this is wilh. wilhelmsen

Wilh. Wilhelmsen ASA (WW) was founded in Tønsberg 1 October 1861, and is today actively involved in many areas of international maritime operations. International liner traffic has always been the company´s core business.

Wilhelmsen Lines AS ranks among the world´s biggest operators of large car/ro-ro-carriers. Its fleet of about 35 vessels operates in a world-wide liner network. Of these vessels, 29 are owned by the company.

Through its Wilship division, WW is involved in tankers, bulk carriers, sale and purchase of vessels and bunker trading.

WW also holds a leading position in ship management, both within Norway and abroad. This business is handled by the Barber International group of companies, which now have the responsibility for full management or manning on more than 180 vessels.

WW currently employs more than 8 000 people and controls a large and modern fleet of vessels. In addition, its Barwil Agencies subsidiary embraces 166 agency offices world-wide.

Barwil also operates a substantial fleet of offshore service vessels in the Middle East and south-east Asia.

Organised on a corporate model, WW´s positive progress in recent years has created an organisational and financial basis that provides a solid foundation in international shipping.

main events of 1997

- Wilhelmsen Lines records the best result in its history. Good market conditions for ro-ro cargoes and cars - and a highly successful coordination of sailing patterns and tonnage commitments - results in clear gains.

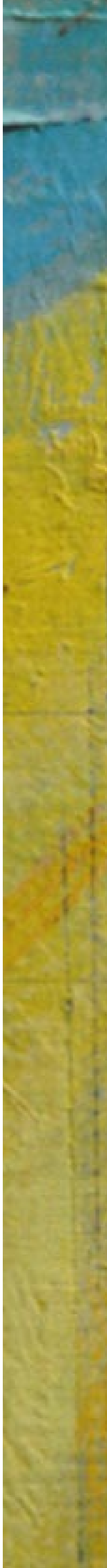
- Takamine, a large pure car and truck carrier (PCTC), is delivered to Wilhelmsen Lines. This vessel can carry 5 930 cars.

- Wilh Wilhelmsen ASA signes an agreement to acquire a large agency network in Australia and a agency compay in France, which is incorporated in the Barwil network. Barwil also establishes offices in a number of other countries, and now embraces 166 offices in 49 countries around the world.

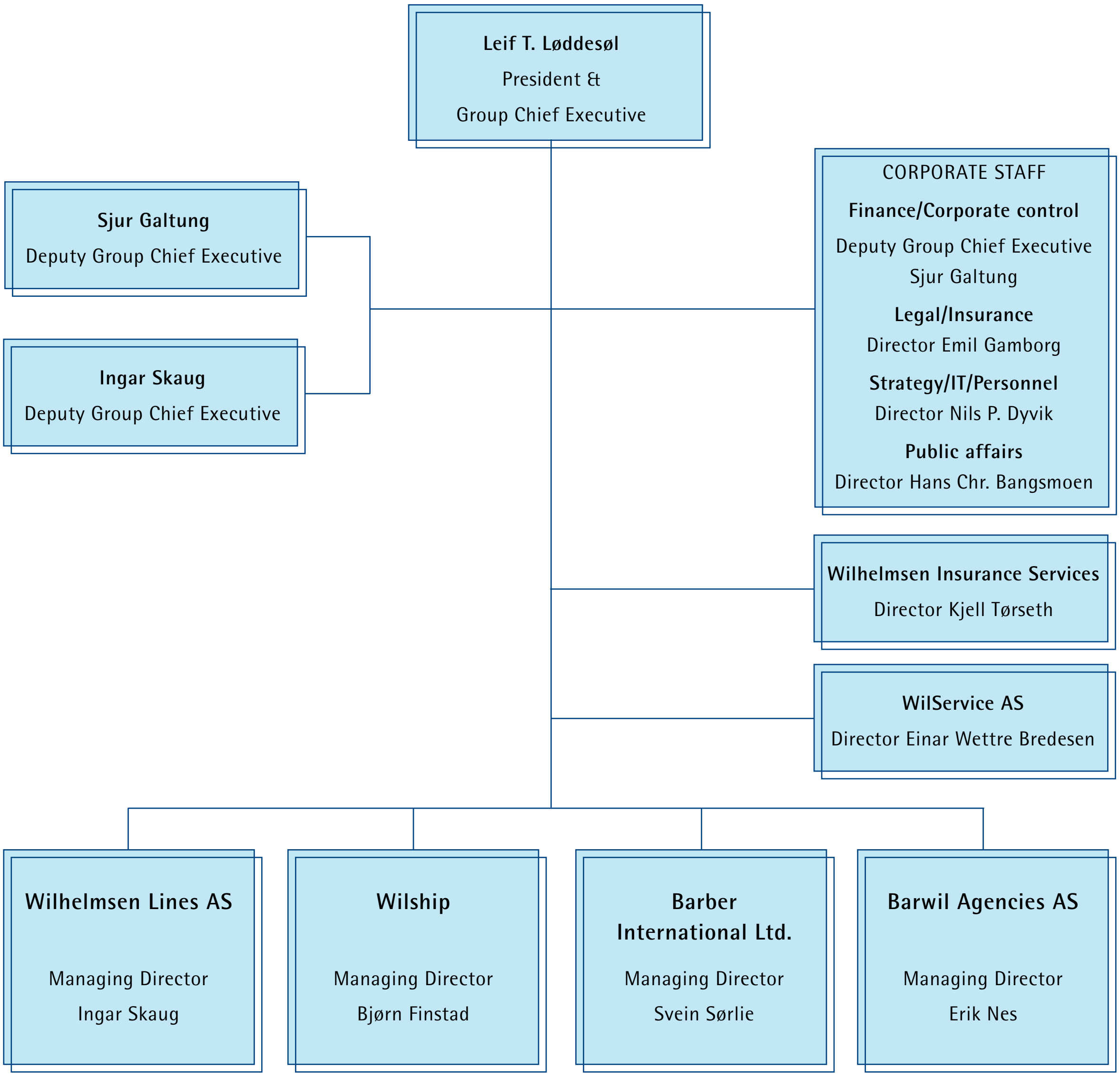
- BK Marine Management, a joint venture between Barber Ship Management and Kværner Maritime, secures a maritime management contract for Sea Launch - the first ocean-going launch pad for commercial satellites - and its command ship.

- The board of Wilh. Wilhelmsen ASA decides to regionalise the business. Two of these regions - Oceania and the Americas - were operative at 1 January 1998.

- The group transfers to the new Norwegian tax regime for shipowning companies with effect from 1 January 1997. In this context, Wilhelmsen Lines refinances its mortgage debt through a new drawing facility of USD 510 million.



corporate organisation



COMMITTEE OF REPRESENTATIVES
Gerhard Heiberg *chairman*
Helen Juell
Anders Chr. Stray Ryssdal

BOARD OF DIRECTORS
Wilhelm Wilhelmsen *chairman*
Niels Werring *deputy chairman*
Odd Rune Austgulen
Håkon Løchen
Leif Frode Onarheim
Leif T. Løddesøl
Sjur Galtung
(deputy for Leif T. Løddesøl)

MANAGING DIRECTOR
Leif T. Løddesøl

AUDITORS
Coopers & Lybrand ANS
State autorized Public Accountant
Per Hanstad

key financial figures

		1997	1996	1995	1994	1993
PROFIT AND LOSS						
Gross revenue	NOK mill	5.497	4.858	4.064	3.994	3.557
Net operating income	NOK mill	839	345	275	283	278
Net financial items	NOK mill	-627	-175	-110	-13	-161
Income before taxes	NOK mill	212	170	165	207	-95
Net income after minority	NOK mill	660	108	120	92	-103
LIQUIDITY						
Liquid funds 31.12. 1)	NOK mill	2.242	1.796	1.343	1.410	1.433
Cash flow 2)	NOK mill	1.028	580	483	490	392
Interest expense	NOK mill	360	288	191	183	165
Liquidity ratio 3)	%	296%	265%	145%	174%	169%
EQUITY						
Total assets 31.12.	NOK mill	8.435	7.878	7.082	5.325	5.939
Equity 31.12.	NOK mill	2.203	1.573	1.512	1.381	1.314
Equity ratio 4)	%	26,1%	20,0%	21,3%	25,9%	22,1%
Return on assets 5)	%	11,9%	5,8%	5,9%	5,0%	3,1%
Return on equity 6)	%	31,7%	5,4%	8,8%	-1,0%	0,2%
KEY FIGURES PER SHARE						
Share capital 31.12.	NOK mill	72,4	72,4	72,4	71,0	69,4
Share price 31.12. A-shares	NOK	310,00	176,00	128,00	157,50	142,00
Share price 31.12. B-shares	NOK	299,00	175,00	125,00	157,00	140,00
Earnings per share 7)	NOK	45,60	7,46	8,33	6,61	-7,42
Diluted earnings per share 8)	NOK	45,60	7,46	8,33	6,61	-7,42
Cash flow per share	NOK	71,00	40,10	33,50	35,20	28,20
Dividend per share	NOK	4,50	3,25	2,50	2,00	1,50
RISK per share	NOK	- 2,22	-3,25	-2,30	-2,00	-2,80
Price/earnings ratio 9)		6,7	23,5	15,3	24,3	-19,0
Price/Cash flow ratio 10)		4,3	4,4	3,8	4,6	5,0
Dividend pay out ratio 11)		0,10	0,44	0,30	0,30	-0,20

For a specification of the number and average number of shares, see «Shareholders information» on page 48

Definitions

1) Cash and bank deposits, bonds, certificates and shares (current assets)
2) Net income (after tax) adjusted for change in deferred tax, net currency gains/loss, ordinary depreciation and write downs
3) Current assets in per cent of current liabilities (incl. first year instalment)
4) Equity in per cent of total assets at the end of the year
5) Income before taxes, + interest expenses, +/- correction for currency loss/gains, in per cent of average total assets
6) Income before taxes, - taxes (ordinary), +/- correction for currency loss/gains, in per cent of average equity
7) Net income after minority divided by a weighted average of the number of outstanding shares in the period
8) Earnings per share taking into consideration the number of potential outstanding shares in the period
9) Weighted average share price for the two share classes divided by Earnings per share
10) Weighted average share price for the two share classes divided by Cash flow per share
11) Dividend per share in per cent of Earnings per share

report of the board of directors

The Wilh. Wilhelmsen ASA (WW) group recorded good results in 1997 after a very active year in all its business areas. This performance is primarily the result of a systematic strategy pursued over a number of years. The core elements in this strategy have been acquiring full control over the liner operations in Wilhelmsen Lines, continuing to develop the company through the acquisition of Den norske Amerikalinje, providing it with modern new tonnage and ensuring a complete refinancing.

At the same time, WW has worked systematically to expand the range of shipping services offered by its service companies. This combination of shipowning and service operations distinguishes us clearly from most other players in the international shipping industry and makes a substantial contribution to our good performance.

Results from the ro-ro and car carrying operations in Wilhelmsen Lines have seen positive progress for several years, and were very good in 1997. Sale of shipping services by Barwil Agencies and Barber International made considerable progress, while results from the tanker activities in Wilship improved but remain too weak.

INCOME FOR THE YEAR

The WW group recorded a net operating income of NOK 839 million in 1997, as against NOK 345 million the year before. Net income for the year came to NOK 660 million compared with NOK 108 million in 1996.

Gross revenues for the group amounted to NOK 5 497 million, as against NOK 4 858 million the year before.

From 1997, the ro-ro and car carriers are being fully depreciated over 25 years, tankers over 20 years, and the service vessels operated by Barwil over 15 years. The amended depreciation plan has reduced annual depreciation by NOK 94 million compared with the effect of retaining the plan used in 1996. The reason for this change is that our oldest ro-ro carrier will pass its 20th anniversary during the present year. With the maintenance programmes now being pursued by the group, the economic life of this vessel will be extended for another five to 10 years. The same applies to the other vessel types.

Net financial expenses for 1997 came to NOK 627 million, including NOK 402 million in net accounting currency loss. In connection with the transition to Norway's new tax regime for shipowning companies, a significant part of the debt in US dollars was refinanced. The overall currency loss charged to the 1997 accounts in connection with the loan portfolio totals NOK 510 million.

The exchange rate for the US dollar against the Norwegian krone moved from NOK 6.4425 at 31 December 1996 to NOK 7.3157 one year later. This exchange rate averaged NOK 7.07 for 1997 as against NOK 6.457 in 1996.

During 1997, the group transferred to the new Norwegian tax regime for shipowning companies. This transition was accomplished through the sale of fixed assets at market value to newly-established subsidiaries. The result has been an accounting gain of NOK 443 million for the parent company. Moving to the new regime has reduced deferred tax in the parent company accounts by NOK 134 million.

A gain of NOK 448 million is shown in the accounts under taxes, reflecting a reduction of NOK 462 million in deferred tax arising from the transfer to Norway's new tax regime for shipowners. The group has included NOK 3 million in tonnage tax under operating expenses in connection with the new regime.

The parent company's accounts show an income before tax of NOK 398 million. After tax, net income for the year is NOK 487 million. The following transfers and allocations are proposed (NOK mill):

Group contribution received	58
To legal reserves	(55)
To retained earnings	(425)
Dividend	(65)
TOTAL	(487)

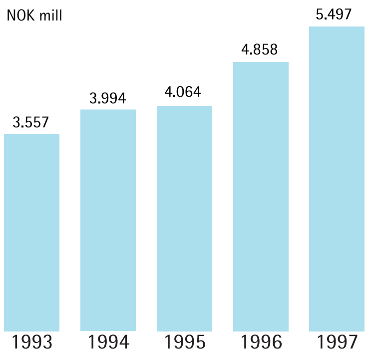
NOK 460 000 has been charged to the parent company accounts for audit work in 1997, and NOK 268 580 for consultancy services from the auditor.

CAPITAL AND FINANCE

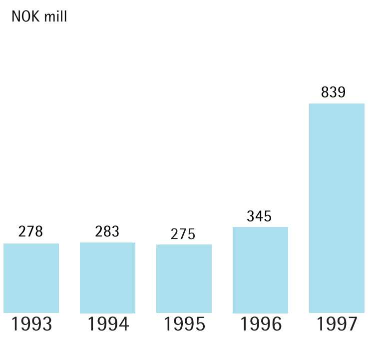
The group reduced its debt-equity ratio during 1997. Outstanding loans related to the two VLCCs were reduced in January by USD 10 million on top of ordinary repayments for the year. At the same time, the margin on the loans was reduced. Tanker t/t Torino was sold in April, and outstanding debt related to financing this vessel repaid in its entirety. The group's drawing facility with Christiania Bank was adjusted downwards by NOK 30 million in May-June. A certificate loan of NOK 75 million was taken up in the Norwegian market during February 1998, supported by this drawing facility. The aim is to reduce borrowing costs and to secure access to new lenders. Combined carriers o/o Tijuca and o/o Docefjord were unencumbered by debt at 31 December 1997 after full repayment of loans secured on these vessels.

Wilhelmsen Lines refinanced its mortgage loans in October/November 1997 through a new drawing facility of USD 510 million. This was provided by an international bank syndicate led by Deutsche Bank, Christiania Bank, Sparebanken Nor and Chase Manhattan. Its terms are very satisfactory, and the facility includes

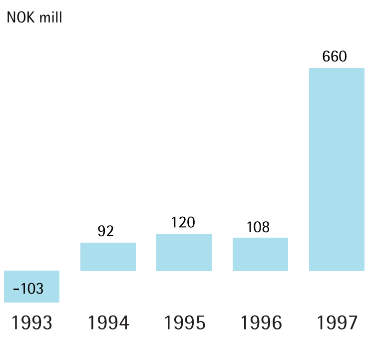
GROSS REVENUE



NET OPERATING INCOME



NET INCOME (LOSS)



financing approval for three planned newbuildings.

Barwil Agencies drew down USD 10 million in December under a new drawing facility with Christiania Bank, which was partly used to repay several small bank loans and an internal loan from the parent company. The remainder was devoted to financing two newbuildings for the Abeer fleet.

All borrowing is financed through banks at floating interest rates. Active use is made of financial derivatives to identify interest rate risk and to achieve the desired mix of fixed and floating interest rates in the loan portfolio. We have used the declining level of interest rates and the stable interest curve to enter into new fixed-interest contracts, which partly replace expired hedging agreements and partly raise the level of hedging. Interest on about 40 per cent of the loan portfolio at 31 December was covered by hedging agreements with lock-in periods in excess of 12 months.

Liquid assets totalled NOK 2 242 million at 31 December 1997. These holdings are placed in money market instruments, bonds and shares, and the proportion of bonds and shares has been increased from the end of 1996. A good year for stock and bond markets therefore made a positive contribution to the group's financial management results, which showed a return of 10.6 per cent in 1997.

WILHELMSEN LINES

Wilhelmsen Lines operates a combined fleet of ro-ro and car carriers - partly in liner traffic and partly under contracts of affreightment. The company continued to make positive progress in 1997, and recorded the best result in its history. Integration of the ro-ro and car carriers into a joint operation has been highly successful, while the markets for both ro-ro and car carriers developed positively through the year. We can now affirm that the synergies and strategic goals which formed the basis for acquiring Den norske Amerikalinje have been achieved.

The company has its distinctive identity and strength in a relatively small but very interesting niche market. Wilhelmsen Lines wants to develop further strong and lasting ties with existing and future customers world-wide. This calls for tighter integration into the logistical chain for those industrial sectors which produce commodities suitable for transport by ro-ro carrier.

To achieve that goal, the company continued a decentralisation process during 1997 by transferring operational and commercial functions to the regions. Development and implementation of effective and flexible computer systems were also given priority, while a concept based on total quality management was further developed and certified to ISO 9002 in 1997.

Together with Barber Marine Consultants, Wilhelmsen Lines pursued a major project during the year to develop a new type of ro-ro carrier which is better than existing designs at combining large volumes of ro-ro cargo with cars. All cargo will be carried below deck - in other words, no containers are to be stacked in the open. This new vessel type will sail alongside the existing ro-ro fleet. Several shipyards were invited to tender for building a series of these new carriers, and Wilhelmsen Lines signed a letter of intent in early March 1998 with the Korea's Daewoo Heavy Industries for building three ro-ro vessels. This agreement includes an option for three additional vessels.

