

## Executive Summary

**WLOL Corporate Description:** Winland Ocean Shipping Corp. (OTCBB: WLOL) is a global shipping company with a fleet of 11 Company-owned vessels, mainly in the handysize and supramax category, engaged in ocean transportation of dry bulk cargoes and chartering brokerage services worldwide. WLOL maintains a self-owned carrying capacity of over 240,000 tons. Through monthly voyage charters and time charters, the Company can provide carrying capacity of about 1,000,000 tons with shipping lines to major ports around the world.

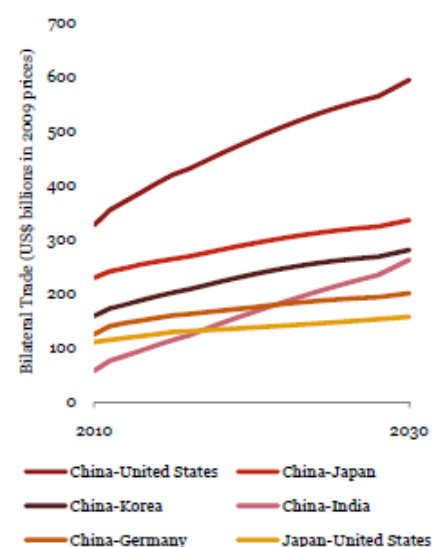
**The Market Opportunity:** The Baltic Dry Index (BDI) has dropped from over 11,000 in 2008 to under 2,000 currently. Illustrated later in this report, the shipping sector trades at a high beta given the strong correlation between global economic activity and the operating results of the sector. Not surprisingly, the stocks of many of the shippers have fallen in tandem with the BDI. Because the cost of ships also has fallen from the highs of previous years, especially from 2007-2008 levels, WLOL is pursuing a low-cost expansion strategy by seeking attractive vessel acquisition opportunities. In the short term, it seems likely that the recovery of the economy globally will continue to create volatility for the BDI index and for the shipping stocks. However, in the longer term, it seems equally likely that the shipping demand must increase as hundreds of millions of Chinese, Indian and other citizens of the developing world move from the country to the cities. Reflecting the substantial quantity of materials this mass urbanization will require, Navios Maritime (NYSE: NM) is projecting that Indian coal imports will increase 80% by 2015 and DryShips (NASDAQ: DRY5) projects that global trade will increase approximately 16% annually over the next few years. Addressing the future trade prospects for WLOL's core market – China, a March 2011 PricewaterhouseCoopers<sup>1</sup> (PwC) predicts that by 2030, China will surpass the U.S. in dominance of global trade and will be home to 17 of the top 25 sea and air freight routes. While shipping capacity supply will need to increase to meet this increase in trade, there appears to be a large market opportunity for experienced and capable operators.

**Outlook for WLOL:** With the addition of two new vessels and the disposition of two older vessels in Q3 11, WLOL reduced the average age of its fleet and added to its capabilities in its target market – handysize to supramax cargo. While spot shipping rates have remained weak in 2011, a recent report from Marsoft discussed later in this report notes that the Capesize rates have been hit especially hard while handysize and supramax rates have remained stable and even begun to increase. Although the bulk shipping sector has been hit hard by the economic downturn, investors may view this as a risk or an opportunity. Operating in a part of the world where demand for shipping seems likely to increase for many years, and operating with a fleet size for which rates seems to have at least stabilized, WLOL seems to be in a good position. As illustrated later in the report, the high end of the potential price / revenue valuation of WLOL is \$0.80, with the price / EBITDA and asset based valuation methodologies yielding lower implied valuations based on current market metrics. In the short-term the volatility in the shipping sector may continue to produce volatile stock prices. However, in the longer term, based on what Murphy Analytics (MA) assumes to be clear and inevitable macroeconomic trends, MA expects revenue, profitability and valuation metrics to improve for the bulk shippers. Given the Company's track record, capacity and fleet condition, MA expects WLOL is on the path to returning to its 2008 performance during which it generated \$19.1 million in net income on \$84.2 million in revenue. Based on the expectation that the long-term opportunity for WLOL will become increasingly evident over the coming quarters, we are initiating coverage with 12-month price target of \$1.00.

WLOL Recent Price	\$0.26	<b><u>Please review the risk factors outlined later in this report and the important disclosures and disclaimers at the end of this report.</u></b>
Outstanding Share Estimate	195,000,000	
Market Cap Estimate	\$50.7 million	
MA 12-Month Price Target for WLOL	\$1.00	

<sup>1</sup> [http://www.pwccn.com/home/eng/tl\\_future\\_world\\_trade\\_mar2011.html](http://www.pwccn.com/home/eng/tl_future_world_trade_mar2011.html)

**Chart 4: Evolution of 2030's largest bilateral pairs**



Source: IMF; PwC projections

**Initiation Report – Table of Contents**

<b>WLOL Management and Beneficial Ownership</b>	<b>Page 3</b>
<b>WLOL Operations</b>	<b>Page 5</b>
<b>The Baltic Dry Index – Historical Performance</b>	<b>Page 9</b>
<b>Dry Bulk Shipping Market – Industry Outlook from DRYS, Marsoft and NM</b>	<b>Page 10</b>
<b>Overview of PRC Owned China Ocean Shipping Group (COSCO)</b>	<b>Page 12</b>
<b>pwc Report : “Future of world trade: Top 25 sea and air freight routes in 2030”</b>	<b>Page 13</b>
<b>Discussion of WLOL Financials</b>	<b>Page 14</b>
<b>WLOL – Discussion of Valuation Metrics</b>	<b>Page 16</b>
<b>IMF World Economic Data and Outlook</b>	<b>Page 17</b>
<b>Benchmark Indices (Funds)</b>	<b>Page 18</b>
<b>Relationship between the U.S. Dollar and Chinese Yuan Renminbi</b>	<b>Page 19</b>
<b>WLOL Risks</b>	<b>Page 20</b>
<b>WLOL and Comparable ETF Performance Chart from quotemedia.com and Barchart.com</b>	<b>Page 21</b>
<b>Murphy Analytics Disclosures and Disclaimers</b>	<b>Page 22</b>
<b>Overview of the OTCMarkets</b>	<b>Page 23</b>

**Company Contact Information:**

USA and Overseas

Ms. Nancy Jing

CFO

Tel: +1 408 833 4588

Fax: +1 800 779 2319

Email: [NANCY@WINLANDSHIPPING.COM](mailto:NANCY@WINLANDSHIPPING.COM)

**WLOL Management and Beneficial Ownership<sup>2</sup>**

<b>Name</b>	<b>Age</b>	<b>Position(s)</b>
Xue Ying	41	Chief Executive Officer, Secretary and Director
Li Honglin	46	Chairman of the Board and President
Jing Yan	44	Chief Financial Officer
Xie Xiaoyan	42	Chief Operating Officer, Director
Xiao Liwu	46	Independent Director
Xie Kewei	47	Independent Director
Si Zhaoqing	52	Independent Director
Michelle Sun	39	Independent Director

**Xue Ying.** Ms. Xue has served as Chief Executive Officer, Secretary and as a Director of WLOL effective as of August 12, 2008. Ms. Xue also serves as a Director of SkyAce and as a Director of Plentimillion. In April 1993, together with her husband, Li Honglin, Ms. Xue founded Dalian Weihang Freight Forwarding Co., Ltd., a freight forwarding company in Dalian China which carried out the business of freight forwarding agency and chartering and is the predecessor entity to the Company. Ms. Xue also was in charge of the corporate administrative work for the Company. Ms. Xue developed the Company for the next (10) years. Ms. Xue graduated from the law department of Nanjing University majoring in business law in 1992 and earned her EMBA at China Europe International Business School in Shanghai in 2007.

**Jing Yan.** Ms. Jing has served as Chief Financial Officer of WLOL effective as of August 12, 2008. Prior to joining WLOL, Ms. Jing owned her own CPA firm since 2004. With her extensive financial and accounting knowledge, along with comprehensive experience, Ms. Jing had been distinguished as a trusted advisor to investors and executives on financial, accounting and tax matters. Prior to 2004, Ms. Jing worked for private and public companies where she had played an important role in raising funds, exercising management decision-making, and practicing accounting system implementation. Ms. Jing holds a MBA degree in accounting from California State University and a BA degree in management from Shanghai Maritime University in China. Ms. Jing is also an active Certified Public Accountant.

**Li Honglin.** Mr. Li has served as President and a Director of WLOL effective as of August 12, 2008. Mr. Li also serves as Chairman of the Board of SkyAce. Mr. Li began his career working with the Dandong Ocean Shipping Company in Liaoning province, China. After five (5) years working with Dandong, Mr. Li established Dalian Weihang Freight Forwarding Co., Ltd. In 1993, a freight forwarding agency company in Dalian, China and the predecessor entity to the Company. Mr. Li founded the Company with his wife, Xue Ying, and in 1995, the Company purchased its first vessel. After more than ten (10) years of development, Mr. Li has expanded the Company into several fields of the international marine shipping business, from freight forwarding agency, shipping agency, ship chartering, ship management to bulk cargo ocean transport, container liner transport and shipping portal operation. Mr. Li Honglin has expertise in strategy management and in the operation of ocean transport companies. At the same time, he has a forward-looking insight into the development trend of the international ocean transport market and has an abundant ability of dealing with the risk. Mr. Li is a graduate of the Shanghai Ocean Shipping Institute (now known as the Shanghai Maritime University). Mr. Li earned his EMBA at China Europe International Business School in Beijing in 2010.

