performance of the external auditor
- performance of the function related to internal control of financial reporting

In 2016, anti-corruption, theft and fraud, whistleblowing and competition law were focus areas.

Remuneration committee

The board has not seen it as relevant to have a separate

Senior executive team

From left:

Benedicte Bakke Agerup
(CFO)

Jan Eyvin Wang
(president and CEO)

remuneration committee for a company employing 23 employees within its wholly-owned structure, and therefore acted collectively as the remuneration committee.

Executive committee for industrial democracy in foreign trade shipping

WWASA does not have a corporate assembly. The interests of the employees are met by an executive committee for industrial democracy in foreign trade shipping, chaired by Mr Thomas Wilhelmsen. The committee comprises six members, four appointed from the management and two elected by the workforce (both sea and shore employees).

In 2016, the committee met 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.

Members to the executive committee were elected in 2014 for a three-year period.

Management team

In 2016, the management team met regularly to discuss and coordinate business and management issues to optimise use of knowhow, resources and align decision making

related to the implementation of the company's strategy. In addition to the senior executives (chief executive and CFO), the team consisted of department heads and main corporate functions.

The management team of WWASA, including the CEO and CFO, will be succeeded by the new management team in WWLASA , once the new entity is operational.

Chief executive

The management team is headed by the chief executive, who is responsible for the financial result of the company. The chief executive is also responsible for conducting the business and affairs of the company and its subsidiaries in a proper and efficient manner, for the benefit of the company and the shareholders and according to instructions and guidelines from the board.

The chief executive keeps the board informed of the progress of the group's business and affairs on a regular basis and any other specific issues if requested by the board. The chief executive also submits monthly reports to the board describing the group's operations, financial results, projections and financial status according to instructions from the board.

Chief financial officer

The chief financial officer (CFO) heads finance and financial reporting for WWASA parent company and the consolidated WWASA group. The CFO is responsible for providing the chief executive and the board with timely, reliable, relevant and sufficient financial information related to the business activities, and for assuring that such information complies with requirements for listed companies.

Governance of subsidiaries

The WWASA group consists of several legal entities (a full overview is listed on pages 112–113). Each of the entities has its own board, responsible for issues relevant for the specific entity.

WWASA has had the ambition 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 has been based on the same governance principles, whether the entity is organisationally part of the parent company or an independent legal entity in the form of a wholly owned subsidiary or a joint venture. WWASA has formally exercised its ownership in the subsidiaries through the respective company's general meetings and/or through board positions.

To coordinate shareholdings in joint ventures WWL, EUKOR and ARC, WWASA and partner Wallenius have a steering committee headed by Mr Håkan Larsson. A joint committee reduces bureaucracy and improves the joint leadership of the joint ventures. The committee's mandate is to agree on common direction, policy and investments above a certain level for the three joint ventures. Further, it shall ensure that potential synergies between the three companies are realised.

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 is not valued as necessary. The whole board therefore acts as remuneration committee. Last, the nomination committee is not enshrined in the Articles of Association and the company has not developed an opportunity for shareholders to submit proposals for candidates to the committee.

10. RISK MANAGEMENT AND INTERNAL CONTROL

The company's business standards contribute to securing that WWASA has sound internal control and systems for handling strategic, commercial, financial, operational and regulatory risks. Business standards, policies, guidelines and procedures regarding risk management, internal control, financial reporting, code of conduct, social responsibility and more are documented in the company's global information and management system and electronically available to employees.

Risk overview

The board has conducted a review of the company's most important risk areas regularly as well as the company's internal control arrangements. An overview of the company's main risk factors is included in the board of directors' report, at page 20 and in financial risk note 13 to the group accounts.

About the system

The company's enterprise risk policy defines the main principles for risk management and internal control including a description of responsibilities. The systems are designed to take into account the extent and nature of the group's business activities. Internal control is broadly defined as a process designed to provide reasonable assurance regarding:

- Effectiveness of operations
- Reliability of financial reporting
- Compliance with laws and regulations
- Provision of and necessary use of resources

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

Various internal control activities give management assurance that the internal control of financial systems is working adequately and according to expectations. The activities are fully documented in the company's global management system, including policies and procedures.

The activities can be split in four categories:

- Activities established to evaluate and confirm the quality of internal control regarding financial reporting (per subsidiary)
- Procedure for year-end financial statement and the board of directors' 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 and semi-annually publicly to the market

The finance department is responsible for updating internal control procedures regarding:

- Financial strategy, policies and guidelines
- Budget processes
- Financial monthly reporting process
- Group accounting principles
- Group financial reporting and analysis

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

- Financial organisation, responsibility and authority
- Objectives and key ratios
- Equity and dividend targets
- Investor relation
- Financing and debt management
- Cash and liquidity management
- Financial investment management
- Currency and interest rate management
- Credit management
- Contingent liabilities
- Accounting and financial reporting
- Tax management
- Internal control and risk management
- Reporting to the board

Group finance and accounting updates the financial information and prepare miscellaneous analyses every month. A monthly report is forwarded to the management and the board.