Wilhelmsen Lines operates about 35 vessels in a world-wide liner network, including 11 ro-ro carriers and 18 car carriers owned by the company. Takamine,

a large pure car and truck carrier (PCTC), was delivered in March 1997 by Sumitomo Heavy Industries of Japan. This vessel is a sister vessel to Takasago, delivered from the same yard in December 1996.

Technically speaking, all the vessels functioned well in 1997 with minimal off-hire and without serious accidents.

Cargo availability was good in 1997. The majority of the ro-ro carriers and PCTCs in Wilhelmsen Lines were employed in a round-the-world service linking Europe, the USA, Australia/New Zealand and the Far East. This network is divided into separate trades which are described in greater detail in the management's report.

The ro-ro vessels and car carriers were successfully integrated, allowing the company to offer customers more frequent sailings and greater flexibility. Strategic alliances with important customers have thereby been further strengthened.

Competitive terms developed rather differently for the various types of cargo carried by Wilhelmsen Lines. The position in the container segment worsened even further, particularly from the Far East to the USA. Developments were somewhat more stable from Europe and the USA to Australia, but both volumes and rates have also been under pressure there.

The car-carrying business was characterised in 1997 by tonnage shortages, primarily because Japan and Korea exported more cars than expected throughout the year. This position is likely to persist into 1998. The tonnage position should normalise towards the end of this year as export volumes decline slightly and several newbuildings are delivered to different operators. Several of these new vessels are advanced car carriers with the ability to ship larger and heavier units. This could mean increased competition in the ro-ro segment.

With the exception of consignments for the Far East, Wilhelmsen Lines expects cargo availability to be good during 1998. The economic crisis in the Far East had a negative impact on the company's cargo volumes towards the end of 1997. However, Wilhelmsen Lines has great flexibility to adapt its overall transport capacity to market conditions.

WILSHIP

Wilship is the division of WW responsible for the group's shipping operations outside the liner and car-carrying sectors. These primarily embrace tankers and bulk carriers as well as bunker trading through Aagaard Bunker Brokers AS.

Financial results for Wilship improved by comparison with 1996, but remain unsatisfactory.

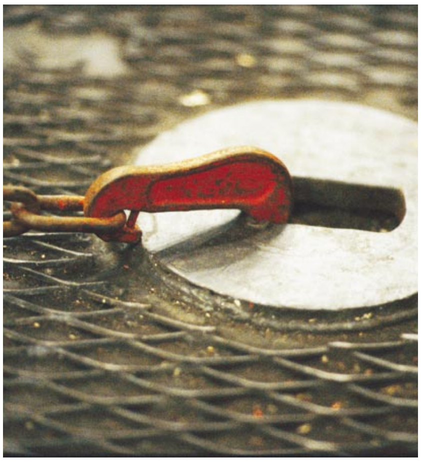
The division currently operates a fleet of four vessels in the very large crude carrier/very large ore oil carrier (VLCC/VLOOC) segment. Apart from the VLOOC contract to carry iron ore from Brazil to the Far East, all oil voyages are fixed in the spot market.

Although 1997 was characterised by substantial fluctuations in the level of rates for large tankers, the year showed a clear improvement on 1996. M/t Tartar and m/t Tarim achieved average daily incomes on a time-charter basis of USD 34 500 as against USD 27 000 the year before.

T/t Torino, built in 1975, was sold for scrap in April for technical reasons. Wilship has wished to maintain its commercial exposure to the tanker market, and a sum equivalent to the sale income has therefore been invested in listed tanker shares.

Wilship's two combined carriers, o/o Tijuca and o/o Docefjord, which are owned with a Brazilian partner, continued their long-term contracts of affreightment with iron ore from Brazil to Japan, returning with oil westbound from the Middle East. Results for the ore leg have been satisfactory. Oil consignments follow market rates. During 1997, the two vessels undertook three voyages under contract to Petrobras and two in the spot market. Extensive maintenance was done on both vessels in connection with their 10-year class survey in late 1996 and early 1997.

Aagaard Bunker Brokers purchased 600 000 tonnes of bunkers for companies in the WW group during 1997, and brokered 400 000 tonnes for other shipping companies.



BARWIL AGENCIES

Barwil Agencies AS (Barwil), a wholly-owned subsidiary of WW, operates one of the world's leading ship agency networks. The company's head office in Oslo manages two principal businesses: a global network of ship agencies and a fleet of service vessels. Close to 2 200 people were employed in Barwil's operations at 1 January 1998, including about 1 900 in the agency network and roughly 260 employed at sea and ashore on operating the service vessels.

The company pursues extensive international operations, with offices throughout the world.

In recent years, Barwil has expanded strongly in geographic terms and this growth continued in 1997. Operations during the year were characterised by very high levels of activity in all areas, and the financial results were good.

Through its own and associated companies, the Barwil network now embraces 166 offices in 49 countries. Partnerships and/or joint ventures have been established in 38 of these countries. During 1997, Barwil initiated new operations in Kenya, Australia and New Zealand. It has also expanded in France, Italy and Lebanon since 1 January 1998. With local partners in Dubai, Istanbul, Poti in Georgia and Malaysia's Port Kelang, the company invested in new business areas such as terminal operations, warehousing and inland transport. In addition, it laid the basis for establishing Intertransport International - which became the group's non-vessel-operating common carrier (NVOCC) on 1 January 1998 and will eventually be responsible for international projects as well.

Barwil's international agency network now represents a number of major liner operators and roughly 2 500 tramp, tanker, cruise ship and gas carrier operators and charterers. It offers a broad range of services, primarily associated with calls at and stays in port. During 1997, the company cleared about 16 500 port calls through its agencies. The number of vessel calls is expected to reach 20 000 in 1998 following the expansion of the network.

Through its Abeer Marine Services affiliate, Barwil operated 28 service vessels for the offshore industry during 1997. The company bought a crewboat and took delivery of two newbuildings in early 1998. In total, Barwil now operates 31 service vessels in the Arabian Gulf and south-east Asia. These vessels had a very good workload in 1997, operating largely on time charter. Results for this business improved from the year before.

BARBER INTERNATIONAL

Barber International Limited ranks as one of the world's leading international service companies for ship management, manning and technical-maritime consultancy. Since 1994, its operational headquarters have been in Kuala Lumpur, Malaysia, with operations offices in Kuala Lumpur, Oslo, Dubai and New Orleans as well as its own manning offices at Kuala Lumpur, Bombay, Calcutta, New Delhi and Stettin in Poland. About 5 000 seagoing personnel are attached to Barber's operations, and the company had responsibility for operations and/or manning of 182 vessels at 1 January 1998 as against 162 a year earlier. This fleet belongs to about 35 different owners and sails under 15 different flags.

Considerable progress was made by Barber in 1997. The company is now reaping the reward of several years of restructuring and consolidation, and both operational and financial results were good.

Barber experienced a breakthrough in several additional markets and established a number of new customer relationships, particularly with shipping companies based in Scandinavia and the Far East. The commitment to managing more complicated and high-tech vessels has given good results. Important assignments secured by Barber in 1997 include maritime management of the Sea Launch project in cooperation with Kværner Maritime. This job covers manning and technical management of an offshore launch platform for commercial satellites and its transport and command vessel.

Efforts at Barber to improve safety and quality continued with undiminished vigour, and operation of the fleet has been characterised by high standards throughout and few significant accidents. Work on quality assurance included a strong commitment to certification procedures under the ISM code for vessel management. All Barber's operations offices held a document of compliance at 1 January 1998, and all vessels which need a ship management certificate (SMC) will meet this requirment by 1 July.

On the manning side, Barber initiated a number of measures to secure the availability of qualified officers. Considerable resources are being committed to recruiting and developing Norwegian seagoing personnel. The company has earmarked six ships as training vessels, with special provision for training and developing young apprentices and cadets seeking a maritime career. This is paralleled by intensified recruitment in India, not least through the establishment of the company's own training centre at Mumbai (Bombay).

BARBER MARINE CONSULTANTS

(BMC) is the WW group's centre for technical-maritime expertise, and provides engineering services both in-house and to external customers.

These services focus mainly on project management, newbuilding supervision, plan approvals and condition assessments. BMC had major assignments during 1997 in Norway, Japan, Russia, the UK, Canada and Singapore.

Development, conceptual engineering and design work on the new generation of ro-ro carriers for Wilhelmsen Lines absorbed considerable BMC resources. This vessel type will meet the liner company's need for tonnage able to carry both ro-ro cargoes and cars.

BMC has also been responsible for site supervision of very extensive repair work on the Sea Empress tanker. And it is closely involved with outfitting work for the Sea Launch project at the Russian yards in Vyborg and St Petersburg. Newbuilding supervision is being provided at the Kværner yard in Vyborg for a series of 12 stand-by vessels.

WORKING ENVIRONMENT AND PERSONNEL

The various working environment committees within the group held regular meetings throughout the year. A number of issues were addressed and solutions recommended to the departments concerned.

New elections were held during 1997 to the board of advisers, on which the employees are represented. This body considers issues relating to projects, accounts, budgets and other issues of significance for the group's operations and for the workforce.

Particular emphasis is placed on developing a good working environment both on land and at sea. The various companies in the group actively pursue measures for training and organisational development, and this work will be given priority in coming years. The importance of human resources is steadily increasing. Securing constant access to qualified and motivated personnel at sea and on land represents a key requirement for our group, since its operations are to a great extent knowledge-based.

As part of efforts to meet future competition in the group's many business areas, it has been resolved to regionalise the organisation. This will primarily give WW opportunities to improve the utilisation of its resources. Under the matrix organisation being adopted, the operative companies will continue as before while the group

coordinates development work and creates common functions where required. Such regionalisation should give new impetus to the organisation, open greater opportunities for employees and strengthen the group internationally. Regionalisation was completed in Oceania and the Americas at 1 January 1998, and will be implemented for south-east Asia during the first half of 1998. The process will be finalised during the present year.

The group's land-based operations do not pollute the environment. At sea, the strictest standards have always been set for vessel operation and the highest priority is given to safety. Substantial resources are devoted to work on safety issues and quality assurance through the Barber International subsidiary, which manages the fleet owned by Wilhelmsen Lines and Wilship. The main emphasis in work on safety by Barber relates to the development of personnel knowledge and attitudes. At the same time, established operating systems are continuously improved. The company's specialists closely monitor work on national and international regulations, and ensure that operations are harmonised with the requirements set.

At 31 December 1997, 35 people were employed in the parent company, Wilh Wilhelmsen ASA, 330 in the other Norwegian operations and 2 025 in foreign subsidiaries. Another 767 people were employed by companies in which Barwil is a minority partner or with whom it has management contracts.

Barber International had 5 036 seagoing personnel at 31 December.

See note 3 for details on the remuneration of the elected officials and the group chief executive.

PROSPECTS

The first months of 1998 were marked to a considerable extent by economic conditions in the Far East. Although the group is heavily involved in this part of the world, our operations have not been particularly affected so far. Given the prevailing uncertainty, the various companies are working on action plans for different market scenarios, which can be implemented at short notice if conditions require.

Underlying earnings by the group remain satisfactory. Wilhelmsen Lines is recording good revenues in most of the trades it serves. Results so far in 1998 show that the group is continuing to make positive progress. The two companies which offer shipping services, Barwil Agencies and Barber International, still expect a high level of activity and good results. Strategies for both companies specify that they will make a growing contribution to the group's overall income. This means in turn that they must be given opportunities for further expansion by making increased funds available for investment within their respective areas of operation.

Financial results for the group in coming years will also be affected by developments in the tanker market. With four vessels exposed to this market, an income potential is clearly present. However, the positive trend seen during the autumn of 1997 has come to a halt and the market is characterised by uncertainty.

The group will continue work during 1998 on a regionalisation of its operations. This coordination of resources should also make a positive contribution to finding and developing new business areas.

Lysaker, 30 March 1998

The board of directors of
Wilh. Wilhelmsen ASA

Wilhelm Wilhelmsen
chairman

Niels Werring
deputy chairman

Håkon Løchen

Leif Frode Onarheim

Odd Rune Austgulen

Leif T. Løddesøl

profit and loss account

NOK mill	Note	Consolidated 1997	Consolidated 1996	Parent company 1997	Parent company 1996
OPERATING INCOME					
Gross revenue vessels	1	4.972	4.505	178	194
Voyage related expenses		(2.382)	(2.376)	(48)	(56)
Voyage related income on T/C-basis		**2.590**	**2.129**	**130**	**138**
Other operating revenue	1, 2	525	353	49	93
Total operating income		**3.115**	**2.482**	**179**	**231**
OPERATING EXPENSES					
Wages and remunerations	3	(457)	(405)	(43)	(51)
Other operating expenses	4, 5	(1.390)	(1.286)	(97)	(95)
Ordinary depreciation	14	(429)	(446)	(46)	(75)
Total operating expenses		**(2.276)**	**(2.137)**	**(186)**	**(221)**
Net operating income		**839**	**345**	**(7)**	**10**
FINANCIAL INCOME AND EXPENSES					
Financial income	6	135	123	68	67
Financial expenses	6	(762)	(298)	(106)	(109)
Net financial items		**(627)**	**(175)**	**(38)**	**(42)**
Extraordinary items	25			443	259
Income before taxes		**212**	**170**	**398**	**227**
Taxes	16	448	(61)	89	(38)
Net income/(loss)		**660**	**109**	**487**	**189**
Minority interest			(1)		
Net income after minority		**660**	**108**		
TRANSFERS AND ALLOCATIONS					
From temporary restricted reserve					37
To legal reserve				(55)	(19)
To retained earnings				(425)	(324)
Group contribution received				58	164
Dividends				(65)	(47)
Total transfers and allocations				**(487)**	**(189)**
Earnings per share (NOK)		*45,60*	*7,46*		
Diluted earnings per share (NOK)		*45,60*	*7,46*		

balance sheet as per 31.12.

		Consolidated		Parent company	
NOK mill	Note	1997	1996	1997	1996
CURRENT ASSETS					
Cash and bank deposits	7	1.443	1.364	156	487
Short term financial investments	8	799	432	294	285
Other current assets	5, 9	754	704	92	299
Total current assets		**2.996**	**2.500**	**542**	**1.071**
FIXED ASSETS					
Shares in subsidiaries	10			2.096	1.388
Long term investments	11	34	22	12	17
Deferred tax benefit	16	91	92		46
Other long term assets	13, 22	62	59	200	171
Vessels, property, goodwill, fixtures	14	5.252	5.205	7	868
Total fixed assets		**5.439**	**5.378**	**2.315**	**2.490**
Total assets		**8.435**	**7.878**	**2.857**	**3.561**
CURRENT LIABILITIES					
Accrued employee/salary taxes		62	47	5	5
Payable taxes	16	8	5		
Other current liabilities	18	667	660	164	199
Total current liabilities		**737**	**712**	**169**	**204**
LONG TERM LIABILITIES					
Long term debt	17	5.144	4.794	512	1.494
Pension commitments	19	148	157	126	140
Deferred tax	16	96	560		135
Other long term liabilities		107	82	59	75
Total long term liabilities		**5.495**	**5.593**	**697**	**1.844**
EQUITY					
Share capital	20, 21	72	72	72	72
Other equity	21	2.131	1.501	1.919	1.441
Total equity		**2.203**	**1.573**	**1.991**	**1.513**
Total liabilities and equity		**8.435**	**7.878**	**2.857**	**3.561**
Mortgage commitments	17	5.144	4.794	512	1.494
Guarantee commitments	22	521	857	765	582

source and application of funds

NOK mill	Consolidated 1997	Consolidated 1996	Parent company 1997	Parent company 1996
CASH FLOW FROM OPERATING ACTIVITIES				
Income before taxes	212	170	398	227
Tax paid in the period	(15)	(11)		
Loss/(gain) on sale of fixed assets	(19)	8	(449)	(230)
Ordinary depreciation	429	446	46	75
Share of net result from affiliated companies	(4)	(9)		(2)
Changes in receivables/liabilities/bunkers	(26)	32	137	322
Changes in pension commitments	(9)	(8)	(14)	(9)
Effect of currency (gain)/loss	461	(28)	66	
Change in other periodical accruals		6	(6)	(51)
Net cash provided by/(used in) operating activities	**1.029**	**606**	**178**	**332**
CASH FLOW FROM INVESTING ACTIVITIES				
Proceeds from sale of fixed assets	63	182	1.030	775
Investments in fixed assets	(481)	(1.070)	(1)	(2)
Investments in subsidiary companies and other companies	(12)	(35)	(703)	(6)
Changes in other investments	(367)	(225)	72	(250)
Net cash flow provided by/(used in) investing activities	**(797)**	**(1.148)**	**398**	**517**
CASH FLOW FROM FINANCING ACTIVITIES				
Net draw down/(down payment) long term debt	(117)	796	(918)	(679)
Proceeds from issuance of ordinary shares				
Dividends paid	(47)	(36)	(47)	(36)
Group contributions			58	164
Net cash flow provided by/(used in) financing activities	**(164)**	**760**	**(907)**	**(551)**
Effect of currency conversion differences	11	9		1
Net increase/(decrease) in cash and cash equivalents	**79**	**227**	**(331)**	**299**
Cash and cash equivalents as per 01.01.	1.364	1.137	487	188
Cash and cash equivalents as per 31.12.	**1.443**	**1.364**	**156**	**487**

accounting principles

CONSOLIDATION PRINCIPLES

SUBSIDIARY COMPANIES

The consolidated accounts of the WW group include the parent company and all subsidiary companies in which the parent company has direct or indirect dominating corporate influence. These subsidiary companies are listed in note 10 to the accounts. All subsidiaries are consolidated on a 100 % basis. Where there are minority interests these are calculated and shown as a separate item in the balance sheet between liabilities and shareholders equity. Minority interests share of net income is calculated and shown separately in the profit and loss account.

When preparing the consolidated accounts internal transactions, receivables and liabilities are eliminated. Shares in subsidiaries are eliminated in accordance with the purchase method. This means that the purchase price of the shares in the parent company is eliminated against the equity in the subsidiary at the time of aquisition/establishment. Additional value/lower value at the time of acquisition is analysed and allocated to the specific assets and liabilities to which they are related, and subsequently depreciated. Any additional value that is not applied to specific assets or liabilities is recorded as goodwill and depreciated on a straight line basis over the estimated economic life of the goodwill. When calculating deferred tax/deferred tax benefit on additional/lower value the nominal tax rate is used.