<sup>2</sup> As reported in the 2010 10-K filed 3/26/10

**Xie Xiaoyan.** Ms. Xie has served as a Director of WLOL effective as of August 12, 2008 and as Chief Operating Officer of WLOL since September 26, 2008. In 1993, she joined the Company as a secretary. After that, she used to serve as a cashier and operation administrator. In 2000, she began to take charge of the operation and management of the fleet. Moreover, she also has a deep understanding and grasp of the international shipping market. She used to participate in the core work such as a series of ship-purchase and sales, exploration of the new market and new business and so on, and has built up a long-term steady cooperation relationship with prime clients and related companies in the industry. She is one of founders of the Company. Ms. Xie graduated from Jinzhou Normal College with a major in foreign languages in 1991. Ms. Xie has the experience, qualifications, attributes and skills to qualify her to serve as a director.

**Xiao Liwu.** Mr. Xiao has served as a Director of WLOL effective as of August 12, 2008. Mr. Xiao currently serves as President for Ningbo Penavico-ccl International Freight Forwarding Co. Ltd. in Ningbo, China and has served in such capacity for the past five (5) years. Xiao entered the logistics industry after graduating from Shanghai Maritime University in 1988. Mr. Xiao is considered a professional in the field of logistics.

**Xie Kewei.** Mr. Xie has served as a Director of WLOL effective as of August 12, 2008. Mr. Xie currently serves as Managing Director for China Container Line Co. Ltd. Shanghai Company and has served in such capacity since January 2002. Mr. Xie has devoting himself to the container transportation service for more than ten (10) years. He is also considered a professional in shipping industry. Mr. Xie earned his bachelor's degree from Shanghai Maritime University at 1988.

**Si Zhaoqing.** Mr. Si has served as a Director of WLOL effective as of August 12, 2008. Mr. Si currently serves as President of the China CITIC Bank branch in Jinzhou, Dalian and has served in such capacity since January 2008. Prior to that, Mr. Si served as Vice President of the Qingni branch of China CITIC Bank for five (5) years, during which Mr. Si was in charge of both the credit department and the accounting department. Mr. Si is an expert in financing and economic field and he is also a respected advisor. Mr. Si earned his bachelor's degree from Dalian Fisheries University in 1982.

**Michelle Sun.** Ms. Sun has served as a Director of WLOL effective as of August 12, 2008. Ms. Sun currently serves for a CPA firm in California since 2000. Ms. Sun has extensive experience from a variety of client assignments, including those in manufacturing, real estate, construction, retail, transportation, medical and nonprofit industries. Ms. Sun has over 10 years of experience in the accounting field and is also a Certified Public Accountant in the State of California.

**Beneficial Ownerships of All Officers and Directors:** As reported in the 2010 10-K, Li Honglin and Xue Ying, who are married to each other, are each considered beneficial owners of approximately 160.4 million shares, or 82.25% of the total outstanding shares.

**WLOL Operations**

WLOL operates through a multiple subsidiaries and these relationships are outlined in detail in the Company’s filings with the SEC. The Company was established in 1993, had grown to 6 ships by 2000, and now owns a fleet of 11 vessels, employing approximately 72 people. In general, WLOL operations are reported in two segments – dry bulk shipping service and chartering brokerage service.

**Dry Bulk Shipping Service:** WLOL operates a fleet of 11 vessels with 240,000 tons of self-owned carrying capacity and the Company provides marine shipping services for dry and liquid bulk cargo shipping, with a heavy concentration in dry bulk shipping. Dry bulk shipping represented 55% of revenues for Q 1 – Q3 11 compared to 61% for the same period in 2010. As of 9/30/11, the WLOL fleet had a value of net value of \$95.7 million and dry bulk shipping service assets represented 86% of WLOL identifiable assets. The original cost of the fleet was \$122.8 million and the average age of the vessels is approximately 18 years.

 <p>Newbuilding; DWT 57,000</p>	 <p>In service: DWT 32,000</p>	 <p>In service: DWT 16,000</p>
 <p>In service: DWT 6,000</p>	 <p>In service: DWT 18,000</p>	 <p>In service: DWT 12,000</p>
 <p>In service: DWT 16,000</p>	 <p>In service: DWT 8,000</p>	 <p>In service: DWT 7,000</p>

**Chartering Brokerage Service:** WLOL provides ship chartering services for shipping companies and shippers. This segment accounted for 45% of revenues year to date in 2011 compared to 39% for 2010. Through monthly voyage charters and time charters, WLOL can provide carrying capacity of approximately 1 million tons with shipping lines to major ports globally.

**Insurance:** WLOL carries \$141 million in hull insurance, \$8 million in protection & indemnity insurance, \$60 million in freight demurrage and defense insurance, and also carries delay insurance.

**Drydocking:** WLOL vessels are required to be drydocked approximately every 60 months for major repairs and maintenance that cannot be performed while the vessels are operating. As of 9/30/11, WLOL reported \$4.4 million in deferred dry dock fees, net of \$5.4 million in accumulated amortization of an original cost of \$9.8 million.

**Vessel Operating Costs:** Consist primarily of fuel costs, port fees, commissions and crew wages.

**The ISM Code:** The operation of the vessels is affected by the requirements of the International Maritime Organization's International Safety Management Code for the Safe Operation of Ships and Pollution Prevention, or the ISM Code. The ISM Code requires ship owners and bareboat charterers to develop and maintain an extensive "Safety Management System" that includes the adoption of a safety and environmental protection policy setting forth instructions and procedures for safe operation and describing procedures for dealing with emergencies. The Company's failure to comply with the ISM Code may subject WLOL to increased liability, may invalidate existing insurance or decrease available insurance coverage for the affected vessels and may result in a denial of, access to, or detention in certain ports, all of which could materially and adversely affect the Company's results of operations and liquidity.

**WLOL Backlog:** For the self-owned fleet, WLOL generally prefers to operate in the spot market. WLOL does contract some vessels for long time charter (TC) with others in one time charter trip (TCT), and others in voyage charter.

**WLOL's Service Region:** The Company is focused on service in China, Far-east, India, Pakistan, Mid-east Persian Gulf, Red Sea, Mediterranean, and Africa. Cargo carried by WLOL includes corn, steel, ore, coal, equipment, fertilizer, wood and cement.



## WLOL Major Customers:



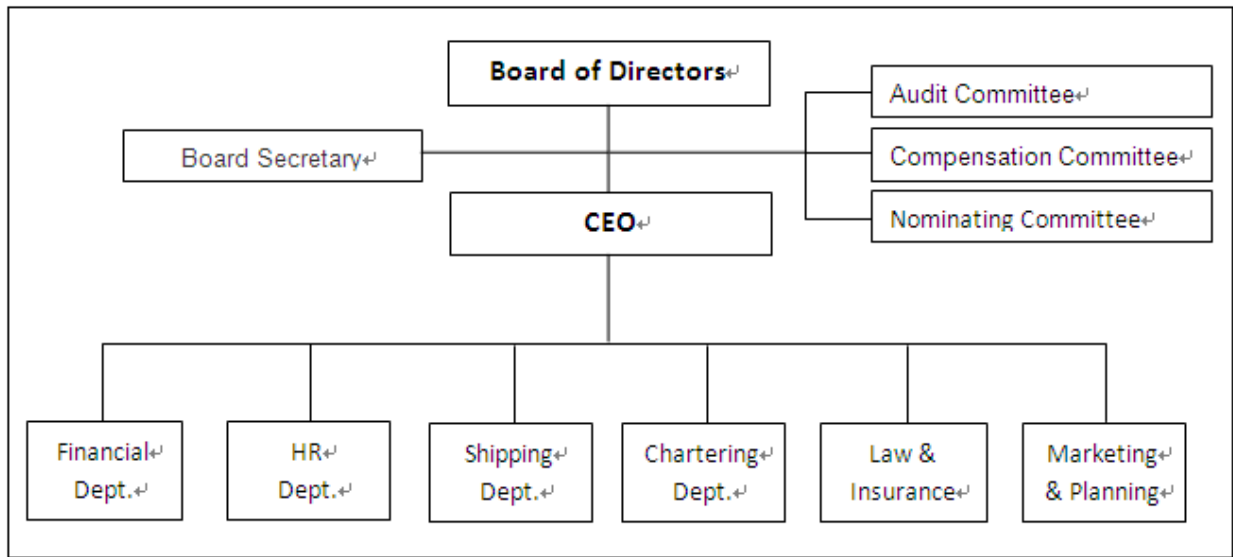
**WLOL Growth Strategy:** As of 11/14/11, WLOL had no written purchase contracts in force for the acquisition of any vessels or businesses, but the Company intends to steadily expand capacity and enlarge the size of its ocean fleet by constructing new vessels and by acquiring additional vessels or businesses at lower prices in light of the current slump in the shipping market. WLOL has identified the following growth strategies:

- Expand fleet capacity: Construct newly built vessels and acquire younger second-hand vessels
- Improve fleet structure: Dispose of small and old vessels
- Develop large volume cargos market and charter in more handymax bulk vessels
- Cooperate with shipping-on-line
- Identify and expand more profitable marketplace

**China's Port Industry Returns to Rapid Growth in 2010 – ResearchandMarkets China Port Industry Report 2011<sup>3</sup>:** “Benefiting from the global economic recovery, the port industry of China witnessed robust growth in 2010 after experiencing the downturn in 2009. In 2010, cargo throughput of the ports in China accomplished 8.93 billion tons, up 16.7% YoY; the container throughput reached 146 million TEUs, a 19.4% YoY rise.”