Based on the financial strategy, limits are set for hedge ratios on currency and interest rates. Board approval is given on a case by case basis if bunker hedging is conducted. A separate mandate is issued for the management of the investment portfolio.

External reassurance

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

Deviations from the code: None

11. REMUNERATION OF THE BOARD OF DIRECTORS

Remuneration of board members is determined by the general meeting and is not dependent upon the financial results of the company. The fee reflects the responsibilities of the board, its expertise, the amount of time devoted to the work and the complexity of the business.

No board member holds share options in the company. Mr Wilhelmsen and Mr Schnitler hold shares in WWASA. For more information, see note 2 to the parent company accounts.

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 Mr Diderik Schnitler's company, Løkta AS, which performs certain consultancy work for WWASA. Mr Schnitler sits amongst others on the joint WWASA/Wallenius steering committee representing WWASA. The assignment including remuneration have been approved by the full board.

An overview of the board of directors' remuneration is specified in note 4 to WWASA group accounts and note 2 to the parent company accounts. The latter also includes an overview of shares held by the individual board member in the company.

Deviations from the code: None

12. REMUNERATION OF EXECUTIVE PERSONNEL

Remuneration policy

WWASA's remuneration policy covers all employees and was 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. As a principle, a minimum of 50% of the key performance indicators are linked to financial targets, while the remaining are linked to company and or individual key performance indicators.

The board determines the chief executive's remuneration. Salary adjustment for individual employees is determined administratively within limits set by the board. The board carries out a broad-based comparison with salary conditions in other Norwegian shipping companies, and gives weight to the general level of salary 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 WWASA's group accounts and note 2 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 bonus scheme

A bonus scheme has been instituted by the board for WWASA's employees in Norway. The programme is linked to the company's annual operating plan and is intended to reinforce the focus on performance and results. The bonus scheme is based on the annual return on capital employed and a set of predefined key performance indicators. The programme limits remuneration to a maximum of six months' salary for senior management and one month for other employees. The board determines the annual norm for the bonus scheme.

Long-term bonus scheme

As of 1 January 2015, the synthetic option programme was replaced with a new long term incentive scheme (LTI). The president and CEO is the only employee in the company entitled to the LTI.

The LTI is focusing on long term shareholder value creation and is based on positive development of WWH's (the majority shareholder'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"

WWASA's financial calendar for 2017

09.02.2017
Q4 2016 report

Q2 2017
Annual general meeting (date to be confirmed)

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.

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 the 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 company's website. 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. In 2016, the capital markets day took place in September.

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 company's web pages. A separate section named "Investor Relations" includes relevant information to shareholders, including reports and presentations, financial calendar, analysts, share information, corporate governance, IR contact and news and media. The investor relations' point of contact will, following the completion of the merger, be CFO for Wallenius Wilhelmsen Logistics ASA, Ms Rebekka Herlofsen, who replaces Benedicte Bakke Agerup in April 2017.

The group is present on social media, but has 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 however 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 and when 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) – has attended 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 discusses 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.

The board stresses the need to have an auditor that 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 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 audit work, other assurance services, tax services and other assistance, is specified in note 4 to the WWASA group accounts and note 2 to the parent company accounts.

For the financial year 2016, Fredrik Melle has been the company's main auditor at PwC. For the fiscal year 2017, Mr Melle will be succeeded by Bjørn Lund as the company's main auditor.

Deviations from the code: None

Further information

Benedicte Bakke Agerup
Chief financial officer

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+47 915 48 029

1865

VESSELS

In 1865, Mathilde was the very first vessel Wilhelmsen acquired. Since then, going from sailing vessels to steam ships, to modern day giant car carriers, the group now has 127 vessels covering the globe.