For purposes of consolidation, the Profit and Loss statements of foreign subsidiaries are converted to Norwegian kroner at the period average exchange rate, while the Balance Sheet items are converted at the rate on the balancesheet date. Any conversion differences arising are charged directly against equity.

Companies acquired during the year are incorporated in the balance sheet at the balance sheet date, and their results are included in the profit and loss statement from the time of acquisition and up to the balance sheet date. Companies sold during the year are included in the profit and loss statement up to the time of their disposal.

COMPANIES UNDER PROPORTIONAL CONSOLIDATION

Investments in limited partnerships that either own or operate vessels, and as such have a significant activity, and where the company is a form of financing, are consolidated under the proportional consolidation method to better reflect the activities of the company in the consolidated accounts. Other investments in limted partnerships are consolidated under the equity method.

The proportional consolidation method is also generally used to account for joint ventures. The ownership share in the joint venture Wilsea Shipping Inc. is accounted for under the proportional consolidation method.

The proportional consolidation method involves consolidating each line of the company's P&L account and Balance sheet, using the ownership share.

AFFILIATED COMPANIES

Investments in companies where the Group has an ownership share of 20 % to 50 %, and exercises significant influence, are considered to be affiliated companies. Accounting for affiliated companies is based on the equity method.

When using the equity method the investment is initially recorded at cost price. The Group's share of net result after taxes, adjusted for any received dividends and depreciation on goodwill, is recorded as adjustment to the initial cost price. The Group's share of the entity's net result after taxes is reported as «Other operating revenue/expense».
In the balance sheet the investments in affiliated companies is reported under Long term share investments or Other long term assets respectively (shares in limited partnerships).

VALUATION- AND CLASSIFICATION PRINCIPLES

PRINCIPLES FOR REVENUE RECOGNITION

Revenues are accrued to the period when they are earned. Revenues and expenses related to vessel voyages are accrued to the different accounting periods based on the number of days taken by the voyage before and after the end of the accounting period.

TRANSACTIONS IN FOREIGN CURRENCIES

Income statement items are entered in the accounts at the exchange rate prevailing at the time of the transaction. Short term receivables and liabilities stated in foreign currencies are recorded at the exchange rate prevailing on the balance sheet date. Long term receivables stated in foreign currencies are recorded at the lower of the transaction rate and the rate on the balance sheet date. Long term liabilities are recorded at the higher of the transaction rate and the rate on the balance sheet date. Realised currency gains and unrealised/realised currency losses are recorded as financial items in the profit and loss account.

ACCOUNTS RECEIVABLE

Accounts receivable are reduced by a provision for loss on bad debt in those circumstances where the net realisation value of the accounts receivable is estimated to be less than the full nominal value.

BUNKERS

Bunkers on the vessels are valued on a specific identified cost basis.

INVESTMENTS IN SHARES AND BONDS

Investments in shares of long term strategic character are classified as fixed assets. Where a reduction in the value of shares recorded as fixed assets is considered to be permanent and significant, a write-down to net realisable value is recorded.

Other shares and bonds are classified as current assets. Shares and bonds recorded as current assets are valued at the lower of cost price and market value on a portfolio basis. A write-down to market value is recorded if the total market value is lower than the total cost price as of the balance sheet date. Reversals of previous period write-downs are performed where there have been increases in the market value in the period. No reversals are performed beyond historic cost price. Write-downs/ reversal of write-downs on current assets are recorded as financial expense/income.

FIXED ASSETS

Fixed assets are stated at historic cost price reduced by accumulated ordinary depreciation and write downs. The individual assets and goodwill are depreciated on a straight line basis over their estimated economic life. As a general rule vessels are depreciated at an annual rate of 4 % (over 25 years). Goodwill is generally depreciated at an annual rate of 10 %. Other fixed assets are depreciated at annual rates from 10-30 %. If the actual market value of a fixed asset is lower than the book value on the balance sheet date, and the difference is considered to be permanent and significant, a write-down to net realisable value is recorded.

Gains/losses which arise from the sale of vessels and other fixed assets are classified as ordinary income/expenses.

NEWBUILDING CONTRACTS

Yard payments for newbuildings are recorded as fixed assets when paid in advance of the completion date.

The value of vessels under construction is compared to the yard payments recorded and the remaining commitments, and a write-down to market value is recorded if a possible shortfall is considered to be permanent and significant.

FINANCIAL LEASE OF VESSELS

Vessels taken on long term charters, where the charterparty in fact represents a finance of the vessel, are capitalised in the balance sheet and the corresponding charter commitments are recorded as a liability. Depreciation is charged as for own vessels. The interest element in the charter rate is treated as financial expenses.

MAINTENANCE AND CLASSIFICATION COSTS

Maintenance and classification costs for tanker vessels are estimated and accrued over the reporting periods until the work is completed. For liner- and car carriers and crew vessels maintenance and classification costs are charged to expenses when the work is carried out. The large fleets of liner-/car carriers and crew vessels are subject to continual maintenance- and classification programs, and the costs are therefore deemed to be properly allocated over time.

PENSION COMMITMENTS

The company has a funded pension scheme for the employees. The scheme is securing the employee a defined pension based on a number of years in service and the level of wage at the time of retirement. Pension payments to seagoing personnel, retired people working at different offices and early retired personnel are charged to operation (unfunded pension scheme).

For funded and unfunded pension schemes the total pension commitments are evaluated againts the total assets in the funded pension scheme. The net pension commitments are recorded as a long term liability. The periodic pension cost is charged to the profit and loss account on a net basis; i.e after deduction for expected
return on the assets in the funded scheme. The periodic pension cost is recorded under «Wages and remunerations»..

Social security tax (SST) is calculated and accrued on the pension liabilities in the unfunded scheme. With respect to the funded scheme, social security tax is charged on the basis of the actual periodic contributions made to that scheme.

EXTRAORDINARY ITEMS

In accordance with the preliminary Norwegian accounting standard for extraordinary items, the criteria for classifying an item as extraordinary is that it is unusual, irregular and material. All three requirements must be met.

TAXES

The taxes in the profit and loss account is the periodic tax cost on the net income for the year. The tax cost includes changes in deferred taxes.

Deferred tax is calculated on the net temporary differences between accounting and tax values of assets and liabilities, by using the liability method for calculation and the nominal tax rates at the balance sheet date. Separate rules are given related to netting of positive and negative temporary differences and for recording of a deferred tax benefit.

In the balance sheet the payable taxes are recorded as a current liability and deferred taxes are recorded as a long term liability.

For companies in the group that are taxed in accordance with the new tax regime for shipowning companies, the tonnage tax is classified as an operating expense.

LONG TERM DEBT

The first year instalment on long term debt is classified as short term debt.

FINANCIAL INSTRUMENTS (OFF BALANCE SHEET ITEMS)

Through the international operation of Wilh. Wilhelmsen the group is exposed to changes in interest rates and changes in several exchange rates. Financial instruments like currency options and interest rate agreements are actively used to manage the currency and interest rate risk.

A market valuation is performed on the outstanding contracts as of the balance sheet date, and unrealised gains/losses on the outstanding contracts is evaluated against losses/gains on the underlying hedging objects. To the extent that the outstanding contracts have not been entered into for hedging purposes, any net unrealised losses are recorded as a financial expense.

notes to the accounts

1 GROSS REVENUE

	Consolidated		Parent company	
NOK mill	**1997**	**1996**	**1997**	**1996**
Gross revenue vessels	4.972	4.505	178	194
Other operating revenue	525	353	14	33
Gross revenue from group companies			35	60
Total	**5.497**	**4.858**	**227**	**287**

2 OTHER OPERATING REVENUE

Other operating revenue includes the following items:

	Consolidated		Parent company	
NOK mill	**1997**	**1996**	**1997**	**1996**
Commisions/Agency fees	286	239		24
Intercompany income			41	60
Profit on sale of fixed assets/long term investments	19	9	6	7
Result from Affiliated companies (note 11/12)	4	9		2
T/C-hire chartered tonnage	158	68		
Other income	58	28	2	
Total	**525**	**353**	**49**	**93**

3 WAGES AND REMUNERATION

NOK 1.000	**1997**	**1996**
Committee of representatives	110	110
Board of Directors	330	300
Chairman of the Board	1.423	1.374
Group Chief Executive Officer	1.850	1.733
Auditor, audit work	460	498
Auditor , consultancy services	269	2.608

The Group Chief Executive Officer has an agreement with the company securing him full wage payment for two years in the event of his engagement being terminated. In addition the Group Chief Executive Officer has the right to a life-long pension constituting 2/3 of the wage at the time of retirement. Likewise the Chairman of the Board has a right to a life-long pension constituting 2/3 of the yearly remuneration received the last 3 years before retirement.

4 OTHER OPERATING EXPENSES

Other operating expenses includes the following items:

	Consolidated		Parent company	
NOK mill	1997	1996	1997	1996
Loss on sale of fixed assets	0	17		
Intercompany expenses			22	24
Loss on receivables	6	4	2	1
Operating expenses vessels	675	598	30	44
T/C-hire chartered tonnage	286	330		
Rent expenses	39	29		
Other sales- and administration expenses	384	308	43	26
Total	**1.390**	**1.286**	**97**	**95**

5 LOSS ON RECEIVABLES

Short term receivables are recorded at nominal value after provisions for estimated bad debt. As of year end the provisions for bad debt amounts to NOK 3.5 millions for the parent company and NOK 8.7 millions in the consolidated accounts.

6 FINANCIAL INCOME AND EXPENSES

Financial income and expenses include the following items:

	Consolidated		Parent company	
NOK mill	1997	1996	1997	1996
Dividend	11	11	15	11
Interest income	105	87	22	17
Interest income from group companies			2	37
Net currency gain		25		2
Gain on short term financial investments	19		28	
Total financial income	**135**	**123**	**68**	**67**
Interest expenses	(360)	(288)	(80)	(105)
Net currency loss	(402)		(26)	
Other financial expenses		(10)		(4)
Total financial expenses	**(762)**	**(298)**	**(106)**	**(109)**
Net financial items	**(627)**	**(175)**	**(38)**	**(42)**

7 RESTRICTED BANK DEPOSITS

Of total cash and bank deposits the following items are restricted:

	Consolidated		Parent company	
NOK mill	1997	1996	1997	1996
Employee tax witholding account	12	12	4	6
Deposit for mortgage and guarantee commitments		3		
Other restricted deposits	78	53		
Total	**90**	**68**	**4**	**6**

8 SHORT TERM FINANCIAL INVESTMENTS

	Book value (NOK 1.000)	Market value (NOK 1.000)
Norwegian listed stocks	89.589	103.472
Foreign listed stocks	-	-
Mutual funds	39.549	57.926
Government/government guaranteed bonds	72.571	82.205
Bonds issued by financial institutions	75.217	78.195
Other bonds	17.040	17.370
Total shares and bonds owned by parent company	**293.966**	**339.168**
Norwegian listed stocks	144.060	147.175
Foreign listed stocks	38.500	38.500
Mutual funds	11.717	11.616
Government/government guaranteed bonds	53.313	53.454
Bonds issued by financial institutions	228.281	228.405
Other bonds	28.634	28.754
Total shares and bonds owned by subsidiary companies	**504.505**	**507.904**
Total shares and bonds	**798.471**	**847.072**

9 OTHER CURRENT ASSETS

Other current assets include the following items:

	Consolidated		Parent company	
NOK mill	**1997**	**1996**	**1997**	**1996**
Accounts receivable	444	525		
Short term intercompany receivables			58	122
Other short term receivables	284	128	34	168
Bunkers	26	51		9
Total	**754**	**704**	**92**	**299**

10 SHARES IN SUBSIDIARIES

Company	Country		Share capital (in 1.000)	Ownership share	Book value (NOK 1.000)
Aagaard Bunker Brokers AS	Norway	NOK	6.500	100 %	6.850
Abeer AS	Norway	NOK	109.000	100%	109.000
Abeer Marine Services (S) Pte Ltd.	Singapore	SGD	100	100 %	427
Agencies Maritimes Pommè	France	FRF	18.000	100 %	21.920
Arctic Shipping Company Ltd.	Hong Kong	HKD	1.000	100 %	-
Barber International Limited	Hong Kong	HKD	10.000	100 %	8.749
Barwil Agencies (Pte) Ltd.	Singapore	SGD	304	100 %	-
Barwil Agencies AS	Norway	NOK	800	100 %	200
Barwil Agencies Ltd.	England	GBP	170	100 %	268
Barwil Agencies Ltd.	Gibraltar	GBP	1	100 %	1.500
Barwil Agencies Ltd.	Hong Kong	HKD	300	100 %	111
Barwil Agencies NA Inc.	USA	USD	50	100 %	-
Barwil Hellas Ltd.	Greece	GRD	3.000	60 %	50
Barwil Ships Services S.L.	Spain	PTS	1.000	100 %	53
Barwil Ukrane Ltd.	Ukraine	USD	87	75%	429
Barwil World Wide Maritime Pty. Ltd.	South Africa	ZAR	10	100%	14.590
Bj. Ruud-Pedersen AS	Norway	NOK	600	100 %	3.400
Den norske Amerikalinje AS	Norway	NOK	50	100 %	50
Global Transport Services AS	Norway	NOK	50	100 %	50
Intertransport International Limited AS	Norway	NOK	50	100 %	50
Intertransport (Hong Kong) Limited	Hong Kong	HKD	500	100 %	418
Njord Insurance Company Ltd	Bermuda	USD	120	100 %	3.611
Torino AS	Norway	NOK	50	100 %	-
Toronto AS	Norway	NOK	50	100 %	50
Wilh. Wilhelmsen Agencies AS	Norway	NOK	2.100	100 %	8.430
Wilhelmsen Activities AS	Norway	NOK	100	100 %	100
Wilhelmsen Insurance Services AS	Norway	NOK	50	100 %	50
Wilhelmsen Lines Agencies AB	Sweden	SEK	50	100 %	54
Wilhelmsen Lines AS	Norway	NOK	207.587	100 %	1.270.552
Wilhelmsen Offshore Norway AS	Norway	NOK	50	100 %	50
Wilsea AS	Norway	NOK	273.200	100 %	273.200
WilService AS	Norway	NOK	500	1) 20 %	100
Wilship I AS	Norway	NOK	371.700	100 %	371.700
Total shares in subsidiaries					**2.096.011**

1) The remaining shares are owned by other group companies.

11 LONG TERM SHARE INVESTMENTS

Company	Country	Ownership share	Book value (NOK 1.000)
Alomayed Barwil Ltd. *)	Bahrain	40 %	166
Baasher Barwil Agencies Ltd.	Sudan	50 %	73
Barwil (Shipping) India Ptv. Ltd.	India	50%	466
Barwil (Thailand) Ltd *)	Thailand	49 %	-
Barwil Abris Ltd.	Russia	50 %	672
Barwil Agencies Inc. *)	Taiwan	32,86%	2.153
Barwil Agencies SA	Panama	35 %	23
Barwil Black Sea Shipping Ltd.	Gibraltar	25 %	-
Barwil Huayang Shipping Services Ltd.	China	50%	979
Barwil Hyop Woon Agencies Ltd.	Korea	50 %	409
Barwil Meridian Nav. Ltd.	Sri Lanka	40 %	972
Barwil S&K Shipping Agencies	Lebanon	45%	79
Barwil Smith Bell (Subic) Inc.	Philippines	50 %	63
Barwil Star Agencies SRL	Romania	50 %	630
Barwil Unimasters Ltd.	Bulgaria	50 %	-
Barwil Universal Agencies Ltd.	Turkey	50 %	386
Barwil Zaatarah Agencies Ltd.	Jordan	48,78 %	922
Bat-Haf Barwil Agencies Ltd	Kenya	50 %	313
International Shipping Co. Ltd.	Yemen	49 %	258
Intertransport Co. Ltd.*)	Taiwan	33,3 %	1.537
Lonemar SA	Panama	35%	-
Lowill SA	Panama	35 %	-
Norsul Barwil Agencies Maritima LTDA	Brasil	49 %	1.168
Scan Cargo Services SA	Panama	35 %	23
ScanDutch BV, Rotterdam	Netherlands	15,5 %	22
Taiwan Agencies Inc *)	Taiwan	20,0%	-
Teco Shipping Services Pte. Ltd.**)	Singapore	50%	-
Towel Barwil LLC	Oman	30 %	762
Transocean OY AB	Finland	50 %	114
Other shares (under TNOK 10)			9
Total shares (long term) owned by parent company			**12.199**
Bærumsbedriftenes Boligselskaper AS			10
Tauroro AS			25
BOC Norge Holding AS			24
Polar AS			28
Total shares (long term) owned by subsidiary companies			**87**
Adjustment for companies consolidated according to the equity method *)			21.724
Total shares (long term)			**34.010**

*) Companies that as of 31.12.97 are defined as affiliated companies and consolidated according to the equity method in the consolidated accounts. In addition the following companies directly owned by subsidiary companies are included as affiliated companies: Blansco Sdn Bhd., Malaysia, Knight Transport, USA, Barwil Asca, USA, Barwil Wightman, USA, Barwil Oceanic, USA, DIHLA -Gmbh, Hamburg and Barber Kværner Marine Management AS. Barwil World Wide Maritime Pty Ltd is also included in this line as of 31.12.97 (with 100%), as the company first became a subsidiary company towards the end of the year. As of 31.12.97 total share of net equity amounts to TNOK 25.580. In the adjustment above the booked cost price is corrected in order to consolidate the companies according to the equity method in the consolidated accounts. The 1997 share of net result from affiliated companies amounts to TNOK 3.668 and is reported as 'Other operating revenue', see note 2.