<sup>3</sup> [http://www.researchandmarkets.com/research/4ae460/china\\_port\\_industr](http://www.researchandmarkets.com/research/4ae460/china_port_industr)

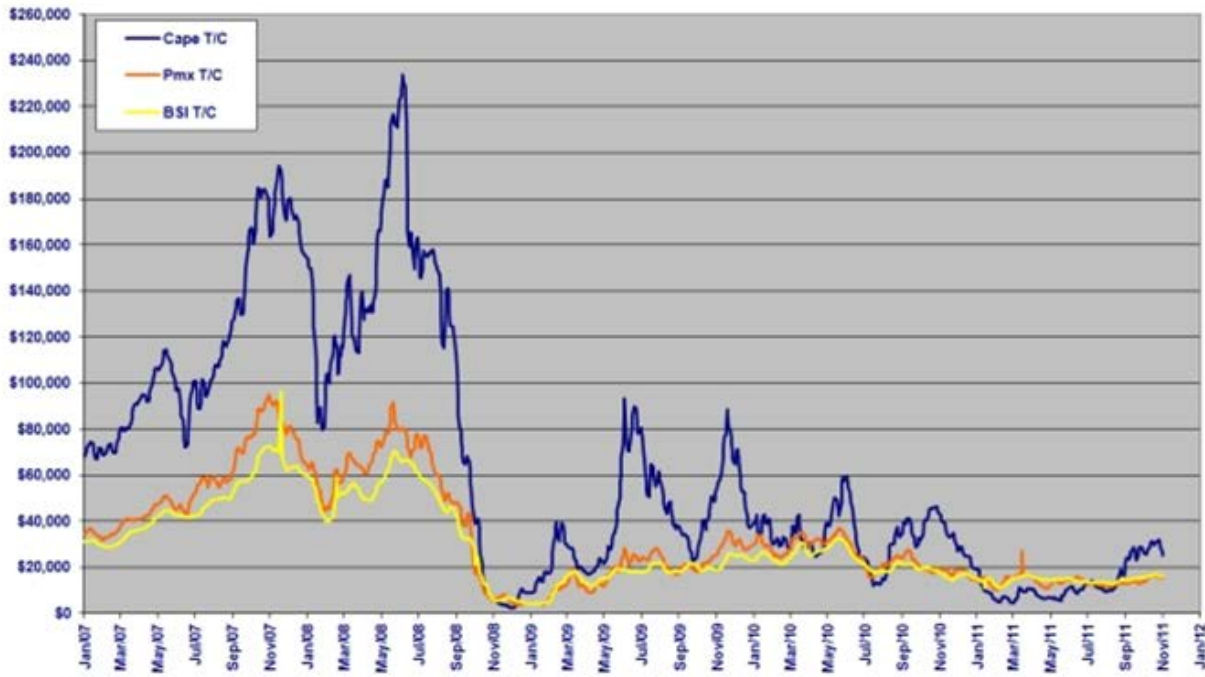
**WLOL Corporate Structure:**



## The Baltic Dry Index – Historical Performance

**Baltic Dry Index (BDI)**<sup>4</sup>: a leading indicator of the global dry bulk shipping market, WLOL reports that the BDI declined approximately 36% in Q3 11 relative to Q 3 10. The following chart<sup>5</sup> created by DryShips (NASDAQ: DRYS) tracks the BDI (Cape Index), BPI (Panama Index), and the BSI (Supramax Index) since January of 2007.

Daily Chart for Cape / Panamax / Handy 4 TC AVERAGE Values



### Note re Vessel Classification<sup>6</sup>:

*Drybulk*: Grain, powder and other free-flowing solid, dry material typically excluding cargo that requires temperature control.

*Capesize*: Typically 150,000 long tons of deadweight (dwt) up to 400,000 dwt; historically too large to pass through the Suez Canal and had to go around the Cape of Good Hope or Cape Horn.

*Handysize (handymax)*: Typically 15,000 – 30,000 dwt.

*Panamax*: A vessel with the maximum dimensions that still enable passage through the Panama Canal, typically around 75,000 dwt.

*Suezmax*: Vessels that can pass through the Suez Canal at full capacity; Typically 150,000 dwt.

*Supramax*: Dry cargo vessel with 52,000 dwt.

<sup>4</sup> <http://www.balticexchange.com/default.asp?action=article&ID=561&IndexGroupID=5>; Direct access to the data is available by subscription only.

<sup>5</sup> <http://www.dryships.com/pages/report.asp>

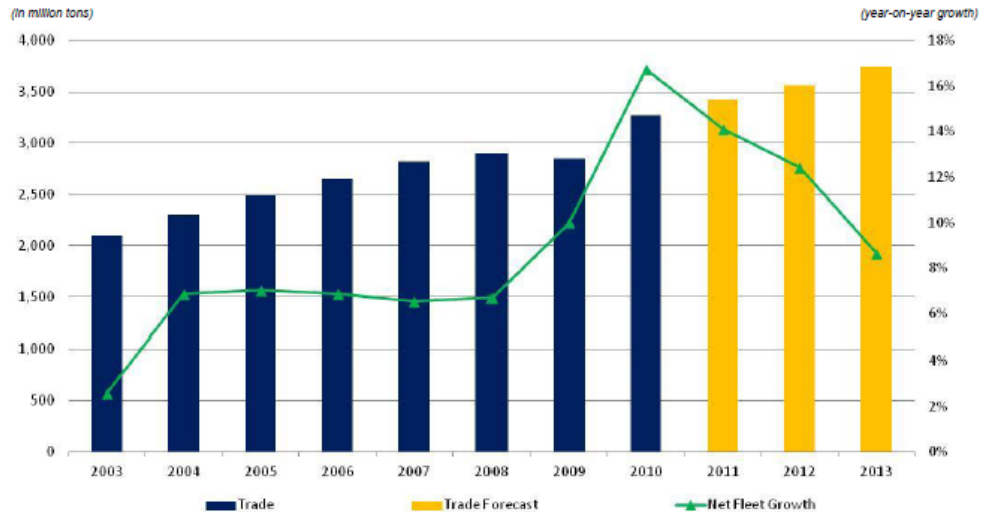
<sup>6</sup> <http://shipping.capitallink.com/glossary.html>

**Dry Bulk Shipping Market – Industry Outlook from DRYS, Marsoft and NM**

**DryShips (NASDAQ: DRYS) Anticipates Growth in Trade and a Decline in Net Fleet Growth:** In the Company's Q3 11 earnings presentation, DRYS reported voyage revenues down 20% versus Q3 10 and down 16.5% year to date. The fleet for the DRYS drybulk segment has a combined dwt of over 5.1 million tons and an average age of 5.5 years. Looking forward, DRYS reported a contracted backlog of \$540 million over the next 2.25 years, and the Company expects charter coverage of 54% in 2012. The adjacent chart illustrates the Company's expectation of continued trade growth through 2013 accompanied by a decline in net fleet growth

**Drybulk Demand & Supply**

➤ Net fleet growth peaked in 2010 and expected to decline, trade growth continues to increase



Source: Clarksons



DryShips Inc.

Page 15

**“Dry Bulk Market Highlights – 2011 Q3” – from Marsoft:** Marsoft, a leading provider of consulting services to the maritime industry, notes the following in the Company's Q3 11 market update<sup>7</sup>:

