

# WILSON ASA

## 3rd quarter report - 2011

### Summary

- Weak earnings in the quarter, but a marked improvement in the latter part of the period
- Operating cost continued at the same low, but adequate level as before
- EBITDA of MNOK 48 even in a period with a weak spot marked
- Financial result affected negatively by amongst other of unrealized items due to currency rate translation

Figures in MNOK except daily figures and per sh	3Q-2011	3Q-2010	2Q-2011	Changes	
				3Q-2010	1Q-2011
Daily income TC equivalent	<b>22 860</b>	26 823	24 745	(3 963)	(1 885)
Gross freight income	<b>482</b>	498	507	( 16)	( 25)
EBITDA	<b>48</b>	64	60	( 16)	( 12)
Operating result	<b>2</b>	21	14	( 18)	( 11)
Result from financial items	<b>( 34)</b>	( 3)	( 20)	( 31)	( 14)
Result before tax and minority	<b>( 32)</b>	17	( 6)	( 49)	( 26)
Result per share / majority	<b>( 0.51)</b>	0.33	( 0.12)	( 0.84)	( 0.39)

### **Wilson ASA – Business idea**

Wilson's main activity is the chartering and operation of small dry bulk vessels between 1 500 and 10 000 dwt. Wilson is a premier player in this market. Per 02.11.2011 the Wilson system operates 112 ships, whereof 83 are owning-wise controlled by the company. The company has now taken delivery of seven out of eight newbuildings in the 8 300 dwt program. Deliveries under the company's 4 500 tdw newbuildings program are expected to be further delayed and not start until 2012.

Wilson's strategy is to offer Norwegian and European industry competitive, reliable, flexible and long-term transportation services. By controlling large contract volumes and long-term contract portfolios, Wilson may optimize vessel operations and over time secure stable income levels.

### **Result 3rd quarter 2011**

Net freight income, corresponding to ships income on TC basis, amounted to MNOK 235 in the 3rd quarter 2011 which was MNOK 24 weaker than the corresponding period in 2010. The earnings level in the quarter was NOK 22 860/day compared to NOK 26 823/day in the 3rd quarter 2010. Additional sailing days in the current year's quarter contributed however to diminish the reduction.

The company's operating cost including TC hire and administration cost, but excluding depreciations was MNOK 188 in the quarter which was a decrease of MNOK 9 compared to the 3rd quarter 2010. The company has continued its low, but adequate level on ships operating expenses. The company has redelivered TC tonnage and has renewed existing TC agreements at a lower level which has resulted in a decrease in expenses from MNOK 66 for the 3rd quarter 2010 to MNOK 57 for the 3rd quarter 2011.

The operating result before depreciations (EBITDA) was MNOK 48 in the quarter which was MNOK 16 lower than the corresponding period in 2010. The reason for the decrease was primarily due to a weakening of earnings, expressed as daily income from NOK 26 823/day in the 3rd quarter 2010 to NOK 22 860 in the 3rd quarter 2011. The decrease in daily income should have given a bigger decrease of EBITDA in isolation, but this was countered by additional sailing days and lower operating cost per ship day.

Total depreciation in the company was MNOK 46 in the 3rd quarter 2011 compared to MNOK 43 in the corresponding period in 2010.

The operating result in the current year's quarter became MNOK 2 compared to MNOK 21 for the 3rd quarter 2010.

Net result from financial items showed MNOK -34 in the quarter compared to MNOK -3 in the 3rd quarter 2010. In 2010 the financial result was positively affected by currency translation by MNOK 15, whereas the current year's quarter was affected negatively with NOK 10. At the same

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time ordinary interest cost was around MNOK 6 higher in the 3rd quarter 2011 than in the 3rd quarter 2010.

The company's result before minority interest and calculated tax was MNOK -32 in the quarter compared to MNOK 17 for the corresponding period in 2010. Calculated tax for the quarter showed MNOK -11 compared to MNOK 3 for the 3rd quarter 2010. This gave a period result of MNOK -22 for the 3rd quarter 2011 compared to MNOK 14 for the 3rd quarter 2010.

### **The market**

In a large part of the 3rd quarter the spot market was very weak and considerably weaker than in the 2nd quarter. Towards the end of the period however, the spot rates improved considerably. The contract coverage was 48 % in the quarter which was a decrease of 4 % points compared to the 2nd quarter. The low contract coverage reflects that the market continued to be substantially weakened by the crisis that started in 2008/2009. The purchase of the freight contracts portfolio from DFDS Logistics, as announced in the 2nd quarter, was made effective in the 3rd quarter.

The activity level, measured as the number of voyage days, showed an increase of around 5 % for the 3rd quarter 2011 compared to the 3rd quarter 2010 where the increase primarily came as a consequence of the delivery of newbuildings. From the 2nd quarter 2011 to the 3rd quarter 2011 there has been only minor changes in the activity level.