**) Companies that as of 31.12.97 are consolidated according to the proportional consolidation method.

12 PARTICIPATION IN LIMITED PARTNERSHIPS

The following companies have been accounted for under the proportional consolidation method in the accounts for the parent company and the consolidated accounts:

	Ownership share %		Total paid-in	Total not paid
	Parent company	Consolidated	capital *(NOK mill)*	subord. capital *(NOK mill)*
Torino KS	90 %	100 %	184	16
Fidelio Limited Partnership		50 %	49	
KS Benargus AS & Co.		100 %	148	222
NOSAC ANS		100 %		
Pride KS		50 %	9	14
Wiltank I KS		100 %	395	125
Wiltank II KS		100 %	235	125
WL Shipowning KS		100 %	985	
Total			**2.005**	**502**

The following companies are consolidated according to the equity method in the accounts for the parent companyand the consolidated accounts. Share of net equity is included in "Other long term assets" in the balance sheet,and share of net result is included in "Other operating revenue".

	Ownership share %		Total paid-in	Total not paid
	Parent company	Consolidated	capital *(NOK 1.000)*	subord. capital *(NOK 1.000)*
P/R Polar Frontier Drilling		47,50 %	278	905
Total 1)			**278**	**905**

1) See also note 2 og 13.

13 OTHER LONG TERM ASSETS

Other long term assets include the following items:

	Consolidated		Parent company	
NOK mill	**1997**	**1996**	**1997**	**1996**
Share of net equity limited partneships 1)	1	2		1
Advanced payment contract 2)	21	39		
Loan to employees, shareholders etc	14	7	3	2
Long term intercompany receivables			187	165
Other long term receivables	26	11	10	3
Total	**62**	**59**	**200**	**171**

1) See note 12.

2) Contract for the building of two service vessels (crew boats) that operate in the Barwil group.
The advanced payment constitutes 85 % of the total contract price, and the vessels will be delivered in January 1998.

14 VESSELS, PROPERTY, GOODWILL, FIXTURES

NOK mill	Cost price pr 1.1.97	Additions in year	Disposals in year	Acc. ordinary depreciation/ write downs	Net currency translation difference	Book value	Depreciation in year
Vessels	1.396		(1.396)			0	44
Fixtures	14	1		(8)		7	2
Total parent company	**1.410**	**1**	**(1.396)**	**(8)**		**7**	**46**
Goodwill	677	15	(4)	(391)		297	40
Vessels	7.908	395	(105)	(3.512)	96	4.782	345
Property	18	24		(8)	2	36	-
Fixtures	332	47	(35)	(218)	11	137	44
Total consolidated	**8.935**	**481**	**(144)**	**(4.219)**	**109**	**5.252**	**429**

The depreciation rates are as follows:	Vessels:	4-7 % 1)
	Goodwill:	10 %
	Property:	2 %
	Fixtures:	10-30 %

1) The group has in connection with the year-end reporting for 1997 decided to increase the depreciation period for the Ro/Ro vessels and car carriers from 20 to 25 years, for the VLCC's from 15 to 20 years and for the service vessels from 10 to 15 years. All vessels are depreciated down to 0 in residual value. If the depreciations had been calculated in accordance with the previously used depreciation plan the depreciations for vessels would have amounted to NOK 434 million for the year 1997.

15 INVESTMENTS IN AND SALES OF FIXED ASSETS (LAST 5 YEARS)

	1997		1996		1995		1994		1993	
NOK mill	Invest.	Sale	Invest.	Sale	Invest.	Sale	Invest.	Sale	Invest.	Sale
Vessels		1.030		775	79		383		1.370	
Fixtures	1		2		8		4	1	2	1
Total parent company	**1**	**1.030**	**2**	**775**	**87**		**387**	**1**	**1.372**	**1**
Goodwill	15		3		328					
Vessels	395	44	1.018	126	1.650	193	392	418	1.539	
Property	24	1		44	51	10	5	48		
Fixtures	47	18	49	12	77	18	36	6	45	5
Consolidated	**481**	**63**	**1.070**	**182**	**2.106**	**221**	**434**	**472**	**1.584**	**5**

16 TAXES AND TEMPORARY DIFFERENCES

	Consolidated		Parent company	
NOK mill	1997	1996	1997	1996
1) SPECIFICATION OF THE BASIS FOR TAX COMPUTATION				
Income before taxes			398	227
Permanent differences (see point 5)			(957)	(397)
Change in temporary differences (see point 5)			365	51
Group contribution			58	164
Limited partnerships/ NOKUS (see point 5)			185	5
Sale of shares (RISK effect)			1	
Utilisation of taxable losses carried forward			(50)	(50)
Basis for tax computation			**0**	**0**

16 TAXES AND TEMPORARY DIFFERENCES *CONT.*

	Consolidated		Parent company	
NOK mill	1997	1996	1997	1996
2) SPECIFICATION OF TAXES				
Tax payable				
Norway	(1)		0	0
Other countries	(14)	(11)	0	0
Total tax payable	**(15)**	**(11)**	**0**	**0**
Change in deferred tax/deferred tax benefit				
Norway (see point 5)	463	(50)	89	(38)
Other countries				
Total change in deferred tax/deferred tax benefit	**463**	**(50)**	**89**	**(38)**
Total taxes	**448**	**(61)**	**89**	**(38)**
3) BASIS FOR DEFERRED TAXES (SPECIFICATION OF BALANCED TEMPORARY DIFFERENCES)				
Shares and bonds	(6)	(7)	(6)	(7)
Receivables	(3)	(2)	(3)	(1)
Total short term items	**(9)**	**(9)**	**(9)**	**(8)**
Vessels and other fixed assets	91	1.866	(1)	295
Other items	(54)	(39)	(42)	(41)
Total long term items	**37**	**1.827**	**(43)**	**254**
Vessels and other fixed assets	166	232	82	127
Difference account		37		37
Correction income		(45)		
Limited partnerships/NOKUS	(30)	153	(42)	143
Net temporary differences	**164**	**2.195**	**(12)**	**553**
Tax losses carried forward		(165)		(40)
Basis deferred taxes	**164**	**2.030**	**(12)**	**513**
Deferred taxes (28%)	**46**	**569**	**0**	**144**
Deferred tax new tax regime (see point 5)	**50**			
Tax credit carried forward		(9)		(9)
Book value deferred taxes	**96**	**560**	**0**	**135**
4) BASIS FOR DEFERRED TAX BENEFIT (NEGATIVE TEMPORARY DIFFERENCES NOT BALANCED)				
Pension commitments (incl. empl. tax.)	172	183	147	163
Internal profit	145	145		
Other negative differences group, not balanced	9			
Basis deferred tax benefit	**326**	**328**	**147**	**163**
Deferred tax benefit (28%)	**91**	**92**	**0**	**46**

A deferred tax benefit is not recorded for the parent company due to the 'upper limit' rule in the Norwegian accounting standard.

5. NEW TAX REGIME FOR SHIPOWNING COMPANIES

The WW group has with effect from 01.01.1997 entered into the new Norwegian tax regime (SKTL § 51 A) with the shipowning companies in the group. The enter into the new regime has been performed through establishment of new subsidiary companies and transfer of assets at market value to these new companies in accordance with the 'internforskrift' of 1991. The temporary differences related to the assets is also transferred to the new subsidiary companies. The enter into the new regime should not, according to the new tax rules and regulations, give any payable taxes in itself, and this is reflected in the calculation of tax basis for 1997. Of the total reduction in deferred tax of NOK 464 million, NOK 462 million is related to the enter into the new tax regime. As shown above in the specification of temporary differences it is primarily deferred tax related to vessels, taxable gain/loss account and limited partnerships/NOKUS that has been reduced. The group has at the same time recorded NOK 50 million in deferred tax related to future dividend payments from the companies within the new tax regime.

17 MORTGAGE DEBT AND BOOK VALUE

	Consolidated		Parent company	
NOK mill	1997	1996	1997	1996
Mortgage debt, short term 1)	274	233		136
Mortgage debt, long term	4.870	4.561	512	1.358
Total book value mortgage debt	**5.144**	**4.794**	**512**	**1.494**
Shares			1.165	1.165
Vessels	4.459	4.722		860
Property				
Total book value mortgaged assets	**4.459**	**4.722**	**1.165**	**2.025**

1) The group has in prior years classified the first year instalment on long term debt as short term debt. In the 1997 financial statement the first year instalment is included in long term debt. The corresponding 1996 figures have been changed accordingly.

REPAYMENT SCHEDULE FOR MORTGAGE DEBT PER 31.12.97

NOK mill	
Due in 1998	274
Due in 1999	427
Due in 2000	419
Due in 2001	422
Due in 2002 and later	3.602
Total mortage debt	**5.144**

18 OTHER CURRENT LIABILITIES

Other current liabilities include the following items:

	Consolidated		Parent company	
NOK mill	1997	1996	1997	1996
Accounts payable	209	215	1	27
Short term intercompany liabilities			92	119
Other short term liabilities	458	445	70	53
Total	**667**	**660**	**164**	**199**

19 PENSIONS

See Accounting principles on page 14 for description of the pension schemes and the accounting treatment of these.

1. NUMBER OF PERSONS IN THE PENSION SCHEMES

a) **Funded pension scheme**

The pension funds are primarily invested in bonds, public shares and property.

	Consolidated		Parent company	
	1997	1996	1997	1996
Number of persons under funded				
pension scheme as of 31.12.:				
Employees	581	440	250	257
In pension	374	363	269	256
Total	**955**	**803**	**519**	**513**

19 PENSIONS *CONT.*

b) Other pension schemes (unfunded pension schemes)

	Consolidated		Parent company	
	1997	**1996**	**1997**	**1996**
Number of persons under unfunded pension scheme as of 31.12.:				
Employees	520	534	475	500
In pension	662	655	594	588
Total	**1.182**	**1.189**	**1.069**	**1.088**

2. ASSUMPTIONS FOR THE PENSION CALCULATIONS

	1997	**1996**
Expected rate of return on assets in pension plan	7 %	8 %
Discount rate	6 %	7 %
Annual wage regulation	3%	3 %
Annual regulation of basis amount (G)	2,5%	2,5 %
Annual regulation of pensions	2%	2 %

3. SPECIFICATION OF PENSION COST (NOK MILL)

	Consolidated		Parent company	
	1997	**1996**	**1997**	**1996**
Defined benefit pension plans:				
Service cost	12	13	6	7
Interest cost	43	42	32	31
Actual return on assets in pension plan	(35)	(35)	(25)	(24)
Net amortization and deferrals		-		-
Net periodic pension cost	**20**	**20**	**13**	**14**

4. SPECIFICATION OF NET PENSION COMMITMENTS IN THE BALANCE SHEET AS OF 31.12.

	Consolidated		Parent company	
	1997	**1996**	**1997**	**1996**
Accumulated benefit obligation	(661)	(598)	(492)	(446)
Calculated wage increases	(44)	(36)	(27)	(23)
Calculated pension obligation	(705)	(634)	(519)	(469)
Assets at market value	487	444	336	323
Assets greater (lesser) than calculated pension obligation	(218)	(190)	(183)	(146)
Amortization and deferrals	70	33	57	6
Net pension commitments in balance sheet	**(148)**	**(157)**	**(126)**	**(140)**
Accrued social security tax	**(24)**	**(26)**	**(21)**	**(23)**

20 SHARE CAPITAL

The company's share capital comprises 9.933.128 class A shares and 4.541.641 class B shares, giving a total of 14.474.769 shares with a nominal value of NOK 5,- per share.

21 CHANGES IN EQUITY

PARENT COMPANY

NOK mill	Share capital	Legal reserve	General reserve	Total
Balance 01.01.97	**72**	**514**	**927**	**1.513**
Net income		55	432	487
Group contribution received			58	58
Dividends			(65)	(65)
Equity transfer to subsidiary company			(2)	(2)
Balance 31.12.97	**72**	**569**	**1.350**	**1.991**

CONSOLIDATED

NOK mill	Share capital	Other equity	Sum
Balance 01.01.97	**72**	**1.501**	**1.573**
Net income after minority		660	660
Dividends		(65)	(65)
Translation adjustment		45	45
Other (establishment of affiliated companies/liquidation)		(10)	(10)
Balance 31.12.97	**72**	**2.131**	**2.203**

22 LOANS AND GUARANTEES

	Consolidated		Parent company	
NOK mill	**1997**	**1996**	**1997**	**1996**
Loans to employees	12	5	0	1
Total loans	**12**	**5**	**0**	**1**
Guarantees to employees		4		
Guarantees for group companies	513	851	765	580
Other guarantees	8	2		2
Total guarantees	**521**	**857**	**765**	**582**

23 OFF BALANCE SHEET ITEMS

The Wilh. Wilhelmsen group is through its international operations exposed to changes in exchange rates and interest rates for several currencies. Financial instruments like currency forwards and options are actively used to manage the currency - and interest rate risk.

The operational income is primarily USD based and the majority of the operational expenses are also paid in USD. In the business areas Barber International, Barwil, Wilhelmsen Lines and Wilship will part of the operational expenses be payable in local currencies connected to port calls, at the same time as three of the business areas also run local offices. The administrative expenses for the group are mainly in NOK. Selling USD forward against the local currencies, alternatively using option strategies with similar effect, are used to hedge against undesired currency fluctuations.

All long term debt is financed in USD as the vessels are priced in this currency, and also giving the effect of keeping the financial expenses in the same currency as the operational income stream. The long term debt is primarily syndicated bank financing with a floating interest rate. Interest rate agreements are entered into to hedge the interest rate risk and obtain the desired mix of fixed and floating rate debt in the debt portfolio. As of 31.12.97 close to 40 % of the mortgage debt of approximately NOK 5 billion was hedged on a long term basis (more than one year) through the use of interest rate swaps and options (caps).

The allocation was as follows :

> 2 years	approx. NOK 622 mill (interest rate swap)
> 3 years	approx. NOK 366 mill (interest rate swap)
> 4 years	approx. NOK 468 mill (interest rate swap)
> 5 years	approx. NOK 540 mill (50% interest rate swaps, 50% options)

The average hedging rate is as of year end 6,36 % (exclusive margin) for the interest rate swaps. For the interest rate options the average hedging rate is 8,5 %.

As of 31.12.97 the portfolio of interest rate hedging instruments had a negative mark to market value of NOK 21 million, of which the share related to the hedging instruments in Wilhelmsen Lines amounted to NOK 19 million, while the corresponding share related to WW ASA amounted to NOK 2 million. The currency forward contracts had a negative mark to market value of NOK 0,2 million.
The unrealised losses on these hedging contracts have not been recorded as the losses are regarded as secured against the corresponding unrealised gains on the underlying hedging objects.

Financial derivative instruments are used in the management of the financial assets in the group. The most utilised strategy is the use of "covered call" on the portfolio of financial investments in shares. Of the total portfolio of financial investments in shares in the group, approximately 16 % had "covered call" contracts attached.

24 LONG TERM LEASE AGREEMENTS

The company has a long term lease agreement with 12.5 years remaining for the head office at Lysaker. The annual lease cost amounts to approximately NOK 18 millions, with an adjustment for 75% of the increase in the general price index. The agreement includes purchase options and options to extend the lease period.

25 EXTRAORDINARY ITEMS

The extraordinary income of NOK 443 million is related to the parent company's gain on the transfer of assets to new subsidiary companies in connection with the enter into the new tax regime for shipowning companies. Shares and ownership parts in limited partnerships were transferred at market value from the parent company WW ASA to three newly established subsidiary companies in accordance with the 'internforskrift' of 1991. After the transfer the parent company has no direct ownership parts in vessels, but all vessels are owned through subsidiary companies. The extraordinary income is eliminated in the group accounts as this is only an internal gain in the WW group.
See also note 16.

key figures for the business areas

NOK mill	Total		Wilhelmsen Lines (1)		Wilship		Barwil		Barber International		Holding/ Adjustments (1)	
	1997	1996	1997	1996	1997	1996	1997	1996	1997	1996	1997	1996
PROFIT AND LOSS ACCOUNT												
Gross revenue	5.497	4.858	4.788	4.284	350	311	300	248	140	117	-82	-102
Primary operating income	**1.268**	**791**	**1.091**	**696**	**148**	**104**	**73**	**55**	**36**	**22**	**-80**	**-86**
Ordinary depreciation	-429	-446	-328	-316	-77	-101	-16	-20	-5	-4	-3	-5
Net operating income	**839**	**345**	**763**	**380**	**71**	**3**	**57**	**35**	**31**	**18**	**-83**	**-91**
Net currency gains/(loss)	-402	25	-368	80	-17	7	5	1	3	1	-25	-64
Other financial items	-225	-200	-202	-156	-49	-66	11	10	9	6	6	6
Income before extraordinary items	**212**	**170**	**193**	**304**	**5**	**-56**	**73**	**46**	**43**	**25**	**-102**	**-149**
Gain on sale of car carriers						259						-259
Income before taxes	**212**	**170**	**193**	**304**	**5**	**203**	**73**	**46**	**43**	**25**	**-102**	**-408**
Taxes	448	-61	312	-50	75	-48	-4	-3			65	40
Net income/(loss)	**660**	**109**	**505**	**254**	**80**	**155**	**69**	**43**	**43**	**25**	**-37**	**-368**
Minority		-1		-1								
Net income after minority	**660**	**108**	**505**	**253**	**80**	**155**	**69**	**43**	**43**	**25**	**-37**	**-368**
BALANCE SHEET												
Current assets	2.996	2.500	1.886	1.267	204	263	284	221	178	128	444	621
Long term receivables/investments	187	173	78	116	7	8	69	18	6	7	27	24
Fixed assets	5.252	5.205	4.019	3.911	1.095	1.175	94	90	31	10	13	19
Total assets	**8.435**	**7.878**	**5.983**	**5.294**	**1.306**	**1.446**	**447**	**329**	**215**	**145**	**484**	**664**
Current liabilities	737	712	452	424	582	510	203	223	100	116	-600	-561
Long term liabilities	5.495	5.593	3.930	3.553	895	1.182	98	30	39		533	828
Equity	2.203	1.573	1.601	1.317	-171	-246	146	76	76	29	551	397
Total liabilities and equity	**8.435**	**7.878**	**5.983**	**5.294**	**1.306**	**1.446**	**447**	**329**	**215**	**145**	**484**	**664**

(1) Additional value vessels and goodwill related to the acquisition of NAL, depreciations on these and related deferred tax effects that are recorded as consolidation entries when preparing the consolidated accounts for WW ASA, are included under Wilhelmsen Lines segment.