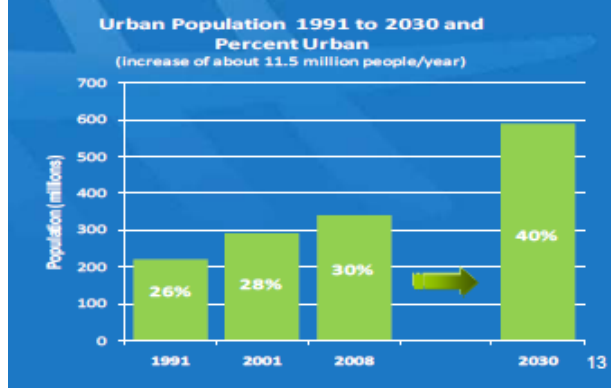
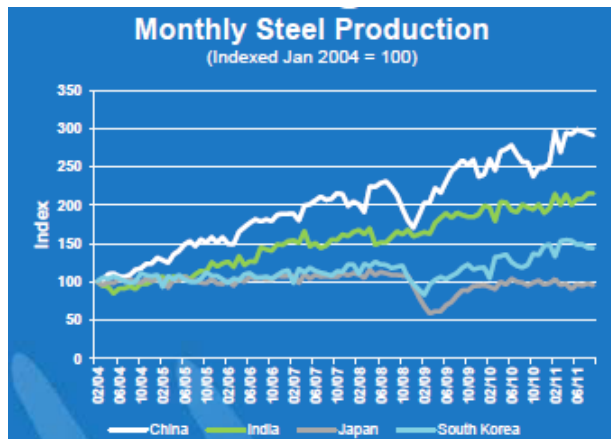
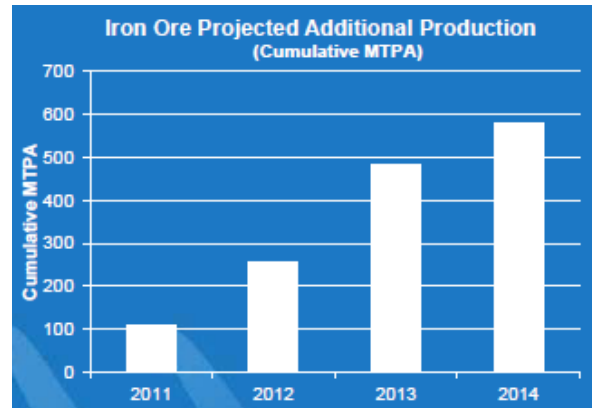
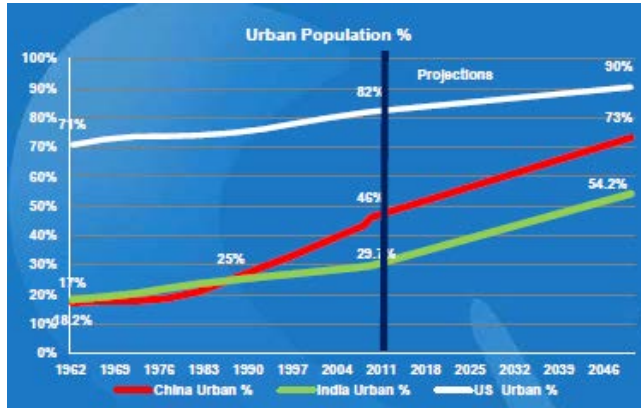
- Q2 11 spot shipping rates remained weak.
- Rates were especially weak in the Capesize sector, but actually increased slightly for smaller shippers.
- Handysize rates averaged \$11,500 / day in Q2 11, up approximately 6.5% from Q1.
- Supramax earnings remained approximately level at \$14,500 / day.
- Secondhand values have fallen 15% - 20% in 2011, falling to 2009 levels in some classes.
- Newbuilding prices have fallen approximately 5% - 10% in 2011.
- Dry bulk fleet utilization fell to 88% in Q2, the lowest level since 1984.
- Disruptions in Australia and Japan explained part of the fall, while China ore imports also slowed after reaching a record high in Q1 as domestic iron ore production increased 17% in 2011 to meet steel production demand.
- Dry bulk imports increased 9% in Asia/Pacific (excluding Japan / China), and 11% in Europe.
- Capes were scrapped at an average age of 26 years in 2011, compared to 31 years for non-Cape vessels.
- The Panamax/Kamsarmax fleet orderbook is 50% of the existing fleet, exceeding the Cape orderbook.

<sup>7</sup> [http://www.irwebpage.com/dryships/files/DRYS\\_2011\\_Q3\\_presentation.pdf](http://www.irwebpage.com/dryships/files/DRYS_2011_Q3_presentation.pdf)

8

[http://search.yahoo.com/r/\\_ylt=A0oG7nMYscpOCQ4A\\_f9XNyoA;\\_ylu=X3oDMTE2dXB0ZzFsBHNIYwNzcgRwb3MDMQRjb2xvA2FjMgR2dGIkA01TWUMwMDJfMTc0/SIG=134sr85en/EXP=1321935256/\\*\\*http%3a//marsoft.com/Documents/11Q3%2520Dry%2520Bulk%2520Market%2520Highlights.pdf](http://search.yahoo.com/r/_ylt=A0oG7nMYscpOCQ4A_f9XNyoA;_ylu=X3oDMTE2dXB0ZzFsBHNIYwNzcgRwb3MDMQRjb2xvA2FjMgR2dGIkA01TWUMwMDJfMTc0/SIG=134sr85en/EXP=1321935256/**http%3a//marsoft.com/Documents/11Q3%2520Dry%2520Bulk%2520Market%2520Highlights.pdf)

**Navios Maritime (NYSE: NM) Cites China / India Urbanization as Key Drivers of Future Growth:** As hundreds of millions of Chinese and Indian citizens migrate from the countryside over the coming decades, NM expects<sup>9</sup> an ongoing corresponding demand for iron ore and the other dry bulk materials required to build out the cities where they will live:



<sup>9</sup> <http://phx.corporate-ir.net/External.File?item=UGFyZW50SUQ9NDQ4MjU3fENoaWxkSUQ9NDcyMjk1fFR5cGU9MQ==&t=1>

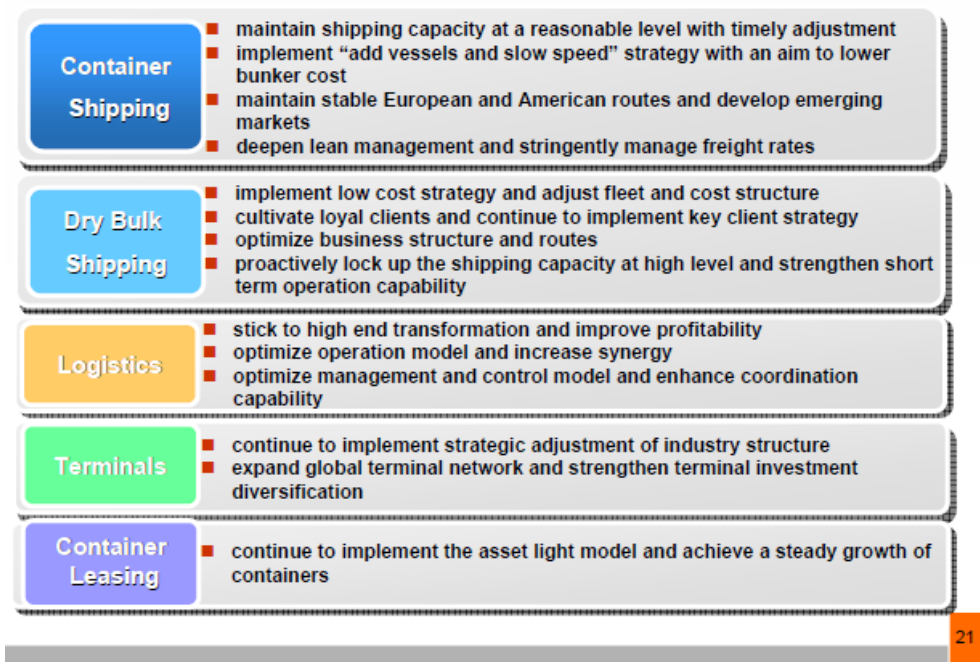
## Overview of PRC Owned China Ocean Shipping Group (COSCO)

Its massive size and state ownership make COSCO a key player among Chinese and global shippers. Following are additional details about COSCO Operations:

**COSCO – 56 million DWT capacity and Expansive Logistics Expertise<sup>10</sup>:** “Established on April 27th, 1961, COSCO owns and controls over 800 modern merchant vessels with a total tonnage of 56 million DWTs and an annual carrying capacity of 400 million tons. COSCO's shipping lines cover over 1,600 ports in more than 160 countries and regions worldwide, and its fleet size ranks the first in China and the second in the world. COSCO is positioned the first in China and the fifth in the world by container fleet size, and is also the first in the world by dry bulk fleet. It takes a lead in the world for comprehensive strengths of professional bulk, multiple-purpose vessel and special vessel fleet. Oil tanker fleet of COSCO is one of the super tanker fleets in the world. COSCO owns and operates 32 terminals worldwide, with 157 berths offered. Statistics released by Drewry in July 2009 show that throughput of container terminals of COSCO Pacific affiliated to COSCO continues to rank among top 5 places in the world.

COSCO owns rich logistics facilities and resources. It operates more than 4,000 logistics vehicles, including large cargo transport vehicle with 289 axes and the largest carrying capacity of 8,000 tons, 2.49 million square meters of storage ground and 2.97 million square meters of warehouse. It provides high value-added services for customers in household, chemical, power and financing sectors. Besides, it also provides logistics services for many key projects home and abroad, such as Qinghai-Tibet Railway, Tianjin Airbus and Indian power station, setting many world records.”