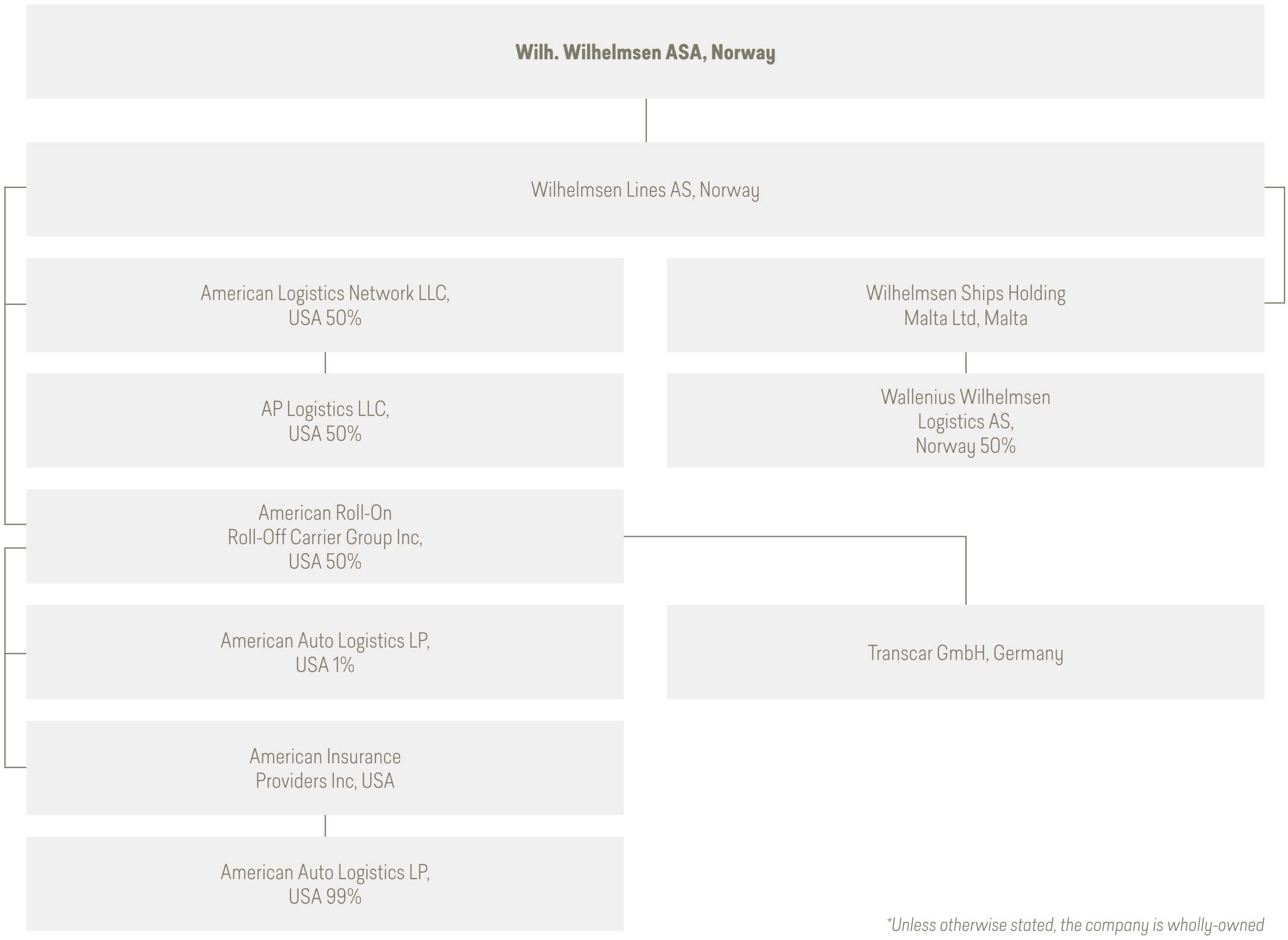
Corporate structure

SHIPPING SEGMENT STRUCTURE* PER 31 DECEMBER2016

- **Wilh. Wilhelmsen ASA, Norway**
  - Wilhelmsen Lines AS, Norway
    - Wilhelmsen Ships Holding Malta Ltd, Malta
      - Wallenius Wilhelmsen Logistics AS, Norway 50%
      - EUKOR Car Carriers Inc, Republic of Korea 40%
    - Tellus Shipping AS, Norway 50%
    - Wilhelmsen Lines Shipowning AS, Norway
    - Wilhelmsen Lines Malta Ltd, Malta
      - Wilhelmsen Lines Shipowning Malta Ltd, Malta
    - Wilhelmsen Lines Car Carriers Ltd, United Kingdom
    - American Roll-On Roll-Off Carrier Holdings LLC, USA 50%
      - American Roll-On Roll-Off Carrier LLC, USA
    - Fidelio Inc, USA 50%
      - Fidelio Limited Partnership, USA 2%
    - Wilhelmsen Ships Holding AS, Norway
      - Fidelio Limited Partnership, USA 49%

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

LOGISTICS SEGMENT STRUCTURE* PER 31 DECEMBER 2016



Unless otherwise stated, the company is wholly-owned

HOLDING SEGMENT STRUCTURE* PER 31 DECEMBER 2016

Wilh. Wilhelmsen ASA, Norway

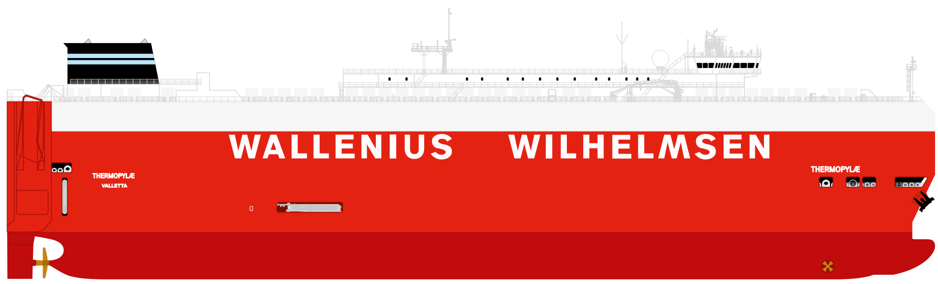
Unless otherwise stated, the company is wholly-owned

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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