Investments in fixed assets	481	1.070	427	1.814	0	0	10	23	24	4	20	-771
Sale of fixed assets (sales sum)	63	182	17	175	45	775	1	5	0	1	0	-774

audit report *

TO THE ANNUAL GENERAL MEETING WILH. WILHELMSEN ASA

We have audited the financial statements for Wilh. Wilhelmsen ASA for 1997, showing a profit for the year of NOK 487 million for the parent company and an annual profit of NOK 660 million for the group. The financial statements, consisting of the Board of Directors´ Report, profit and loss account, balance sheet, cash flow statement, notes and consolidated financial statements, have been presented by the company´s Board of Directors and its managing director.

Our responsibility is to examine the company´s financial statements, the accounts and accounting records and other related matters.

We have performed the audit in accordance with the relevant laws, regulations and generally accepted auditing standards. We have performed the audit procedures which we have considered necessary in order to confirm that the annual report and accounts do not contain material errors or misstatements. We have examined on a sample basis the evidence supporting the accounting items and assessed the accounting principles applied, the estimates made by management and the overall financial statements´ content and presentation. To the extent it is required by generally accepted auditing standards we have reviewed the company´s management routines and internal control.

The Board´s proposed disposition of the net profit and equity transfers is in accordance with the requirements of the Joint Stock Companies´ Act.

In our opinion the financial statements are prepared in accordance with the Joint Stock Companies´ Act and present fairly the financial position of the company and the group per December 31, 1997 and the result of the operations in the accounting year in compliance with generally accepted accounting principles.

Oslo 30 March 1998
Coopers & Lybrand ANS

Per Hanstad
State Authorised Public Accountant (Norway)

recommendation from the committee of representatives *

The Committee of Representatives has today discussed the annual report for 1997 together with the auditor´s report. The Committee of Representatives recomends that the Annual General Meeting approves the annual report. The committee of Representatives recommends that the Annual General Meeting approves the Board of Director´s proposed dispositions and transfers of the net result.

Lysaker 30 March 1998

Helen Juell	Gerhard Heiberg *chairman*	Anders Chr. Stray Ryssdal

**) Translated from Norwegian.*

Shipping – the large and the small

Many people appear to believe that shipping is largely a matter of big vessels, big money and bold individual decisions. These have their place, of course, but this is primarily an industry where success depends on able people participating in a series of decisions - large and small - within a structured setting.

The WW group has been involved in shipping for almost 140 years. We have accumulated expertise about all the large and small decisions which make up the shipping business. Our knowledge exceeds our capital assets.

This explains why we have organised ourselves in two shipowning and two service companies - Wilhelmsen Lines and Wilship on the one hand, and Barwil and Barber International (BI) on the other. The first two are capital intensive, while the last two have only made very limited calls on the parent company's capital resources. As a shipping group, we are fairly unusual in our broad commitment and our focus on people.

Barwil and BI have now progressed to the point where they also deserve access to capital resources. For the group, investment in maritime-related operations on land also spreads risk by diversifying funds across many operations and countries.

Let us concentrate this time on Barwil, and the everyday life of a ship agent.

This is a diversified job. By definition, the ship agent acts as the local representative of the operator when a vessel calls at a port. An operator could be the owner - a shipping company - or the ship's charterer. The ship agent offers local knowledge and has the necessary contacts.

Long before a vessel actually arrives, this expertise is highly significant for the operator. A proficient one usually contacts the agent well in advance and specifies what services the vessel will need in port.

Many of these services are the same for all vessel calls. The vessel's papers must be in order, with necessary cargo documentation for submission to the port authority. A berth must be booked, along with dockers and equipment for loading/ discharging. The estimated time of arrival (ETA) must be reported in good time to the port authority, customs and immigration. A pilot usually has to be booked, and often tug assistance as well.

The vessel generally also needs additional services. It will be the agent's job to ensure that supplies of food, water and bunkers, for instance, are delivered while the ship is in port. On occasion, some or all of the crew are due to leave the vessel. So the necessary clearances must be arranged with the immigration authorities, and transport/travel tickets organised. These routines also apply for crew joining the vessel at the same port.

This work is paralleled by extensive exchanges between operator and agent. As the client, the former is naturally concerned to know whether the services booked can actually be provided, how long they will

New business for Barwil

The Barber International and Barwil service companies received authorisation and financial support from the board in 1997 to extend into new areas. In Barwil's case, this has already resulted in several additional activities.

One of these is organised in the Intertransport International Limited subsidiary, which was formally established at 1 January 1998. Through another subsidiary, Wilh Wilhelmsen Agencies, Barwil already handled an extensive transport system for such products as tea and rice from India and Sri Lanka to Russia and the former Eastern bloc. Intertransport will extend this non vessel-operating common carrier (NVOCC) business to other types of cargo and geographic areas - although not in competition with Barwil's existing shipping customers. The new subsidiary will serve as the WW group's global NVOCC operator and forwarding agent, and its coordinator for international projects.

Another innovation last year was Barwil's commitment on land, primarily through distribution terminals. The company is involved at Malaysia's Port Klang in constructing a terminal for artificial fertiliser together with sister company Barber International and Norsk Hydro. An inland terminal has been acquired at Poti in Georgia by a joint venture with local partners. This facility will play a key role in handling deliveries to oil developers in the Caspian. In the Black Sea, Barwil has also taken the initiative to establish the Kafkas Express feeder line with small container vessels between Poti and Istanbul. And a new inland terminal is currently being completed in the latter city, again in cooperation with local partners.

Barwil has already been involved for many years in shipping operations through its Abeer Marine Services subsidiary. This company operates about 30 small high-speed service vessels, primarily to support offshore oil operations in the Middle East and south-east Asia. Abeer Marine Services had some 260 employees at 31 December.

take and what they will cost.

Along the way, direct contact will usually also have been established between the agent and the vessel's captain. The question is whether the ship has any requirements in addition to those defined by the operator.

At the same time, the agent must ensure that cargo recipients or shippers are kept fully posted so they will be ready when the vessel berths. This ensures that loading/discharging can start with the least possible delay. Time is money in port, with many taximeters which all run fast.

Generally speaking, the better the preparations for a vessel call, the quicker - and cheaper - the stay in port will be. Once the vessel is ready to leave, the agent has to clear it out by submitting the necessary documentation to the same authorities as on arrival. And documents required by the operator must be prepared to confirm the work done during the period.

An agent often has a social role to play while the ship is in port. A vessel is a small, self-contained community. As soon as it reaches port, conditions for this society change dramatically. The agent will then be the best local ally of captain and crew, the person who can help to sort out both practical and human problems.

Every vessel call is generally different. In some places, service has to be provided to ships which are not alongside a quay at all. Barwil's offices in Cape Town and Durban, for instance, must arrange the delivery of supplies, equipment and crew to passing vessels which have no need to lose any time by putting into port.

And the agent also has a role to play in the event of accidents. Barwil represents a number of well-known marine underwriters, acting for them locally when anything happens. The agent's job will be to determine the scope of any damage and limit it as far as possible, and to provide whatever help is required to get back to normal.

So far, we've described the duties which are generally common to all types of vessel calling at the agent's port. They relate primarily to the arrival of a tramp vessel or a tanker. Barwil handled roughly 14 000 calls of that type in 1997.

In addition, the company's many offices also act for a number of liner operators. Barwil currently has about 30 liner principals world-wide, accounting for some 2 500 calls in 1997. Wilhelmsen Lines is one of these clients.

A call by a cargo liner normally requires a number of other services from the agent in addition to ones we've already reviewed. This is because the agent also acts as the line's local representative, responsible for securing cargo and for marketing its services in the area. While services performed for trampers or tankers are usually charged at agreed rates, Barwil's earnings as a liner agent directly reflect the amount of cargo its agents succeed in securing.

The liner agent will normally also be responsible for local logistics: containers, road and rail transport or feeder services. Ensuring that cargo does not end up on the quayside or in the hold, but is shipped door-to-door, from factory to consumer, may be another duty.

Similarly, the agent is required to ensure that all services rendered are invoiced and paid for, and that payments go to the right recipient. Everything must be accompanied by appropriate reporting. This represents a relatively time-consuming part of the job at a Barwil office. Operating as a liner agent calls for a number of specialist abilities - from maritime know-how and local knowledge to accounting and documentation.

While tramp, tanker and liner activities dominated operations for the first 17 of

Barwil's 20 years, the cruise business has begun to play a larger role over the past three years. In 1995, Barwil's offices handled 46 cruise liner calls. This had risen to 266 the year after, and the company dealt with 537 cruise calls world-wide in 1997.

Multiplying the duties we've outlined here by more than 16 000 - the number of vessel calls handled by Barwil in 1997 - indicates the scope of this business. The work is done by the network's 166 offices, large and small, in 49 countries and by 2 180 employees. That gives an idea of what daily life is like in one of the world's largest ship agency networks.

We have selected agency operations as one of our priority business areas because this particular activity calls for a combination of maritime expertise and local knowledge, organised in a global network. Agency operations require a culture which thrives on organising people of many nationalities. We will create value through a network which encompasses both local knowledge in each port and an overall framework to guarantee quality and security.

The Barwil chain is an international network - to the benefit of its customers and of Wilh. Wilhelmsen as a group. Being able to utilise the same system world-wide offers clear advantages to the customer. For our part, we have created a "foreign service" which gives us good opportunities to stay in close touch with all developments.

wilhelmsen lines

Wilhelmsen Lines operates a combined fleet of ro-ro and car carriers, partly in liner traffic and partly under contracts of affreightment. The company continued to make positive progress in 1997, when it recorded the best result in its history. Integration of the ro-ro and car carriers into a joint operation has been highly successful, while the markets for both ro-ro and car carriers developed positively through the year. The company can now affirm that the synergies and strategic goals which formed the basis for acquiring Den norske Amerikalinje have been achieved.

BUSINESS CONCEPT

A mission statement drawn up for Wilhelmsen Lines focuses on the development of logistical services for those industries which produce commodities suitable for ro-ro transport. This statement emphasises that Wilhelmsen Lines has its strength and distinctive identity in a small but very interesting niche market. In line with this mission statement, the company will continue to develop strong and lasting ties with its customers world-wide. The aim is to offer them services above and beyond the primary business of maritime transport from port to port.

REGIONALISATION

Wilhelmsen Lines continued a process of decentralisation by transferring operational and commercial functions from the head office in Oslo to geographic regions. From 1 January 1998, the company's offices outside Norway have been integrated functionally and organisationally in the WW group's regional organisations for Oceania and the Americas. This integration means that staff functions related to Wilhelmsen Lines in the new regions are moved up to staffs for the regional managements. The company is continuing the regionalisation process in south-east Asia, where it should be operational in mid-1998.

IT COMMITMENT

Effective and flexible computer systems are becoming increasingly important for Wilhelmsen Lines. The new accounting system introduced at head office in 1997 will also become operative at all subsidiaries outside Norway during 1998. Work continued at Wilhelmsen Lines in 1997 on a new management system for all agency operations. This will be integrated in the course of 1998 with the new accounting system. New solutions were also adopted in 1997 for voyage calculation, reporting and cargo tracking. Several of these systems have been made available as internet versions. In addition, a new system was introduced for production and operation of EDI reports with customers and sub-contractors. The goal of fully-integrated computer solutions for head office and subsidiaries will be met during 1998.

QUALITY IN FOCUS

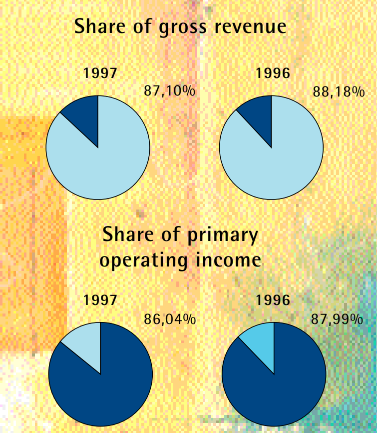
Wilhelmsen Lines maintained a strong focus on quality in 1997. Key areas have been quality assurance of management and operational activities as well as system improvements. A concept based on total quality management was enhanced and certified to ISO 9002 during the year.

Customers are making ever greater demands on the products offered by the company, so measuring how deliveries have met customer expectations is becoming more and more important. A stronger commitment in this area has given improved measurements, more effective corrective measures and enhanced customer satisfaction.

NEW VESSEL TYPE

Together with Barber Marine Consultants, Wilhelmsen Lines pursued a major project during the year to develop a new type of ro-ro carrier which is better than existing designs at combining large volumes of ro-ro cargo with cars. All cargo will be carried below deck - in other words, no containers are to be stacked in the open. This new vessel type will sail alongside the existing ro-ro fleet.

Several shipyards were invited to tender for building a series of these new carriers, and Wilhelmsen Lines signed a letter of intent in early March 1998 with Korea's Daewoo Heavy Industries for building of three ro-ro vessels. This agrement includes an option for three additional vessels.



Mill NOK	1997	1996
Gross revenue	4.788	4.284
Primary operating income	1.091	696
Ordinary depreciation	(328)	(316)
Net operating income	763	380
Net financial items	(570)	(76)
Income before taxes	193	304
Taxes	312	(50)
Net income	505	254
Minority		(1)
Net income after minority	505	253

REFINANCING

Wilhelmsen Lines refinanced its mortgage loans in October/November 1997 through a new drawing facility of USD 510 million. This loan was provided by an international bank syndicate led by Deutsche Bank, Christiania Bank, Sparebanken Nor and Chase Manhattan. Its terms are very satisfactory, and the facility includes the opportunity to finance three planned newbuildings.

NEW TAX REGIME

With effect from the tax year beginning on 1 January 1997, Wilhelmsen Lines adapted to the new Norwegian tax regime for ship-owning companies. This was accomplished by transferring 25 of its vessels to Wilhelmsen Lines Shipowning AS, a newly-formed company within the new system, or its subsidiaries. All the transferred vessels have been chartered back to Wilhelmsen Lines AS.

THE FLEET

Wilhelmsen Lines owns 11 ro-ro carriers and 18 car carriers. Takamine, a large pure car and truck carrier (PCTC), was delivered in March 1997 by Sumitomo Heavy Industries in Japan. This vessel is a sister vessel of Takasago, which was received by the company from the same yard in December 1996.

Technically speaking, all the vessels functioned well in 1997 with minimal off-hire and without serious accidents.

OPERATIONS AND CARGO

Cargo availability was good in 1997. The majority of the ro-ro carriers and PCTCs in Wilhelmsen Lines were employed in the round-the-world service between Europe, the USA, Australia/New Zealand and the Far East. This network is divided into separate trades which are described in greater detail below.

Integrating of ro-ro and car carriers has given the company an opportunity to offer customers more frequent sailings and greater flexibility. Strategic alliances with important customers have thereby been further strengthened.

Competitive terms developed rather differently for the various types of cargo

carried by Wilhelmsen Lines. The position in the container segment worsened even further, particularly from the Far East to the USA. Developments were somewhat more stable from Europe and the USA to Australia, but both volumes and rates have also been under pressure there.

The car-carrying business was characterised in 1997 by tonnage shortages, primarily because Japan and Korea exported more cars than expected throughout the year. These conditions are likely to persist into 1998. The tonnage position should normalise towards the end of this year as export

volumes decline slightly and several newbuildings are delivered to different operators. Because these new vessels are advanced car carriers with the ability to ship larger and heavier units, some increase in competition is expected in the ro-ro segment.

The economic crisis in the Far East had a negative impact on the company's cargo volumes towards the end of 1997. This will continue in 1998. Action plans for different market developments have been drawn up by Wilhelmsen Lines, and one or more of these will be implemented if and when conditions make this necessary.

With the exception of consignments for the Far East, Wilhelmsen Lines expects cargo availability to be good during 1998.

EUROPE/NORTH AMERICA-AUSTRALIA/NEW ZEALAND

The good cargo availability and results recorded for this trade in 1996 continued during 1997.

Volumes of rolling and project cargoes and cars remained high. A monthly service by car carriers to New Caledonia and Tahiti was initiated by the company in the summer. Container volumes declined somewhat from 1996 to 1997 as competition increased. This tougher climate was particularly noticeable on the Far East lines which tranship via Singapore to Australia and New Zealand.

The volume of rolling and project cargoes from North America remained high, while container volume declined slightly. A monthly service by car carriers calling on the US east coast was initiated by Wilhelmsen Lines on 1 January 1997 to ship cars and other rolling consignments to Australia/New Zealand.

An important goal in 1997 was to integrate the PCTCs into the Australia/New Zealand trade, which comprises three lines with two sailings per month by ro-ro carrier, two per month by car carriers and a separate ro-ro service from the US east coast via West and South Africa to Australia, returning the same way.

EUROPE-RED SEA/FAR EAST

As expected, cargo availability was very good in the first part of 1997, with good utilisation of the car carriers. In addition, a large number of cars covered by contracts of affreightment were shipped under space charters with other operators from Europe to the Far East.

Cargo availability changed during the summer, with declining volumes - particularly in the car segment. This downturn persisted through the autumn and was further reinforced towards the end of the year by the economic crisis in the Far East. Overall exposure was limited, however, since Wilhelmsen Lines had reduced sailings with its own vessels from three per month in 1996 to one per month at the beginning of the year. The final result was nevertheless rather better than expected.

Somewhat greater uncertainty prevails about cargo availability in 1998 because of the difficult economic position in the Far East, and some decline in cargoes is accordingly expected during the first half-year. The market could improve a little during the second six months.

NORTH AMERICA-RED SEA/FAR EAST

A need arose early in the year to commit additional tonnage between the US east coast and south-east Asia/Far East in the ro-ro and project cargo segments. At the same time, increased capacity was required on the return legs, particularly from Korea/Japan to the USA. On that basis, Wilhelmsen Lines chartered three ro-ro carriers for a separate round-the-world service. With a round trip duration of 90 days, this tonnage provided one sailing a month. The basis for the service is rolling cargo and various forms for heavy equipment for the oil industry as well as lumber. This line was hit by the changes in market conditions which followed the economic crisis in the Far East. Wilhelmsen Lines is awaiting further market developments before seeking possible alternative solutions for the line.