### China COSCO Holdings Company Limited<sup>11</sup> Outlines its Strategies to Address Future Opportunities:



<sup>10</sup> <http://www.cosco.com/en/about/index.jsp?leftnav=/1/1>

<sup>11</sup> <http://www.chinacosco.com/ChinaCosco/uploadFile/20111028ChinaCosco2011Q3results.pdf>

**pwC Report<sup>12</sup>: “Future of world trade: Top 25 sea and air freight routes in 2030”**

The March 2011 PricewaterhouseCoopers Predicts that by 2030, China will surpass the U.S. in dominance of global trade and will be home to 17 of the top 25 sea and air freight routes:

“By 2030, there’ll be a real change in the trade landscape with China and emerging economies like Indonesia, Malaysia, Nigeria, Saudi Arabia and India, dominating the main sea and air freight trade routes. The shift in power poses real challenges for existing companies operating in this sector. They’ll have issues around relocating assets and staff to address these new routes. 73% of transport & logistics CEOs surveyed by PwC are already changing their strategies to capture the growth opportunities in the emerging markets. In the report, PwC economists use special modelling techniques to project bilateral trade - requiring either sea or air freight - between 29 economies over the next two decades. The key findings reveal four key areas that could present significant opportunities for transport and logistics firms:

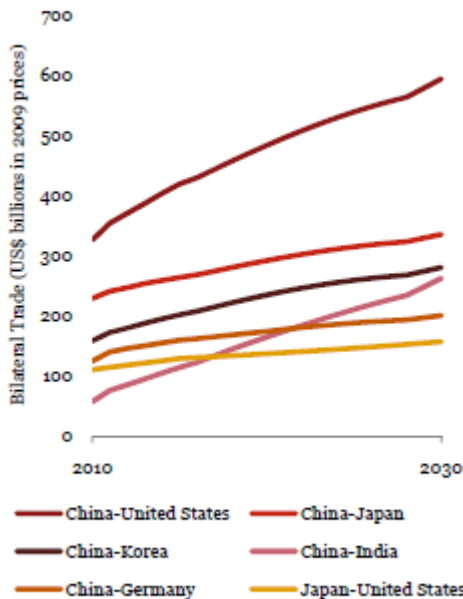
- trade within the Asia-Pacific region;
- trade between emerging and developed economies - inspired by Germany / China;
- trade between emerging economies, such as parts of Asia and Latin America; and
- trade between China and Africa.”

**Table 2: Top air and sea freight bilateral trade pairs in 2030**

Rank	Air and sea freight bilateral trade pair		Trade value (2009 US\$m)
1	◆	China United States	594,741
2	◆	China Japan	336,183
3	▲	China Korea	281,140
4	▲	China India	263,063
5	▲	China Germany	201,382
6	▼	Japan United States	189,785
7	▲	China Singapore	178,291
8	★	China Indonesia	169,356
9	▼	Germany United States	167,467
10	★	China Malaysia	162,376
11	★	China Nigeria	151,570
12	▼	Germany United Kingdom	144,131
13	▼	United Kingdom United States	143,725
14	★	China Thailand	141,201
15	★	China Saudi Arabia	140,320
16	★	China Brazil	136,295
17	★	United States India	125,826
18	★	China United Kingdom	121,603
19	★	China United Arab Emirates	120,318
20	▼	China Australia	117,340
21	▼	Korea United States	116,741
22	▼	Hong Kong United States	111,972
23	▼	China Netherlands	102,373
24	▼	China France	92,581
25	★	United States Brazil	90,756

◆ Retains position; ▲ Moves up; ▼ Moves down; ★ New entrant

**Chart 4: Evolution of 2030's largest bilateral pairs**



Source: IMF; PwC projections

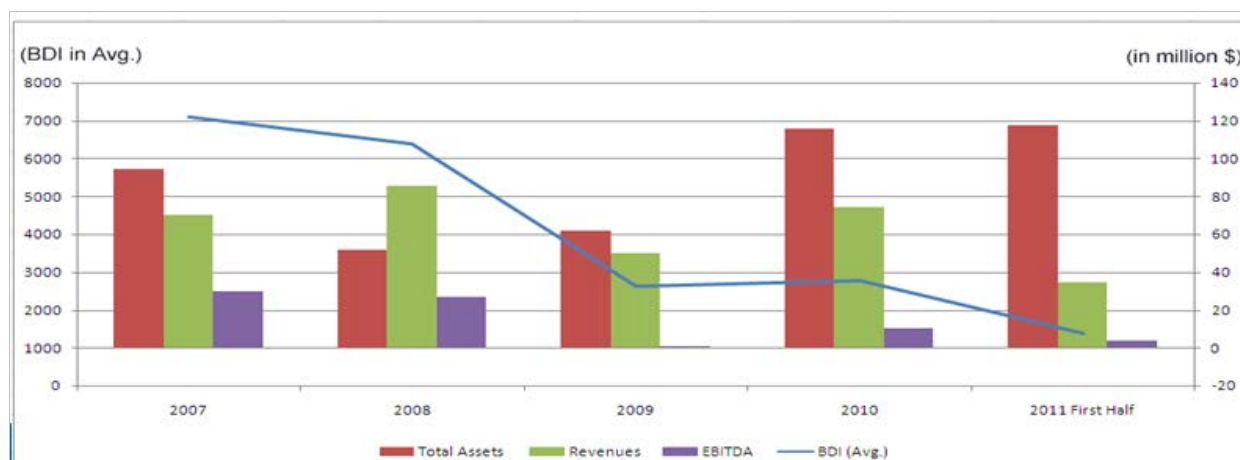
<sup>12</sup> [http://www.pwccn.com/home/eng/tl\\_future\\_world\\_trade\\_mar2011.html](http://www.pwccn.com/home/eng/tl_future_world_trade_mar2011.html)

## Discussion of WLOL Financials

Unaudited Balance Sheet as of 9/30/11	
<b>Current Assets</b>	\$12 million, including \$4.3 million in cash and equivalents.
<b>Current Liabilities</b>	\$24.1 million, including \$8.2 million in accounts payable and \$8.9 million in current portion of long-term loans and net long-term notes payable.
<b>Working Capital</b>	A deficit of \$12.1 million as of 9/30/11 compared to a deficit of \$8 million as of 12/31/10.
<b>Total Assets</b>	\$112 million, including \$95.7 million net in vessels. As of 12/31/10, net vessels was \$36.6 million with \$47.7 million in vessels under construction. There are no vessels under construction reported as of 9/30/11.
<b>Total Liabilities</b>	\$82.7 million including \$54.8 million in long-term loans and net long-term notes payable.
<b>Shareholders Equity</b>	\$29.4 million as of 9/30/11. With 195 million outstanding common shares as of 11/9/11, book value is approximately \$0.15 per share. Retained earnings through 9/30/11 were \$25 million with additional paid in capital of \$3.3 million.
Unaudited Statement of Operations for the Quarter Ended 5/31/11 (Fiscal Q3)	
<b>Revenues</b>	\$14.7 million for Q3 11, down 4% versus Q3 10. Revenue for Q1 11 – Q3 11 was \$45.4 million, an increase of 7% relative to 2010. WLOL's largest customer accounted for 21.5% of revenue for Q1 – Q3 11 and 17% of accounts receivable. The Company's dry bulk shipping service accounted for 55% of revenues for 2011 while the chartering brokerage service accounted for the balance. The chartering brokerage segment increased \$3.7 million in revenues year to date in 2011, an increase of 22%, while the dry bulk segment decreased 3%.
<b>Expenses</b>	Total costs and expenses for Q3 11 were \$14.4 million, including \$12.1 million in vessel operating costs. Total expenses increased 6.7% over Q3 10, driven by a 2.1% increase in vessel operating costs and a \$611,000 increase in depreciation / amortization. Total expenses for Q1 – Q3 11 were \$42.1 million, up 13.9% relative to 2010 driven by an 11.8% increase in vessel operating costs and a \$1.2 million increase in depreciation / amortization. Three major suppliers accounted for a combined 48.3% of WLOL's oil purchases.
<b>Net Operating Income</b>	After interest expense and other income, the loss from continuing operations for Q3 11 was \$852,000 compared to net income of \$1.7 million for Q3 10. For Q1 – Q3 11, net income was \$700,000 compared to \$4.8 million for 2010.
<b>Comp. Income</b>	After a net gain of \$4.3 million from disposition of discontinued operations, a loss of \$358,000 from discontinued operations, and a small foreign currency translation gain, comprehensive income for Q3 11 was \$3 million compared to \$1.6 million for Q3 10. WLOL sold 3 vessels to unrelated parties during the quarter and the operating results of these vessels are reported as discontinued operations. WLOL received \$8.4 million in proceeds from the sale of the vessels. Comprehensive income for Q1 – Q3 11 was \$1.9 million compared to \$6.3 million for 2010. Comprehensive income per share was \$0.0154 for the quarter and \$0.0099 for Q1 – Q3 11.
<b>Liquidity</b>	To address the working capital deficit and improve the Company's liquidity, WLOL has obtained written commitments from certain shareholders and related parties to provide working capital, if needed, in the form of notes payable or personal loans.

WLOL - Select Historical Financial Data*	Q1 - Q3				
	2011	2010	2009	2008	2007
<b>Baltic Dry Index</b>	1884**	2757	2619	6390	7100
WLOL Assets	112,000,000	116,000,000	62,000,000	52,000,000	94,000,000
Revenues	45,436,489	74,319,289	50,178,721	84,200,000	70,000,000
Vessel operating expenses	35,842,270	55,550,118	40,200,329		
Service costs		3,109,900	3,423,667		
Impairment loss		297,420	-		
Depreciation and amortization	4,377,536	6,460,028	7,481,360		
General and administrative expenses	1,578,429	3,848,743	4,106,919		
Selling expenses	257,818	418,831	343,289		
Interest expense, net	2,790,942	1,325,303	627,836		
Other income expense, net	1,338,300	109,876	649,731		
Net income (loss)	1,927,794	3,141,881	-6,958,955	19,100,000	
Weighted average shares outstanding	195,000,000	195,000,000	195,000,000		
Net income (loss) per share	0.01	0.02	-0.04		
EBITDA	7,900,000	10,000,000	1,000,000	27,000,000	30,000,000

\*From [http://www.winlandshipping.com/ir/webcasts\\_msg.asp?id=126](http://www.winlandshipping.com/ir/webcasts_msg.asp?id=126) and analyst estimates  
 \*\*as of 11/17/11; \$1.6 million in gains from discontinued operations is ignored in the analyst estimate for Q1 - Q3 2011 EBITDA.