NORTH AMERICA-WEST AFRICA/SOUTH AFRICA/AUSTRALIA AND BACK

A pendulum service has been operated by Wilhelmsen Lines throughout 1997 between the US east coast, West/South Africa and Australia, returning the same way. Utilising three medium-sized ro-ro/container carriers, this line has offered one sailing per month. Cargo availability from the US east coast to Africa and Australia, including both rolling and non-containerisable consignments as well as containers, was good and secured virtually full utilisation eastbound. Volumes have unfortunately declined on the return legs - primarily from Australia to Africa. This line nevertheless made a positive contribution in 1997. Market conditions are expected to remain unchanged in 1998.

FAR EAST-NORTH AMERICA

The year was characterised first and foremost by higher cargo volumes in all segments. This gave opportunities for increasing rates and adjusting cargo composition, which gave a better result. The market reflected a lack of tonnage, and the shortage of car carriers was particularly noticeable throughout the year. Vessels such as refrigerated carriers or container vessels were chartered in to carry cars during the most hectic periods, but this is not particularly advantageous in financial terms.

Growth in demand and weak Asian currencies laid the basis for a general 10 per cent expansion in volume compared with 1996.

The strong position enjoyed by Wilhelmsen Lines in the market for project and ro-ro cargoes was further strengthened during 1997. Cooperation with car customers in Korea was also expanded, primarily for shipments to North America where volumes are expected to grow in 1998.

Increased volumes and tonnage commitments in this line over the year have given certain rationalisation gains, but room exists for further improvements. Availability of appropriate cargoes is expected to improve in 1998, which could have a positive impact.

The decision to establish a separate regional office in the Far East should enhance the general level of quality for all operations in the area.

USA-EUROPE (TROLL)

Following a reduction in volumes during 1996 because of low prices and extensive stock-building, 1997 proved a very strong year for American exports of timber and paper products to Europe. Linerboard volumes were very high and helped to boost the overall figure by 17 per cent in relation to 1996. Chemical pulp cargoes were lower than expected, but new contracts mean that prospects for 1998 are nevertheless good. Plywood/fibreboard volumes remained strong and stable throughout 1997.

Wilhelmsen Lines has pursued a strategy of conscious commitment to American exporters selling to Europe on a contract basis rather than ad hoc. This has helped the company to avoid major fluctuations. Shippers traditionally have a poor season in the second quarter, but increased European demand for paper and paper products meant that exports remained strong. Vessels have generally been fully laden through the year.

The pulp and paper industry went through a consolidation phase in 1997, with many small companies taken over to become part of larger entities. It remains too early to say how this might affect the market, but 1998 is likely to be a stable year for the sector.

OTHER ROUTES

Wilhelmsen Lines made 11 voyages from Japan to Europe under its contract with Japanese shipowner NYK and Swedish shipping company Wallenius. Five time charter voyages were also made. The market for carrying cars from Japan to Europe increased substantially during the year compared with 1996, and is expected to remain strong in 1998.

The US-flag car carriers which are operated in the North Atlantic together with Wallenius had good access to cargo both eastbound and westbound, so financial results were satisfactory.


wilship

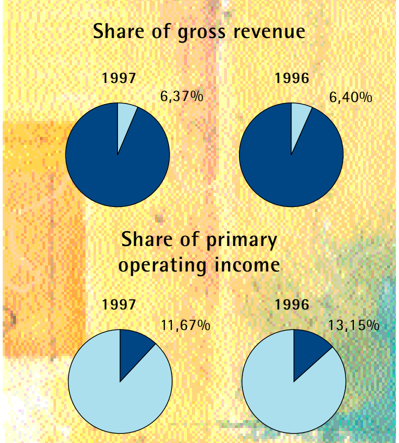
The Wilship division of Wilh Wilhelmsen ASA operates as a separate profit centre in line with the group's other subsidiaries.

Wilship handles WW's shipping activities other than liner traffic and car carrying, and is involved in tankers, bulk carriers and special trades as well as chartering and project operations, newbuilding, purchase and sale of vessels, and bunker trading through Aagaard Bunker Brokers AS.

Although results for Wilship improved in 1996 from the year before, they remain unsatisfactory.

Wilship currently operates a fleet of four vessels in the very large crude carrier/ very large ore oil carrier (VLCC/VLOOC) segments. Apart from the VLOOC contract to carry iron ore from Brazil to the Far East, all oil voyages are fixed in the spot market.

T/t Torino, built in 1975, was sold for scrap in April for technical reasons. Wilship has wished to maintain its commercial exposure to the tanker market, and a sum equivalent to the sale income has therefore been invested in listed tanker shares.



Mill NOK	1997	1996
Gross revenue	350	311
Primary operating income	148	104
Ordinary depreciation	(77)	(101)
Net operating income	71	3
Net financial items	(66)	(59)
Income before extraord. items	5	(56)
Gain on sale of car carriers		259
Income before taxes	5	203
Taxes	75	(48)
Net income	80	155

Wilship gives top priority to maintaining a high technical standard on its vessels, and draws on the experience and expertise available in the group to achieve this goal. Technical management and manning of the vessels are assigned to Barber International. In this context, quality and safety represent key objectives. Quality assurance in Wilship was certified by Det Norske Veritas in accordance with ISO 9002 during 1997, and all Wilship's units were issued with a document of compliance as specified in the ISM code.

TANKERS

Large tanker tonnage made clearly positive progress in 1997, although the year was also affected by substantial fluctuations. We can register an average rise in daily rates of around USD 8 000 from 1996 for both old and new VLCC tonnage.

Preliminary estimates show that crude oil shipments measured in tonnes increased by roughly 3.7 per cent from 1996, from 1 800 million tonnes to 1 950 million. Most of this increase occurred from the Arabian Gulf, while shipments of North Sea oil stagnated after several years of substantial expansion. Of the major consumer countries, the USA increased crude oil imports by roughly 7.4 per cent while Japanese purchases rose some five per cent.

The world tanker fleet stood at an estimated 265.9 million tonnes deadweight at 31 December 1997 as against 264.9 million a year earlier - in other words, virtually unchanged. Only nine VLCCs were delivered in 1997, while nine with an average age of 24 years were sold for scrap.

A total of 66 VLCCs were on order at the end of 1997, as against 26 a year earlier. These newbuildings correspond to 19.5 million tonnes or about 15.6 per cent of the existing world fleet of this size. Fourteen of the newbuildings are due for delivery in 1998, 29 next year and 23 at present in 2000 and beyond. In other words, 1997 was a very active year for ordering new VLCCs until Korea's economic difficulties became clearly visible. Newbuilding prices remained more or less unchanged during the year.

M/t Tartar and m/t Tarim operated in the spot market throughout the year. Both achieved an average daily time charter rate of USD 34 500. The two combined carriers o/o Docefjord and o/o Tijuca made three voyages under the contract with Petrobras and two in the spot market.

M/t Tartar had its guarantee and five-year class survey docking during the third quarter. A corresponding docking was done for m/t Tarim in February 1998.

The outlook on rates for large tankers in 1998 is very uncertain. Economic conditions in south-east Asia are important, and currently exert a negative influence. In the longer term, however, Wilship believes that fundamental conditions should allow some improvement in rates.

BULK CARRIERS

Total maritime transport of dry cargo, measured in tonne-miles, increased by 6.5 per cent from 1996 to 1997. Ore consignments rose by 8.7 per cent, grain by 6.2 per cent and coal by 5.7 per cent. Other bulk commodities showed little or no change. Rates for large bulk carriers fluctuated a good deal during the year, but average levels were on a par with 1996. Rising demand for bulk shipments in 1997 was met by regular deliveries of new tonnage.

The world fleet of bulk carriers expanded by 4.5 per cent from the year before, and was estimated to total about 267 million tonnes at 31 December 1997 as

against roughly 256 million a year earlier. Newbuildings totalling 24.5 million tonnes were on order at 1 January 1998, corresponding to about nine per cent of the existing bulk carrier fleet.

Wilship's two combined carriers, owned jointly with Brazilian partner Vale do Rio Doce Navegacao SA (Docenave), continued their long-term contract of affreightment to carry iron ore from Brazil to Japan, returning with oil westbound from the Middle East. Results from the iron ore voyages were satisfactory. Extensive maintenance was done on both vessels in connection with their 10-year class surveys in late 1996 and early 1997.

AAGARD BUNKER BROKERS

Aagaard Bunker Brokers, a wholly-owned subsidiary of Wilh. Wilhelmsen ASA, purchased 600 000 tonnes of bunkers on behalf of group companies in 1997 and brokered 400 000 tonnes for other shipowners. At USD 103 per tonne, the average price was USD 10 lower than in 1996. The company again made use of hedging mechanisms for its customers.

The year opened with the spot price for Brent Blend reference crude at well over USD 24 per barrel, and closed with the price at USD 16 per barrel. Prices continued to fall in early 1998, giving a clear indication of how difficult this market can be to predict. Crude oil prices remained relatively high until November. Since then, an increased ceiling for Opec production, mild weather and economic conditions in the Far East have driven the market price to an unexpectedly low level. Low prices for crude oil and bunkers are expected to persist into 1998.


barwil agencies

Barwil Agencies AS (Barwil), a wholly-owned subsidiary of Wilh. Wilhelmsen ASA, operates an extensive international ship agency network and is a world leader in this field. The geographical scope of Barwil's operations has expanded strongly in recent years, and this growth continued during 1997. Activity was very high in all areas, and the financial results were good.

The head office in Oslo administers two principal businesses: a global network of ship agencies and operation of a fleet of service vessels for the oil industry.

Through its own and associated companies, Barwil's operations - including the agency network and service vessels - now embrace 166 offices in 49 countries. These include port offices and branches. Joint ventures or partnerships have been formed with local interests in 38 countries. In addition to the agency network, Barwil operates 31 service vessels in the Middle East and south-east Asia.

Close to 2 200 people were employed in Barwil's operations at 1 January 1998, including about 1 900 in the agency network and roughly 260 employed at sea and ashore on operating the service vessels.

AGENCY NETWORK

Barwil's international agency network represents a number of major liner operators and roughly 2 500 tramp, tanker, cruise ship and gas carrier operators and charterers. The most important services offered include ship clearance, liner and cruise agencies, bunkering, crew transport, insurance, inspections, supplies, docking, container and terminal operation, air freight, forwarding, door-to-door transport and project cargoes. (A separate article on pages 30-31 describes the company's operations in greater detail).

Barwil cleared some 16 500 liner/tramp/cruise/gas vessels through its agency network in 1997.

During the year, the company initiated new operations in Kenya, Australia and New Zealand. It has also expanded since 1 January 1998 in France, Italy and Lebanon.

Barwil acquired the WLB agency network in Australia during the autumn of 1997. On 1 January 1998, it took over the French agency companies Agencies Maritimes Pomme and Pomme et Cie, headquartered at Port-de-Bouc outside Marseilles. With these acquisitions, Barwil expects to increase the number of vessel clearances to about 20 000 in 1998.

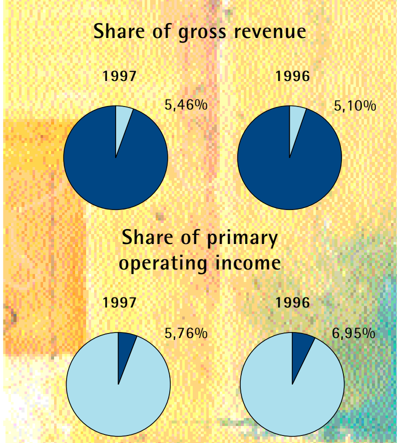
The company also bought out its local partners in South Africa, making this operation wholly owned from the New Year. In 1997 and early 1998, Barwil and its local partners in Dubai, Istanbul, Poti in Georgia and Malaysia's Port Klang invested in new business areas covering terminals, inland transport and warehousing. The company also laid the basis for establishing Intertransport International, which became the group's non-vessel-operating common carrier (NVOCC) on 1 January 1998 and will eventually be responsible for international projects as well. This business will initially concentrate on eastern Europe.

SERVICE VESSELS

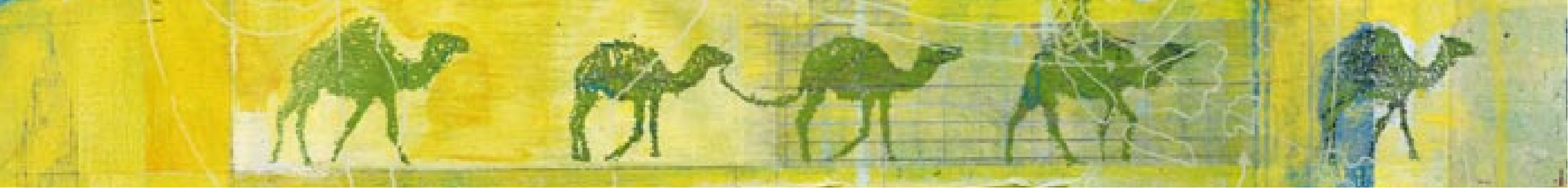
Through its Abeer Marine affiliate, Barwil operated 28 service vessels for the offshore industry during 1997. In early 1998, the company acquired a service vessel and took delivery of two newbuildings. It operates a total of 31 service vessels in the Arabian Gulf and south-east Asia.

Operating mostly on medium- and long-term time charters, the service vessels had a very good workload in 1997. Results from this business improved by comparison with the year before.

The Barwil group expects results to strengthen in some regions following a number of new investments. However, currency unrest and economic trends in the Far East are a cause for concern. The outlook for Barwil's operations in this area is accordingly uncertain.



Mill NOK	1997	1996
Gross revenue	300	248
Primary operating income	73	55
Ordinary depreciation	(16)	(20)
Net operating income	57	35
Net financial items	16	11
Income before taxes	73	46
Taxes	(4)	(3)
Net income	69	43



agency offices

EUROPE
Algeciras
Augusta
Baku
Batumi
Beirut
Bourgas
Bremen
Constantza
Gibraltar
Gothenburg
Hamburg
Haydarpasa
Helsinki
Illychevsk
Iskenderun
Istanbul
Izmir
London
Marseille
Novorossiysk
Odessa
Oslo
Piraeus
Port de Bouc
Poti
Sete
Siracusa
Tallin
Thessaloniki
Varna

AUSTRALIA
Adelaide
Bell Bay
Brisbane
Cairns
Dampier
Darwin
Fremantle
Gladstone
Geelong
Mackay
Melbourne
Newcastle
Port Hedland
Port Kembla
Sydney
Townsville
Whyalla
Weipa

NEW ZEALAND
Auckland
Christchurch
Wellington
Tauranga

PANAMA
Panama City

SOUTH AMERICA
Santos
Sao Paulo

USA
Baltimore
Beaumont
Houston
Los Angeles
New Orleans
New York
Philadelphia
Portland (Oregon)
San Fransisco
Seattle

AFRICA
Alexandria
Cairo
Cape Town
Damietta
Durban
Johannesburg
Khartoum
Mauritius
Mombasa
Mosel Bay
Port Said
Port Sudan
Suez

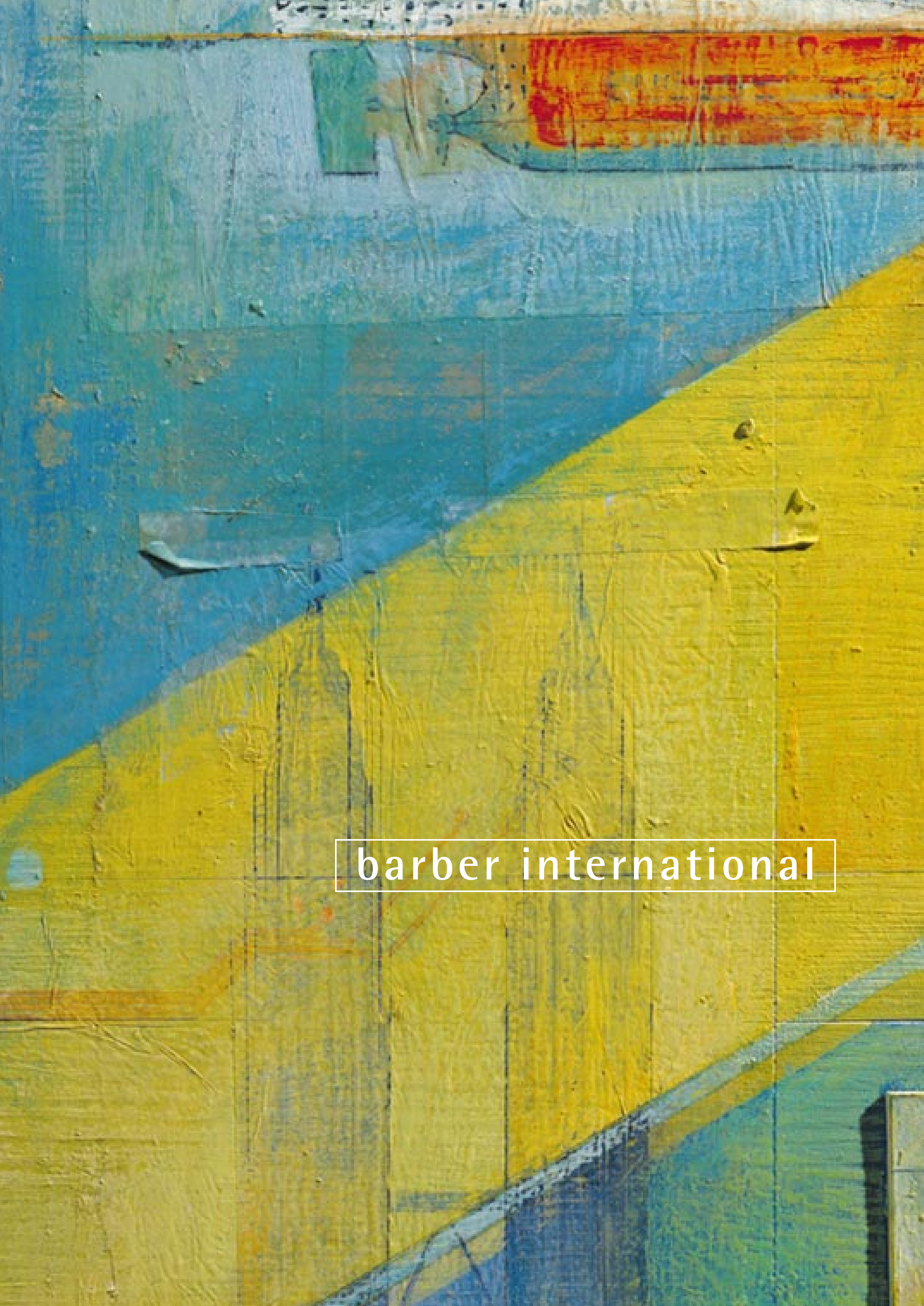
FAR EAST
Bangkok
Beijing
Belawan
Bintulu
Busan
Colombo
Dalian
Danang City
Ho Chi Minh City
Hong Kong
Inchon
Jakarta
Kaohsiung
Keelung
Kemaman
Kuala Lumpur
Kota Kinabalu
Kuantan
Kuching
Labuan
Lumut
Malacca
Maptaphut
Miri
Pasir Gudang
Penang
Port Kelang
Seoul
Shanghai
Sibu
Singapore
Sriracha
Subic Bay
Surabaya
Taichung
Taipei
Tanjung Priok
Trengganu
Tokyo
Ulsan
Vung Tau City
Zhuhai
Quingdao