Source: Winland Ocean Shipping Corp.

## WLOL – Discussion of Valuation Metrics

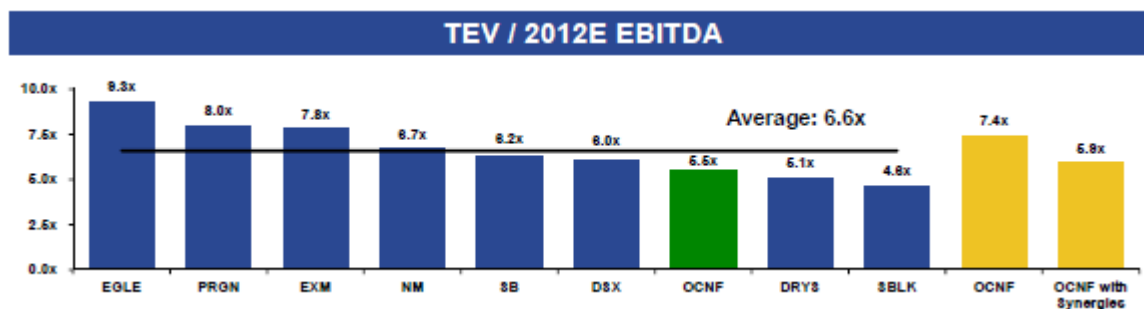
Following are various methodologies for projecting a potential valuation for WLOL.

**Price / Revenue:** As illustrated in the following table, a sampling of shipping stocks (some of which are components of the SIC-4412 Deep Sea Foreign Transportation of Freight Sector<sup>13</sup>) shows a wide range of price / revenue multiples. Applying the multiples below to WLOL annualized revenue implies a range of \$13.2 million to \$158 million in market cap for WLOL, or \$0.07 to \$0.81 per share.

Sym	Name	Market Cap	Annualized Revenue	Price Sales
DRYS	Dryships Inc.	1,020,000	902,092	1.13
EGLE	Eagle Bulk Shipping	70,810	321,200	0.22
GNK	Genco Shipping	287,000	377,249	0.76
NM	Navios Maritime Hold	397,000	695,200	0.57
SB	Safe Bulkers Inc	447,330	170,000	2.63
WLOL	Winland Shipping	50,700	60,000	0.85

*Data from quotemedia.com; Analyst estimates; (in 000's except Price / Sales)*

**Price / EBITDA:** DRYS recently estimated<sup>14</sup> an average multiple of 6.6 for total enterprise value / 2012 estimated EBITDA for a range of bulk shippers, with a high of 9.3x for handymax focused EGLE and a low of 4.6x for SBLK which is more focused on Capesize and Supramax vessels. For Q1 – Q3 11, Murphy Analytics is estimating WLOL EBITDA was \$7.9 million. Annualizing this estimate produces \$10.53 million in annual EBITDA for WLOL. Applying an EBITDA multiple of 6.6x results in an estimated market capitalization of \$69.5 million, or \$0.36 per share.



**Asset Value Based Valuation:** WLOL estimated the value of its fleet as \$95.7 million for Q3 11, and reported total short-term and long-term loans and notes as \$63.8 million, resulting in an estimated net value of \$31.9 million for the WLOL fleet, or approximately \$0.16 per share. As reference, a recent review of the 46 companies listed in the Transportation center at Google Finance shows stocks in that sector trading at Price / Book ratios ranging from 0.17x for Star Bulk Carriers to 9.26x for J.B. Hunt Transport Services, with an average of approximately 2.5x. With \$29.4 million in Shareholders Equity, WLOL book value is approximately \$0.15 per share. Although in general the shippers are trading at the lower end of the price / book range, a high price / book multiple seems justified for WLOL given that the Company has just taken position of 2 new vessels that account for nearly 2/3<sup>rd</sup> of the reported estimated value of the fleet for Q3 11. Applying a multiple of 2.5x to WLOL implies a price of \$0.38.

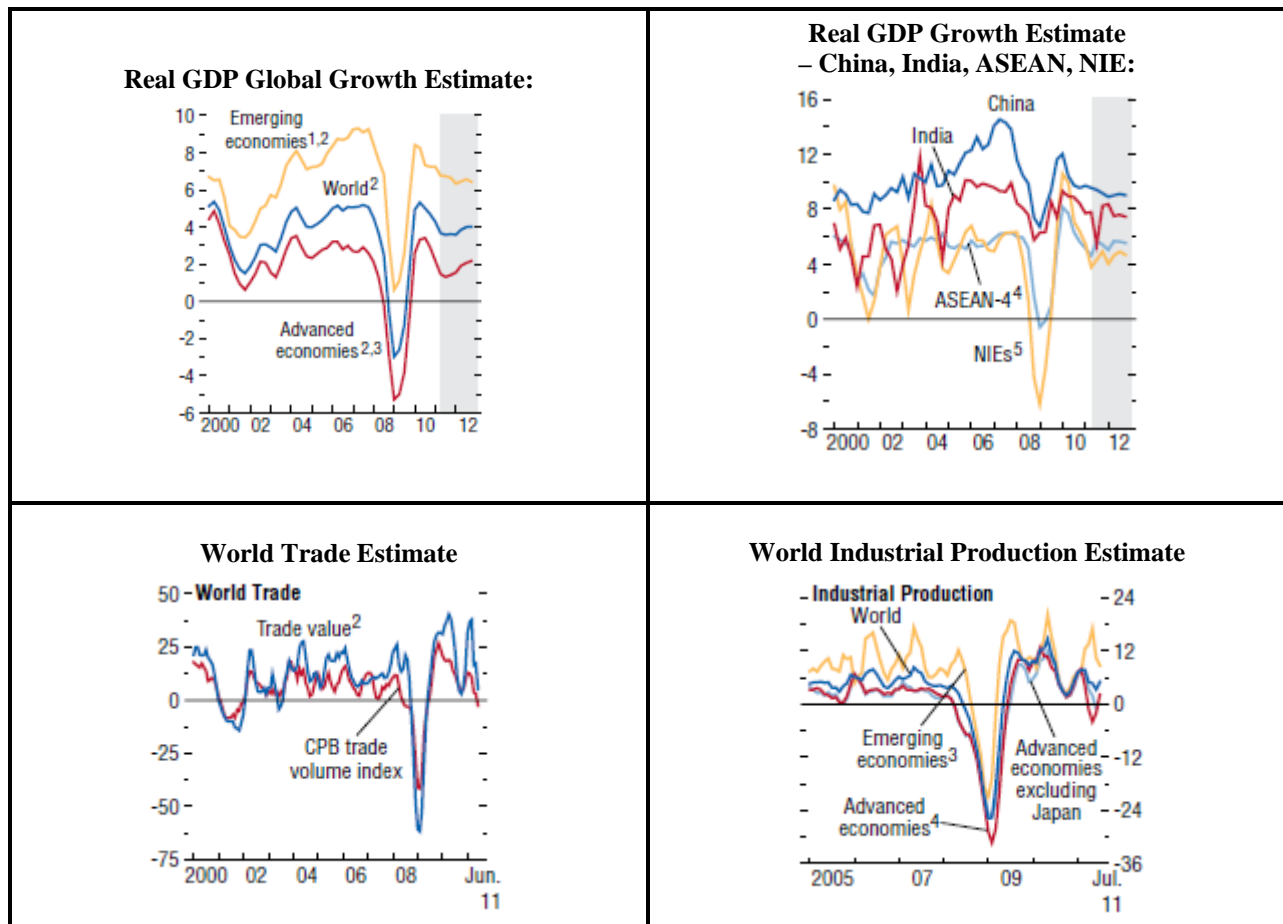
<sup>13</sup> <http://www2.barchart.com/stocks/sectors/-441C?view=fundamental>

<sup>14</sup> <http://www.irwebpage.com/dryships/files/dryspres072611.pdf>

**IMF World Economic Data and Outlook**



Published 9/11/11 and entitled “*Slowing Growth Rising Risks*”<sup>15</sup>, the International Monetary Fund (IMF) update provides the commentary, data and illustrations addressing a wide range of economic indicators, including global trade, cited has a key driver of the global economy:

*“Trade has been an important driver of the global recovery. From its crisis-induced trough at the beginning of 2009, the volume of global trade has grown by 25 percent and recently surpassed precrisis peaks. To ensure that trade can continue to boost growth, it is vital that policymakers continue to keep protectionist pressures at bay.”*