MIDDLE EAST
Abu Dhabi
Aden
Amman
Aqaba
Bahrain
Beirut
Dammam
Dubai
Fujairah
Hodeidah
Jebel Ali
Jeddah
Jubail
Kuwait
Mumbai
Muscat
Rabigh
Ras al Khaimah
Ras Tanura
Riyadh
Salalah
Yanbu

associated barwil offices

EUROPE
Antwerpen
Ghent
Zeebrugge
Bremerhaven

ABEER MARINE SERVICES OFFICES
Balikpapan
Jakarta
Ras Tanura
Singapore
Trengganu

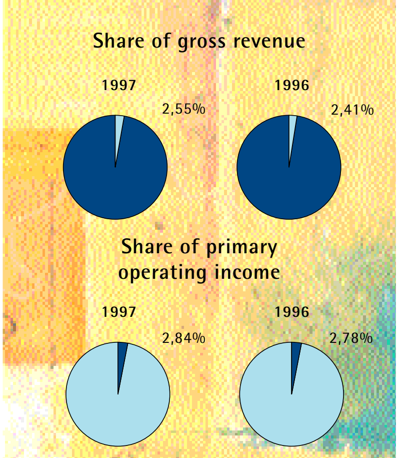


barber international

Barber International Ltd ranks as one of the world's leading companies in ship management, manning and provision of technical-maritime consultancy services. Since 1994, its operational head office has been in Kuala Lumpur, Malaysia. The company has operations offices in Kuala Lumpur, Oslo, Dubai and New Orleans as well as its own manning offices in Oslo, Kuala Lumpur, Bombay, Calcutta, New Delhi and Stettin. About 5 000 seagoing personnel are attached to Barber's operations, which included responsibility for full management or manning on 182 vessels at 31 December 1997. This compares with 162 a year earlier. This fleet is owned by about 35 different companies and sails under 15 different flags.

Considerable progress was made by Barber in 1997. The company is now reaping the rewards of several years of restructuring, and both operational and financial results were good. With the level of activity higher than ever, virtually all operating units showed a profit. The positive trend from the second half of 1997 has continued into 1998.

Barber experienced a breakthrough in several new markets, and reached all its principal targets for 1997 - an increase in the size of the fleet, higher income and the establishment of new business areas. More vessels also help to enhance efficiency at the individual operation offices. Efforts at Barber to improve safety and quality continued with undiminished vigour.



Mill NOK	1997	1996
Gross revenue	140	117
Primary operating income	36	22
Ordinary depreciation	(5)	(4)
Net operating income	31	18
Net financial items	12	7
Income before taxes	43	25
Taxes		
Net income	43	25
Minority		
Net income after minority	43	25

MARKET

A number of new customer relationships were established by Barber in 1997, particularly with shipping companies based in Scandinavia and the Far East. These include the big Frontline and Argonaut tanker companies. Barber took over technical management of seven large tankers for Argonaut in the space of just three months, expanding its fleet by roughly two million tonnes. The company has cultivated several new markets for technical management and manning in the Far East. Unrest in the region's financial markets has substantially reduced interest in investment among shipowners, while simultaneously putting them under heavy pressure to improve cost efficiency. These developments open new opportunities for Barber, which has little exposure to local currency fluctuations. In general, it can be said that prospects are good for all Barber's markets in 1998, providing the crisis in the Far East does not become excessively negative or last too long.

OPERATIONS

Operation of the fleet was characterised by high standards throughout and few significant accidents. Substantial efforts were also made to establish new and more specific operating goals for the Barber fleet. A new reporting and follow-up system was introduced to measure performance against objectives set and to make it easier to identify the potential for improvement on the basis of actual results. Other work on quality assurance included a considerable commitment to certification procedures under the ISM code for vessel management. The size of the Barber fleet has made this work very demanding, but the process is on schedule. All Barber's operations offices had a document of compliance at 31 December 1997, and all vessels which need a ship management certificate (SMC) will fulfil this requirement by 1 July 1998.

SPECIAL VESSELS

Barber has recently focused its marketing efforts on managing more complicated and high-tech vessels, where the company can make better use of its quality expertise. Such tonnage includes liquefied petroleum gas carriers, cruise liners, floating production, storage and offloading (FPSO) units, drill ships, platforms and other special vessels. The most important assignment of this type secured by Barber in 1997 was maritime management of the Sea Launch project in cooperation with Kværner Maritime. This job covers manning and technical management of an offshore launch platform for commercial satellites and its transport and command vessel. Other offshore projects in which the company is involved include management of a drill ship and maintenance of two platforms specially built for Arctic conditions.

NEW BUSINESS AREAS

On the manning side, Barber established a joint venture with a major Japanese shipping company to recruit Indian seafarers from Mumbai (Bombay). This business will

be pursued in close cooperation with the company's existing manning operation in India. Another important event was the acquisition of software rights to an advanced maritime accounting and procurement system and the present build-up of an organisation to sell, support and develop maritime computer programmes. These new services will extend expertise acquired over many years of involvement in ship management. During 1997, Barber also expanded its customer base for post-fixture operation from a single client and one type of vessel - chemical carriers - to cover several customers and vessel types. The company intends to continue developing this service.

RESOURCES

Qualified officers are still in short supply, and Barber has opted to devote substantial resources to recruiting and training Norwegian seagoing personnel. The company has earmarked six vessels as training vessels, with special provision for training and developing young apprentices and cadets seeking a maritime career. A total of 330 Norwegian seafarers are currently attached to Barber, including 70 under training. This figure has doubled over the past couple of years as part of the WW group's commitment to maintaining and increasing a strong and extensive Norwegian maritime element in its operations.

In addition, the company has intensified recruitment in India, in part through the establishment of its own training centre at Mumbai. India has been the principal source of Barber's officers for the past 20 years, and competition over the best candidates from this country increased during 1997. For this reason, the company wants to play a more active role in developing the substantial manning potential which India continues to represent.

BARBER MARINE CONSULTANTS

Barber Marine Consultants (BMC) is the WW group's centre for technical-maritime expertise. The division provides engineering services both within the group and to external customers in such areas as project management, newbuilding supervision, plan approvals and condition assessments, and keeps continuously updated on new technology and progress with existing know-how. Major assignments were performed during 1997 in Norway, Japan, Russia, the UK, Canada and Singapore.

BMC had a very active year in 1997. It has been responsible for development, conceptual engineering and design of the new generation of ro-ro vessels for Wilhelmsen Lines. In addition, site supervision has been provided for very extensive repair work on the Sea Empress tanker, a demanding marine engineering project.

And the division is closely involved in the Sea Launch project, which is now in the outfitting phase for the Odyssey and Sea Launch units at Russian yards in Vyborg and St Petersburg respectively. Newbuilding supervision is also being provided at the Kværner yard in Vyborg for a series of 12 offshore stand-by vessels. In Singapore, BMC is involved in the building of Saga's Varg production vessel for the North Sea, which is nearing completion.

BMC expects 1998 to be another very active year.

WILHELMSEN INSURANCE SERVICES

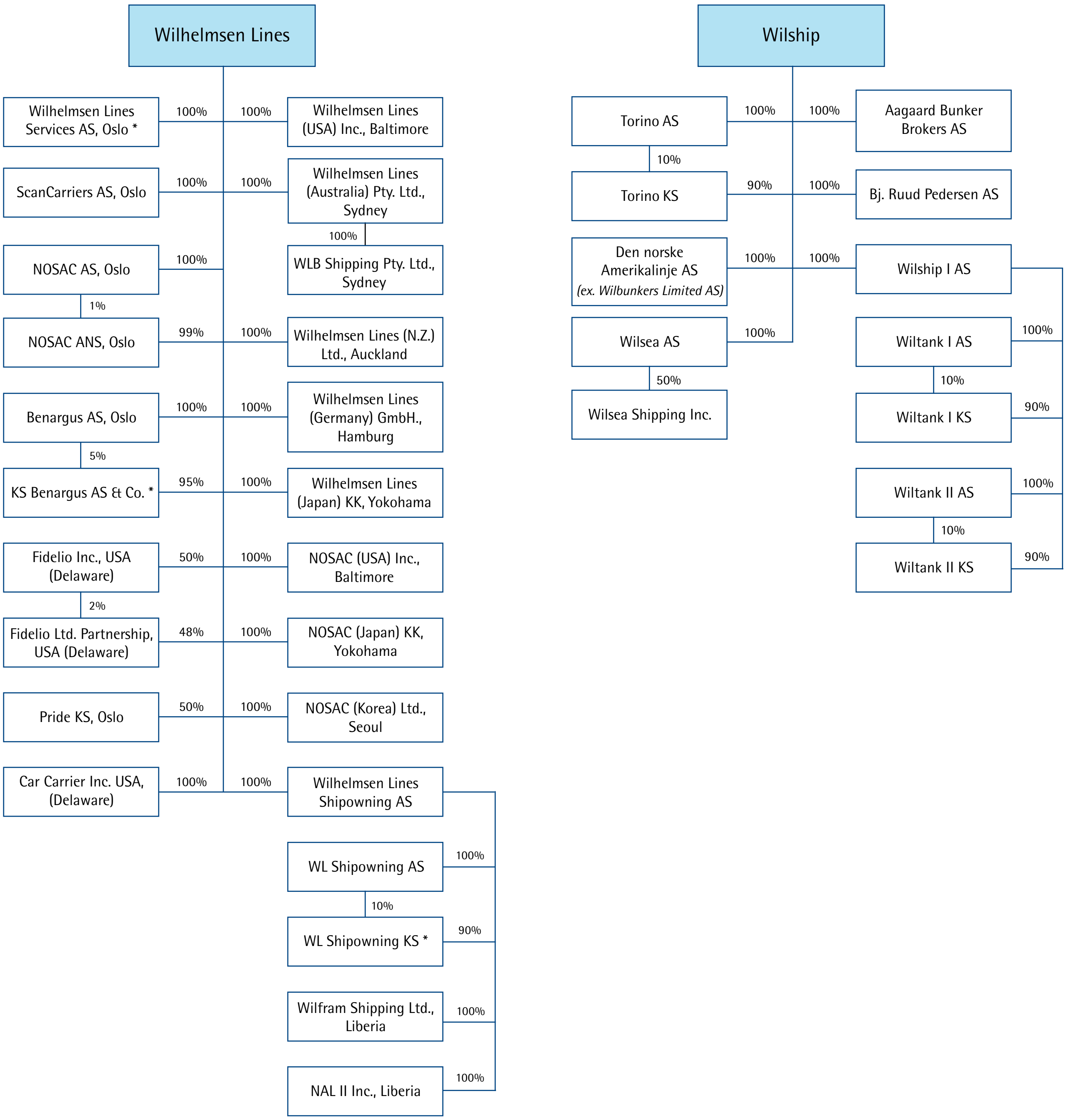
The WW group's insurance expertise was concentrated in 1989 in a separate profit centre, Wilhelmsen Insurance Services AS (WIS), which is a wholly-owned subsidiary of Wilh. Wilhelmsen ASA. WIS offers advice and assistance in placing all maritime risks for vessels belonging to the WW group, and for vessels owned by other companies which are managed by Barber and for which Barber holds insurance responsibility.

Other services provided by WIS include settlement of claims, collecting and allocating payments from underwriters for all losses affecting its clients, and some assistance with the settlement of cargo damage claims.

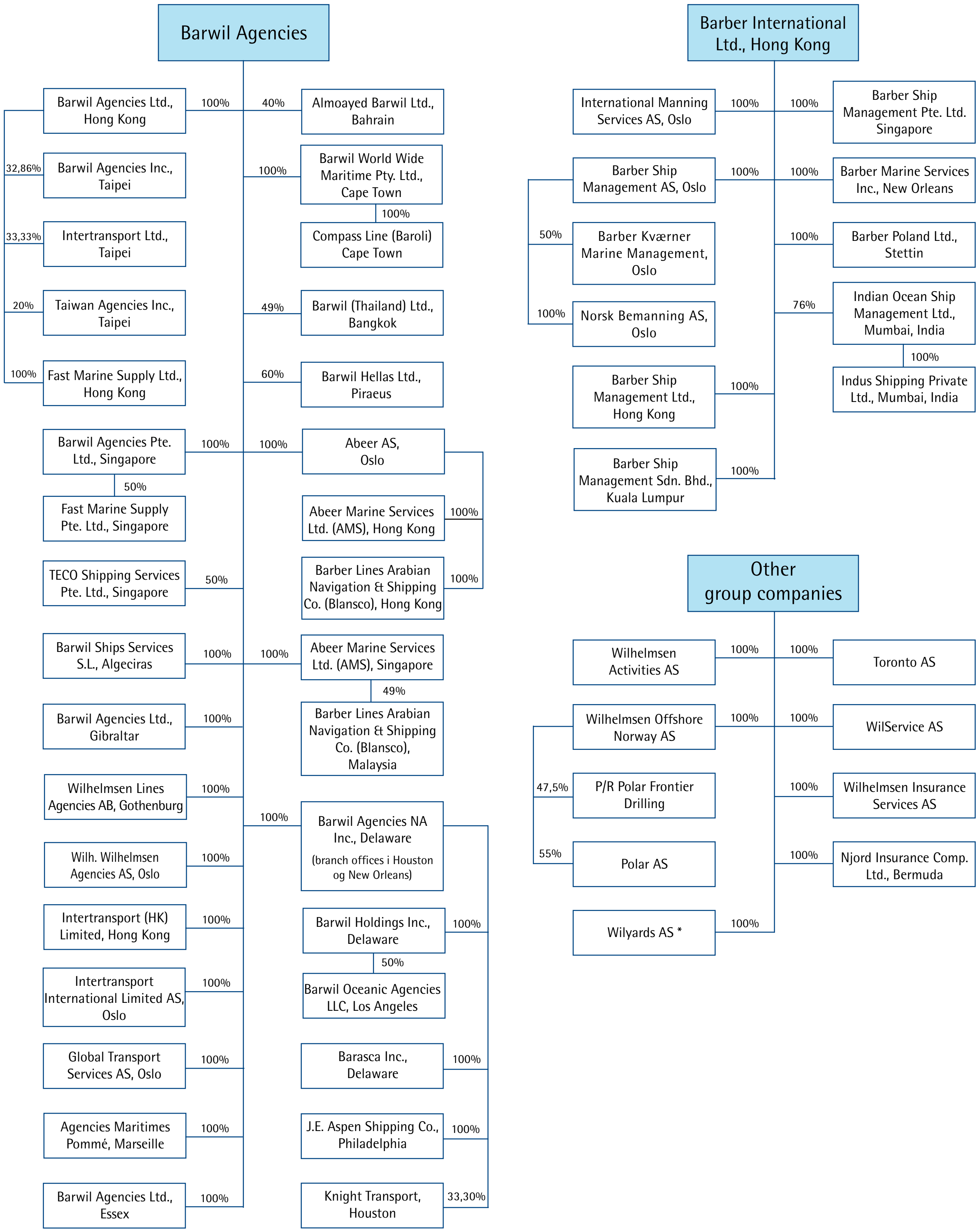
Premiums for most types of insurance continued to fall, and this trend is expected to continue for a time. Thanks to its overall volume and economics of scale, WIS is able to secure additional reductions in insurance costs for its clients.

The company achieved satisfactory financial results in 1997.

business areas



*) company under liquidation


Barwil Agencies
Barwil Agencies Ltd., Hong Kong
100%
32,86%
Barwil Agencies Inc., Taipei
33,33%
Intertransport Ltd., Taipei
20%
Taiwan Agencies Inc., Taipei
100%
Fast Marine Supply Ltd., Hong Kong
Barwil Agencies Pte. Ltd., Singapore
100%
50%
Fast Marine Supply Pte. Ltd., Singapore
TECO Shipping Services Pte. Ltd., Singapore
50%
Barwil Ships Services S.L., Algeciras
100%
Barwil Agencies Ltd., Gibraltar
100%
Wilhelmsen Lines Agencies AB, Gothenburg
100%
Wilh. Wilhelmsen Agencies AS, Oslo
100%
Intertransport (HK) Limited, Hong Kong
100%
Intertransport International Limited AS, Oslo
100%
Global Transport Services AS, Oslo
100%
Agencies Maritimes Pommé, Marseille
100%
Barwil Agencies Ltd., Essex
100%
40%
Almoayed Barwil Ltd., Bahrain
100%
Barwil World Wide Maritime Pty. Ltd., Cape Town
100%
Compass Line (Baroli) Cape Town
49%
Barwil (Thailand) Ltd., Bangkok
60%
Barwil Hellas Ltd., Piraeus
100%
Abeer AS, Oslo
Abeer Marine Services Ltd. (AMS), Hong Kong
100%
Barber Lines Arabian Navigation & Shipping Co. (Blansco), Hong Kong
100%
100%
Abeer Marine Services Ltd. (AMS), Singapore
49%
Barber Lines Arabian Navigation & Shipping Co. (Blansco), Malaysia
100%
Barwil Agencies NA Inc., Delaware
(branch offices i Houston og New Orleans)
Barwil Holdings Inc., Delaware
100%
50%
Barwil Oceanic Agencies LLC, Los Angeles
Barasca Inc., Delaware
100%
J.E. Aspen Shipping Co., Philadelphia
100%
Knight Transport, Houston
33,30%
Barber International Ltd., Hong Kong
International Manning Services AS, Oslo
100%
Barber Ship Management AS, Oslo
100%
50%
Barber Kværner Marine Management, Oslo
100%
Norsk Bemanning AS, Oslo
Barber Ship Management Ltd., Hong Kong
100%
Barber Ship Management Sdn. Bhd., Kuala Lumpur
100%
100%
Barber Ship Management Pte. Ltd. Singapore
100%
Barber Marine Services Inc., New Orleans
100%
Barber Poland Ltd., Stettin
76%
Indian Ocean Ship Management Ltd., Mumbai, India
100%
Indus Shipping Private Ltd., Mumbai, India
Other group companies
Wilhelmsen Activities AS
100%
Wilhelmsen Offshore Norway AS
100%
47,5%
P/R Polar Frontier Drilling
55%
Polar AS
Wilyards AS *
100%
100%
Toronto AS
100%
WilService AS
100%
Wilhelmsen Insurance Services AS
100%
Njord Insurance Comp. Ltd., Bermuda

shareholder information

SHAREHOLDER POLICY

WW ASA's goal is to give the shareholders a high return over time through a combination of increase in the value of the company's shares and a steadily increasing dividend. The payment of dividend must be in line with the company's results and future investment requirements.

WW ASA will focus on keeping the stock market regularly informed of the company's results and developments. This will primarily be done through annual reports, tertiary reports and press releases. Our aim with this information is to obtain a correct pricing of the company's shares.

At present the company does not have any plans for new share issues.

The Board of directors has decided to recommend to the Annual General Meeting that the dividend for 1997 is set at NOK 4.50 per share.

BASIS FOR VALUATION OF THE COMPANY

Group management's judgement is that a valuation of the company must be based on a combination of discounted net income streams and net asset value. In Wilhelmsen Lines (WL) significant investments have been undertaken in vessels and other fixed assets. Shipbrokers will give valuation appraisals for the individual essels, but no established market exists for the individual vessels in the fleet. In the sales process one would be limited to finding special buyers with corresponding purchase needs. It is therefore not of much relevance to say that the value of WL is the sum of the value of the individual vessels and other fixed assets. The value of the company (WL) will over time primarily be dependent on the net income the company manages to generate based on the total transportsystem which has been developed, which encompass both vessels and other fixed assets, the established sailing schedules, the employees knowledge and experience, established market position and goodwill.

For the business areas Barwil and Barber International, which are service operations, it becomes even more apparent that a net income basis will be the correct basis for valuation. The investments in the companies within these business segments are of moderate proportions, although considerable investments in both time and resources will have been made in the corporate staff and system infrastructure.

Wilship is at present primarily engaged in regular market shipping operations, where the vessels are subject to constant valuation appraisals from the market participants.A net asset valuation will therefore be most relevant for this business area.

A total valuation of the parent company would therefore be based on the valuation of the Wilship division in addition to the parent company's other assets, reduced by pension commitments and other liabilities.

SHARES AND SHAREHOLDERS

See the Key financial figures on page 3 for a specification of the key figures per share.

Number of shares		**1997**	**1996**	**1995**	**1994**	**1993**
Number of shares class A		9.933.128	9.933.128	9.933.128	9.933.128	9.933.128
Number of shares class B		4.541.641	4.541.641	4.541.641	4.266.641	3.941.641
Number of shares as of 31.12.		14.474.769	14.474.769	14.474.769	14.199.769	13.874.769
Average number of shares (time weighted)				14.406.019	13.915.394	
RISK per share	NOK	-2,22	-3,25	-2,30	-2,00	-2,80

THE LARGEST SHAREHOLDERS IN WILH. WILHELMSEN ASA AS OF 31.12.97

Shareholders	A-shares	B-shares	Total number of shares	% of total shares	% of voting stock
AS W. Wilhelmsen	1.701.688	198.998	1.900.686	13.13 %	17.13 %
AS Orion Invest	1.188.876	123.609	1.312.485	9.07 %	11.97 %
Skips AS Tudor	1.016.639	5.000	1.021.639	7.06 %	10.23 %
Aksjefondet Odin Norden	122.550	797.600	920.150	6.36 %	1.23 %
Folketrygdfondet	400.000	450.000	850.000	5.87 %	4.03 %
Storebrand Livsforsikring	125.900	541.522	667.422	4.61 %	1.27 %
AS Tres	521.344	65.168	586.512	4.05 %	5.25 %
AS Wingana	451.232	90.762	541.994	3.74 %	4.54 %
Kassiopeia AS	492.896	31.262	524.158	3.62 %	4.96 %
Aksjefondet Odin Norge	116.700	332.412	449.112	3.10 %	1.17 %
Kommunale Landspensjonskasse	241.700	161.900	403.600	2.79 %	2.43 %
Aksjefondet Avanse	366.600		366.600	2.53 %	3.69 %
Vital Forsikring ASA	246.800	112.250	359.050	2.48 %	2.48 %
Gjensidige Livsforsikring	96.100	195.850	291.950	2.02 %	0.97 %
Norsk Hydro Pensjonskasse	130.000	136.800	266.800	1.84 %	1.31 %
Skandinaviska Enskilda Banken	189.800	52.700	242.570	1.68 %	1.91 %
Aksjefondet Avanse Kapital	123.650	76.700	200.350	1.38 %	1.24 %
Storebrand AMS	11.150	113.100	124.250	0.86 %	0.11 %
DNB Real-Vekst	69.750	45.200	114.950	0.79 %	0.70 %
Morgan Guaranty Trust Clients	70.700	41.100	111.800	0.77 %	0.71 %
Tom Wilhelmsens Stiftelse	92.600	19.000	111.600	0.77 %	0.93 %
Other	2.156.453	950.638	3.107.091	21.47 %	21.71 %
Total	**9.933.128**	**4.541.641**	**14.474.769**	**100.00 %**	**100.00 %**

Of the total number of A-shares as of 31.12.97 were 351,955, or 3.5 %, owned by foreigners. The corresponding numbers for 1996 were 304,876 or 3.1 %. 148,527, or 3.3 % of the B-shares were owned by foreigners. The corresponding numbers for 1996 var 227,520 or 5.0 %.

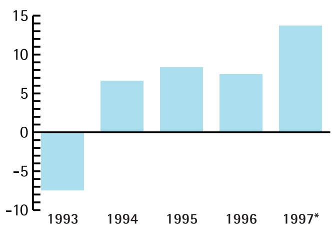
DISTRIBUTION OF SHARES AS OF 31.12.97

	Shareholders		Shares	
Number of shares	Number	%	Number	%
1-100	1.409	62.9 %	48.639	0.3 %
101-1.000	601	26.8 %	203.941	1.4 %
1.001-10.000	137	6.1 %	455.628	3.1 %
10.001-100.000	72	3.2 %	2.340.683	16.2 %
100.001-500.000	13	0.6 %	3.103.832	21.4 %
500.001-1.000.000	6	0.3 %	4.090.236	28.3 %
More than 1.000.001	3	0.1 %	4.234.810	29.3 %
Total	**2.241**	**100.0 %**	**14.474.769**	**100.0 %**

SHARES OWNED OR CONTROLLED BY REPRESENTATIVES IN WILH.WILHELMSEN ASA

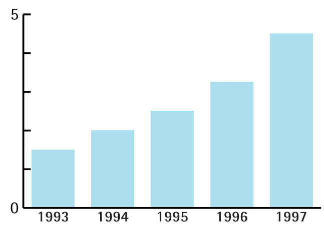
Shareholders	A-shares	B-shares	Total	% of total shares	% of voting stock
BOARD OF DIRECTORS					
Wilhelm Wilhelmsen *chairman*	5.068.895	445.961	5.514.856	38.10 %	51.03 %
Niels Werring *deputy chairman*	493.367	125.777	619.144	4.28 %	4.97 %
Odd Rune Austgulen	34	10.000	10.034		
Håkon Løchen			0		
Leif Frode Onarheim	231		231		
Leif Terje Løddesøl *Group Chief Executive*	2.288		2.288		
Sjur Galtung *deputy board member*	1.885	1.317	3.202		
COMMITTEE OF REPRESENTATIVES					
Gerhard Heiberg *chairman*	28		28		
Helen Juell	6.597	250	6.847		
Anders Chr. Stray Ryssdal			0		
AUDITOR					
Coopers & Lybrand ANS					
Per Hanstad			0		

EARNINGS PER SHARE

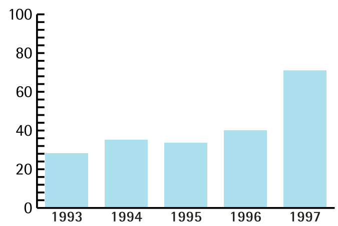


* *1997 result adjusted for change in deferred tax*

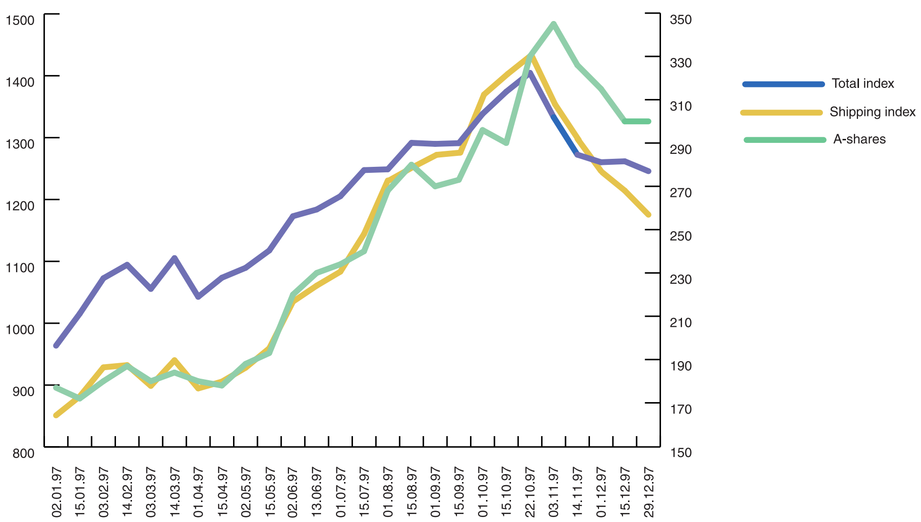
DIVIDEND PER SHARE

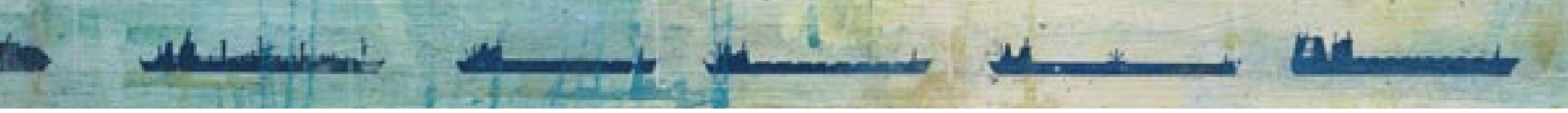


CASH FLOW PER SHARE



STOCK EXCHANGE RATE 1997 WILH. WILHELMSEN ASA, COMPARED WITH THE TOTAL INDEX AND SHIPPING INDEX ON OSLO STOCK EXCHANGE





the fleet

Vessel	Ownership share, %	Built year/month	Dwt	Capacity
RoRo VESSELS				- TEUS
Taronga	100	96/12	47 144	2 800
Taiko	100	84/06	43 986	2 451
Texas	100	84/03	44 081	2 451
Tampa	100	84/02	44 014	2 451
Takoradi	100	84/01	14 466	800
Tana	100	83/08	14 454	800
Talabot	100	79/06	34 605	1 806
Tampere	100	79/05	35 098	1 814
Toba	100	79/01	34 310	1 806
Tourcoing	100	78/10	33 719	1 707
Tapiola	100	78/08	33 702	1 707
CAR CARRIERS				- CARS
Takamine	100	97/03	19 844	5 930
Takasago	100	96/12	19 844	5 930
Tanabata	100	94/11	20 082	5 850
Trinidad (ex NOSAC Sky)	100	87/09	15 528	6 050
Tricolor (ex NOSAC Sun)	100	87/06	15 543	6 050
Tancred (ex NOSAC Sea)	100	87/04	15 571	5 930
Trianon (ex NOSAC Star)	100	87/04	15 536	6 050
Fidelio	50	87/01	15 681	5 630
Tai Shan	100	86/12	15 577	5 930
Takara	100	86/09	15 546	5 930
Tagus (ex NOSAC Express)	100	85/03	21 900	5 550
Tasco (ex NOSAC Explorer)	100	85/02	21 900	5 550
Takayama	100	83/05	10 599	3 200
Terrier (ex NOSAC Rover)	100	82/11	17 863	5 650
Sea Premier	50	81/06	10 678	3 000
Sea Pride	50	80/01	10 729	3 000
Tellus (ex NOSAC Ranger)	100	78/11	17 405	5 830
Armacup Patricia	100	74/09	9 335	3 380
TANKERS				
Tarim	100	93/10	300 364	
Tartar	100	93/01	306 902	
ORE/OIL CARRIERS				
Tijuca	50	87/05	310 686	
Docefjord	50	86/03	310 698	
SERVICE VESSELS (CREW VESSELS)				
Abeer - 15 vessels	100	1985-1991	85 fot	
Abeer - 2 vessels	100	1985-1994	100 fot	
Abeer - 8 vessels	100	1983-1997	110 fot	
Abeer - 4 vessels	100	1988-1991	120 fot	
Abeer - 1 vessel	100	1993	135 fot	
VESSELS SOLD IN 1997				
Torino	100	75701	280 100	

terms and expressions

BAREBOAT CHARTER
An agreement to charter a vessel with all operating costs paid by the charterer - in other words, a "bare" vessel.

CHARTERPARTY (C/P)
An agreement to charter a vessel for one or more voyages (voyage charter) or for a specified period (time charter).

VOYAGE CHARTER
This charter relates to a specified volume of cargo. Freight rates are usually agreed per tonne of cargo. Concluded for one or several consecutive voyages.

TIME CHARTER (T/C)
Very widely used. The rate is agreed as hire for the vessel, and usually expressed per dwt per month. Voyage related costs like bunkers and port expenses are paid by the charterer. Within agreed limits, the charterer determines utilisation of the vessel.

CONTRACT OF AFFREIGHTMENT (C.O.A.)
The shipowner undertakes to transport certain volumes of cargo in given consignments over a specified period, and is usually free to choose which vessel should do the job.

VOYAGE RELATED COSTS
Principally bunkers, port fees, canal dues, loading and discharging costs.

OPERATING COSTS
Crew wages and all expenditures associated with technical operation of the vessel, including insurance.

FREIGHT REVENUE ON T/C BASIS
Freight revenues less voyage-related costs.

BULK CARRIER
A vessel built to transport loose - uncontainerised - dry bulk cargoes. Only one deck. Also called "bulker".

TANKER
Carries liquid bulk cargoes. Variants include carriers for oil, product, chemical and gas - LNG and LPG.

SLOT CHARTER
A short or long contract for hireing space in a vessel for own containers - expressed in a price per 20 feet unit (slot).

PCTC
Pure Car and Truck Carrier.

LPG CARRIER
Carries liquified petroleum gas cooled down to –45 degrees C.

O/O CARRIER
Vessel intended to carry ore or oil.

OBO CARRIER
Vessel to carry oil, bulk and ore cargoes.

PANMAX SHIP
The maximum size of vessel able to pass through the Panama Canal (about 70 000 dwt).

AFRAMAX SHIP
Average freight rate assessment (Afra). Used for tankers in the 80 - 100 000 dwt range.

SUEZMAX SHIP
Average freight rate assessment (Afra). Used for tankers in the 80 - 100 000 dwt range.

CAPESIZE TONNAGE
Vessels which is too large to navigate the Suez Canal to and from the Arabian Gulf, therefore being forced to voyage around the Cape of Good Hope - approximately 80 - 175.000 dwt.

HANDYMAX SHIP
Bulk carrier in the 35 - 50 000 dwt range.

HANDYSIZE SHIP
Bulk carrier in the 15 - 50 000 dwt range.

OPEN HATCH
Vessel where the hatch openings have the same length and width as the cargo hold.

RoRo CARRIER
Roll-on, roll-off. Vessel for rolling cargo. Could be a car carrier, a cargo liner or a combination.

GENERAL CARGO
Non-containerised liner cargo.

DRY CARGO
Principally grain, coal and ores.

LINER CONFERENCE
An agreement between liner companies to stabilise the market and services.

POOL
A partnership between owners who place vessels in a jointly-controlled financial and operative entity, with freight revenues on t/c basis divided between the partners in predetermined proportions.

SPOT RATE
Rate for an individual voyage agreed on the basis of prevailing market conditions.

DWT
Deadweight tonnes - a vessel´s cargo capacity measured in tonnes of cargo, stores, fuel, passengers and crew.

TEU
Twentyfoot equivalent unit. In other words, a 20-foot container. The measure of a vessel´s container capacity.

NIS
Norsk Internasjonalt Skipsregister.

VLCC
Very Large Crude Carrier. Oiltankers on 200.000 dwt to 300.000 dwt.

NVOCC
Non Vessel Operating Common Carrier. A liner service with own bill of lading, without self beeing the owner of the container, carrier or means of transportation.

annual report 1997

Wilh. Wilhelmsen

FINANCIAL CALENDAR

Annual Report 1997	20.04.98
Annual General Meeting	04.05.98
Report for the first four months	17.06.98
Report for the first eight months	29.10.98

Contents

WILH. WILHELMSEN ON INTERNET

The Annual Report can be found on Internet

Address: http://www.huginonline.no/WWI/

Layout: Information dept. Wilh. Wilhelmsen. Illustration: Nordahl og Jøntvedt. Photo: CF Wesenberg, Håvard Solerød. Print: Falch Fargetrykk.

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