<sup>15</sup> <http://www.imf.org/external/pubs/ft/weo/2011/02/pdf/text.pdf>

**Benchmark Indices (Funds)**

<b>PowerShares Golden Dragon Halter USX China Portfolio (Fund)<sup>16</sup></b>	<b>PowerShares Zacks Micro Cap Portfolio (Fund)<sup>17</sup></b>
<p><b>Recent 52 Week Performance:</b></p> 	<p><b>Recent 52 Week Performance:</b></p> 
<p><b>Recent Top Holdings:</b></p> <ul style="list-style-type: none"> <li>Baidu Inc. ADS 6.56%</li> <li>PetroChina Co. Ltd. ADS 5.59%</li> <li>China Mobile Ltd. ADS 5.21%</li> <li>China Unicom (Hong Kong) Ltd. ADS 4.68%</li> <li>China Telecom Corp. Ltd. ADS 4.61%</li> <li>China Petroleum &amp; Chemical Corp. ADS 4.30%</li> <li>China Life Insurance Co. Ltd. ADS 4.29%</li> <li>CNOOC Ltd. ADS 4.10%</li> <li>Aluminum Corp. of China Ltd. ADS 4.10%</li> <li>Yanzhou Coal Mining Co. Ltd. ADS 4.10%</li> </ul>	<p><b>Recent Top Holdings:</b></p> <ul style="list-style-type: none"> <li>Richmont Mines Inc. 0.41%</li> <li>S1 Corp. 0.36%</li> <li>Global Traffic Network Inc. 0.36%</li> <li>Mistras Group Inc. 0.36%</li> <li>Advance America Cash Advance Centers Inc. 0.36%</li> <li>Walter Investment Management Corp. 0.35%</li> <li>Susser Holdings Corp. 0.35%</li> <li>Merge Healthcare Inc. 0.35%</li> <li>Marchex Inc. (Cl B) 0.35%</li> <li>Akorn Inc. 0.34%</li> </ul>
<p><b>Recent Select Metrics:</b></p> <ul style="list-style-type: none"> <li>Price/Earnings Multiple: 14.7</li> <li>Average Market Cap: \$24 billion</li> <li>Price/Book Multiple: 0.4x</li> <li>Return on Equity: 19%</li> <li>1 Year Performance: 16.9%</li> <li>Ticker: <b>PGJ</b></li> </ul>	<p><b>Recent Select Metrics:</b></p> <ul style="list-style-type: none"> <li>Price/Earnings Multiple: 14.6x</li> <li>Average Market Cap: \$388 million</li> <li>Price / Book: 1.2x</li> <li>Return on Equity: 6.5%</li> <li>1 Year Performance: 30.3%</li> <li>Ticker: <b>PZI</b></li> </ul>
<p><b>Methodology:</b> The PowerShares Golden Dragon Halter USX China Portfolio (Fund) is based on the Halter USX China Index (Index). The Index is composed of U.S. listed securities of companies that derive a majority of their revenue from the People’s Republic of China. The Index is designed to provide insight and access to the unique economic opportunities taking place in China.</p>	<p><b>Methodology:</b> The PowerShares Zacks Micro Cap Portfolio (Fund) is based on the Zacks Micro Cap Index (Index). The Index is designed to identify a group of micro cap stocks with the greatest potential to outperform passive benchmark micro cap indexes and other actively managed U.S. micro cap strategies. Due to their low correlation to large, medium and small sized companies, micro caps may complement existing blended portfolios by improving risk-adjusted performance.</p>

<sup>16</sup> <http://www.invescopowershares.com/products/overview.aspx?ticker=pgj>

<sup>17</sup> <http://www.invescopowershares.com/products/overview.aspx?ticker=pzi>

## Relationship between the U.S. Dollar and Chinese Yuan Renminbi

**Background on China's Currency Policy:** Beginning in July of 2005, the PRC government changed its policy of pegging the value of Renminbi to the U.S. dollar. Under the new policy, the value of the Renminbi has fluctuated within a narrow and managed band against a basket of certain foreign currencies. However, the Chinese government has come under increasing U.S. and international pressure to revalue the Renminbi or to permit it to trade in a wider band, which many observers believe would lead to substantial appreciation of the Renminbi against the U.S. dollar and other major currencies. There can be no assurance that Renminbi will be stable against the U.S. dollar.

**Historical and Recent Conversion Relationship<sup>18</sup>:** Following are the recent conversion rates and a chart showing the appreciation of the Chinese Yuan (CNY) versus the United States dollar (\$). Recent conversion rates were:

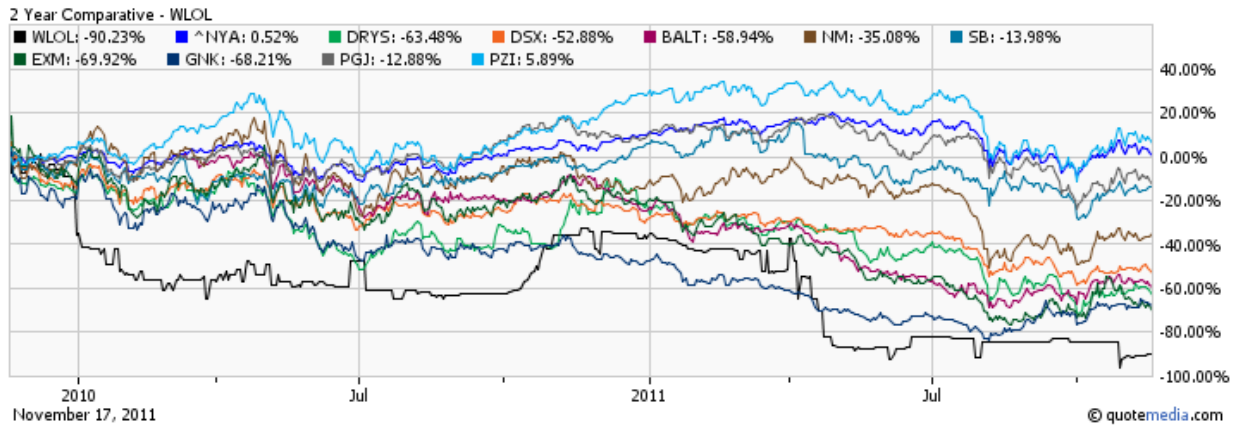
1 CNY = \$0.1575

\$1 = 6.3491 CNY



<http://finance.yahoo.com/currency-converter/#from=CNY;to=USD;amt=1>

**WLOL and Comparable ETF Performance Chart from quotemedia.com and Barchart.com**



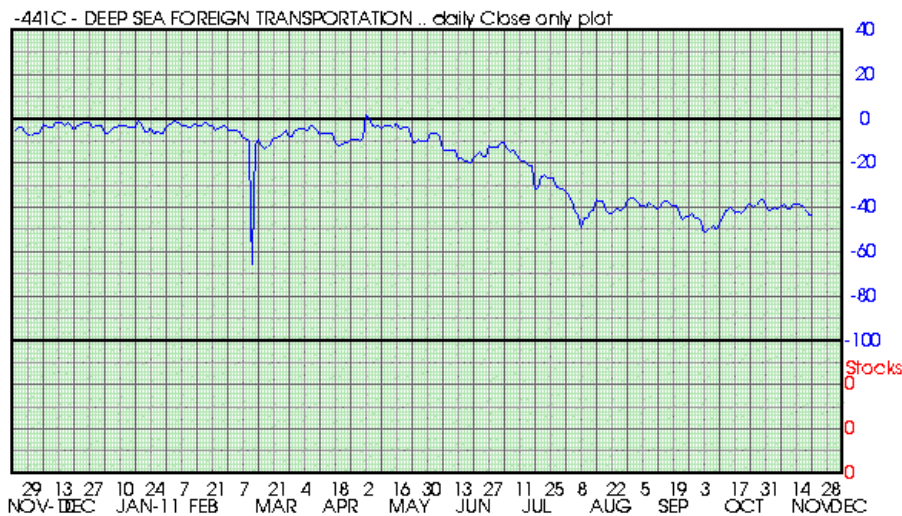
**Deep Sea Foreign Transportation (-441C)**

[+ MY CHARTS](#)

-43.76 ▼ -0.60 (-1.39%) Monday, Nov 21st, 2011 [HELP](#)

Quick Chart: [1 Day](#) | [3 Day](#) | [1 Week](#) | [1 Year](#) | [5 Year](#) | [25 Year](#) • [Technical](#) / [Classic](#)

Date = 11/21/11 o/h/l/c = 0.00 -43.76 -43.76 -43.76 -0.60



<http://www2.barchart.com/chart.php?sym=-441C&t=BAR&size=M&v=1&g=1&txtDate=11%2F22%2F2011&p=D&d=X&q=1&style=classic>

## WLOL Risks

As reported in significantly more detail in Company filings, which should be read in addition to this report, WLOL and its investors face a variety of operating and other risks, including:

- Cyclical Patterns In The Global Shipping Industry Will Have a Substantial Impact On Overall Business Performance.
- Costs And Revenues In The Shipping Industry Are Volatile Which Could Adversely Affect Business.
- High or Volatile Oil Prices Could Adversely Affect the Global Economy And Results Of Operations.
- Failure To Comply With International Safety Regulations May Subject The Company To Increased Liability Which May Adversely Affect Insurance Coverage Resulting In A Denial Of Access To, Or Detention In, Certain Ports Which Could Adversely Affect Business.
- The Shipping Industry Has Inherent Operational Risks, And Such Risks May Not Be Adequately Covered By Insurance Exposing WLOL To Risk Of Loss Of Company Vessels Which Would Adversely Affect Business.
- As The Company's Fleet Of Vessels Ages, The Risks Associated With Older Vessels could Adversely Affect Business Operations.
- Vessels May Suffer Damage Whereby Such Vessels Would Need To Be Drydocked Unexpectedly Which Could Adversely Affect Cash Flows and Results of Operations.
- Risks Associated With The Purchase And Operation Of Secondhand Vessels Could Adversely Affect Future Operating Results.
- The Market Value Of Vessels Can And Do Fluctuate Significantly Which, If The Market Value Of the Fleet Declines, Could Prevent WLOL From Obtaining Adequate Financing Or Require the Company To Incur Debt Which Could Have An Adverse Affect Operating Results.
- WLOL Cannot Predict Whether it Will Meet Internal or External Expectations Of Future Performance.
- WLOL believes that future success depends on the ability to significantly increase revenue from the provision of services. Accordingly, prospects must be considered in light of the risks, expenses and difficulties frequently encountered by companies with a limited operating history.
- WLOL Cannot Assure Investors That the Organic Growth Strategy Will Be Successful.
- Business And Growth Could Suffer If the Company is Unable To Hire And Retain Key Personnel That Are In High Demand.
- WLOL May Not Be Able To Manage Expanding Operations Effectively, Which Could Harm Business.
- If WLOL Needs Additional Capital To Fund Growing Operations, the Company May Not Be Able To Obtain Sufficient Capital And May Be Forced To Limit The Scope Of Operations.
- WLOL May Not Be Able To Adequately Protect Intellectual Property, Which Could Cause the Company To Be Less Competitive.
- WLOL May Be Exposed To Infringement Claims By Third Parties, Which, If Successful, Could Cause the Company To Pay Significant Damage Awards.
- Operations Could Be Disrupted By Unexpected Network Interruptions Caused By System Failures, Natural Disasters Or Unauthorized Tampering With Systems.
- WLOL May Be Classified As A Passive Foreign Investment Company, Which Could Result In Adverse U.S. Tax Consequences To U.S. Investors.

## Murphy Analytics Disclosures and Disclaimers

This report by Murphy Analytics LLC and the Analyst (together referred to as "MA") on Winland Ocean Shipping Corp. (the "Company") is to be used for informational purposes only. Nothing in this report should be construed as investment advice or as an offer to buy or sell any securities. This report is based on information assumed to be reliable and accurate, but MA does not guarantee or make any representation with regard to its reliability, accuracy or completeness. MA made no attempt to independently verify the reliability, accuracy or completeness of this information utilized in the writing of this report. The opinions expressed in this report are subject to change without notice. MA accepts no liability with regard to any loss arising from any use of this report. Past performance of the Company should not be taken as an indication or guarantee of future performance, and no representation or warranty, expressed or implied, is made by MA regarding future performance. Any security discussed in this report may be deemed speculative and therefore not appropriate or suitable for all investors. This report contains statements that are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based on estimates and projections made by the Company and/or by MA. These estimates and projections are derived in part on assumptions, and are not guarantees of future performance. Because future performance is quite difficult to predict, actual outcomes and results may differ materially from what is expressed or forecasted in forward-looking statements due to numerous factors. Such factors include, but are not limited to, the Company's ability to execute effectively its business plan and acquisition strategy, failure by the Company to retain key personnel, changes in the markets in which the Company operates, the development of new products and services that compete with those offered by the Company, competitive pressures, economic and political conditions, changes in consumer behavior, the introduction of competing products having technological and/or other advantages, and other risks not contemplated by the Company or by MA. These and other risks are described in the Company's filings with the Securities and Exchange Commission. These filings should be read in conjunction with the MA report. MA was paid \$5,000 by the Company in advance of the publication of this report and the Company has agreed to pay another \$5,000 to MA in advance of the publication of one update report. MA assumes no responsibility to update information concerning the Company. MA owns no shares in the Company. No part of the compensation to MA is tied to any content contained in this report or any view expressed in this report. The Analyst for this report Patrick J. Murphy, CFA, has over 15 years of investment and transaction analysis across a range of asset classes including microcap equities, commercial real estate debt and equity, municipal derivatives and public finance, venture capital, fixed income, commercial MBS and mortgage REIT's. In addition to his work with Murphy Analytics, Mr. Murphy also serves as a consultant to a municipal derivatives advisory firm. Additionally, Murphy Analytics sometimes provides analytical services to various venture capital firms, privately held companies, non-profits and investor relations firms. Mr. Murphy is an alumnus of the University of Notre Dame (1991), with an undergraduate degree in Economics, and earned a Masters Degree in Finance from St. Louis University in 1997. Mr. Murphy is a CFA Charterholder and a member of the CFA Society of St. Louis. I, Patrick J. Murphy, hereby certify that all views expressed in this report accurately reflect my personal views about the Company, and that no part of my compensation was or will be related to the views expressed in this report.

**Analyst Contact Information:**

Patrick J. Murphy, CFA  
Analyst

Murphy Analytics





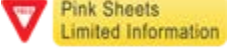

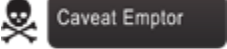
Phone 636-273-9440

[www.murphyanalytics.com](http://www.murphyanalytics.com)

[pmurphy@murphyanalytics.com](mailto:pmurphy@murphyanalytics.com)

**Overview of the OTCMarkets<sup>19</sup>**

The OTC market is made up of many different types of companies, ranging from OTCQX companies worthy of investor consideration to economically distressed companies to speculative shell companies. Due to the wide range of OTC companies, Pink OTC Markets developed the OTC Market Tiers to help bring increased clarity, transparency and disclosure to the OTC Market. All non-OTCQX OTC securities are assigned a Market Tier based on their reporting method (SEC Reporting, Alternative Reporting Standard) and disclosure category – Current, Limited or No Information. Securities listed on OTCQX, the highest OTC Market Tier, are required to have Current disclosure in addition to the OTCQX requirements. Securities within OTCQB Market Tier must be SEC, Bank or Insurance reporting and must be Current in their disclosure. The OTC Market Tiers, ranked from highest to lowest, include the following:

	<p>The OTCQX marketplace is the premier tier of the U.S. over-the-counter market. Investor-focused companies use the quality-controlled OTCQX platform to offer investors transparent trading, superior information, and easy access through their regulated U.S. broker-dealers.</p>
	<p>The OTCQB market tier helps investors easily identify companies that are Registered and current in their reporting obligations with the SEC or report to a U.S. banking or insurance regulator. OTCQB securities are quoted on Pink OTC's quotation and trading system and some may also be quoted on FINRA's OTCBB. See <a href="#">OTCQB Fact Sheet</a></p>
	<p>This security is one of approximately 30 OTC securities that are quoted solely on FINRA's OTCBB quotation system so market makers must use the telephone to make any trades.</p>
	<p>Companies that follow the International Reporting Standard or the Alternative Reporting Standard by making filings publicly available through the OTC Disclosure &amp; News Service pursuant to <a href="#">Pink OTC Markets Guidelines for Providing Adequate Current Information (pdf)</a> are designated as Pink Sheets Current Information. The Current Information category is based on the level of disclosure and is not a designation of quality or investment risk. This category includes shell or development stage companies with little or no operations as well as companies without audited financials and as such should be considered extremely speculative by investors</p>
	<p>Designed for companies with financial reporting problems, economic distress, or in bankruptcy to make the limited information they have publicly available. The Limited Information category also includes companies that may not be troubled, but are unwilling to meet Pink OTC Markets' Guidelines for Providing Adequate Current Information. Companies in this category have limited financial information not older than six months available on the OTC Disclosure &amp; News Service or have made a filing on the SEC's EDGAR system in the previous six months.</p>
	<p>Indicates companies that are not able or willing to provide disclosure to the public markets - either to a regulator, an exchange or Pink OTC Markets. Companies in this category do not make Current Information available via the OTC Disclosure &amp; News Service, or if they do, the available information is older than six months. This category includes defunct companies that have ceased operations as well as 'dark' companies with questionable management and market disclosure practices. Publicly traded companies that are not willing to provide information to investors should be treated with suspicion and their securities should be considered highly risky.</p>
	<p>There are no market makers in this security. It is not listed, traded or quoted on any stock exchange, the OTCBB or the Pink Sheets. Trades in grey market stocks are reported by broker-dealers to their Self Regulatory Organization (SRO) and the SRO distributes the trade data to market data vendors and financial websites so investors can track price and volume. Since grey market securities are not traded or quoted on an exchange or interdealer quotation system, investor's bids and offers are not collected in a central spot so market transparency is diminished and Best Execution of orders is difficult.</p>
	<p>Buyer Beware. There is a public interest concern associated with the company, which may include a spam campaign, questionable stock promotion, known investigation of fraudulent activity committed by the company or insiders, regulatory suspensions, or disruptive corporate actions. During the time it is labeled Caveat Emptor, any stock that is not in the Current Information category will also have its quotes blocked on otcmarkets.com.</p>

<sup>19</sup> <http://www.otcmarkets.com/pink-sheets/learn/otc-market-tiers>