### **Financing and capital structure**

Per 30.09.2011 interest bearing debt and leasing obligations in the balance were totaling MNOK 1 724 compared to MNOK 1 677 per 30.06.2011. The increase was due to drawdown on credit facilities, in main related to the newbuildings program in the period.

The company's book equity per 30.09.2011 was MNOK 806 compared to MNOK 828 per 30.06.2011. Book equity was thus 29 % per 30.09. compared to 30 % per 30.06. of a total balance of MNOK 2 781 and MNOK 2 746 respectively.

Per 30.09.2011 the company had drawn MNOK 16 from the available operating credit facility totaling MNOK 55.

The continued weak market in 2011 has put pressure on the company's earnings and thereby liquidity and financial key figures. With duration until June 2012 the company has obtained an adjustment of the financing institution's requirement to working capital and liquidity, and has for the same period entered into a bank loan agreement amounting to MNOK 112 for utilization towards payment of installments, whereof MNOK 56 has been used. In the period towards next summer the company will work to obtain a new financial platform with longer duration and work to strengthen the liquidity also in the short term view.

### **Prospects**

The earnings level in the 3rd quarter was as expected lower than the previous quarter due to the summer stillness in large parts of the market. Towards the end of quarter the freight level picture has been improved. The company therefore has the expectation that the freight level at the end of 3rd quarter in main can be continued for the 4th quarter. The company therefore expects improvements in the results for the coming quarter.

Considerable uncertainty towards the future economical development in several European countries is currently weakening the regional demand in Europe. In spite of this the company has not adjusted downward its long term expectations that the short sea segment for the longer term will give a satisfactory return on capital.

### **Financial principles for the quarterly report**

The quarterly report has been established on the basis of international accounting standards (IAS 34).

**The Board of Directors of  
Wilson ASA**

**Bergen, 2nd November 2011**

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### Statement of income

#### Wilson Group

(All figures in TNOK )

OPERATING REVENUE AND EXPENSES	Q3 2011	Q3 2010	1.1 - 30.09. 2011	1.1 - 30.09. 2010	1.1 - 31.12. 2010
Freight income	482 301	498 499	1,458,882	1 432 706	1 969 432
Voyage related expenses	247 768	240 394	747,412	701 809	963 891
Ships income on TC basis	234 533	258 105	711 470	730 897	1 005 541
Other operating income	1 780	2 822	6,090	30 511	33 496
Total operating revenue	236 313	260 927	717 560	761 408	1 039 037
Profit/(loss) from purchase or sale of assets	0	0	0	29	29
Crew cost ships	57 794	55 383	172,626	163 100	221 154
Other operating expenses	43 046	44 950	139,242	129 826	173 613
T/C and BB hires	56 930	66 524	183,584	189 100	257 461
Administration expenses	30 352	29 980	89,815	85 614	117 419
Total operating expenses	188 122	196 838	585 267	567 640	769 647
<b>Operating result before depreciations</b>	<b>48 191</b>	<b>64 090</b>	<b>132 293</b>	<b>193 797</b>	<b>269 419</b>
Depreciations	45 963	43 493	140,734	133 155	178 550
<b>Operating result (EBIT)</b>	<b>2 228</b>	<b>20 597</b>	<b>- 8 441</b>	<b>60 642</b>	<b>90 869</b>
<b>FINANCIAL INCOME AND COST</b>					
Interest income	200	87	541	217	703
Share of result in non-consolidated investees	69	162	-11	- 1 137	- 2 350
Agio	137	10 392	14,119	42 779	56 918
Value changes in financial instruments	7 447	- 4 830	3,800	- 5 324	- 4 146
Interest cost	23 335	17 530	61,217	48 640	66 681
Disagio	17 840	- 8 978	28,838	16 034	24 237
Other finance cost	918	425	1,847	1 516	2 022
<b>Financial result</b>	<b>- 34 240</b>	<b>- 3 166</b>	<b>- 73 453</b>	<b>- 29 655</b>	<b>- 41 815</b>
<b>Result before tax</b>	<b>- 32 012</b>	<b>17 431</b>	<b>- 81 894</b>	<b>30 987</b>	<b>49 054</b>
Tax cost	- 10 673	3 271	-26,077	5 689	- 9 020
<b>Annual result</b>	<b>- 21 339</b>	<b>14 160</b>	<b>- 55 817</b>	<b>25 298</b>	<b>58 074</b>
<b>OTHER COMPREHENSIVE INCOME</b>					
Translation differences	- 545	- 197	-356	1 736	5 343
Purchase of jointly controlled companies	0	0			0
Mergers	0	0			0
<b>Other comprehensive income after tax</b>	<b>- 545</b>	<b>- 197</b>	<b>- 356</b>	<b>1 736</b>	<b>5 343</b>
<b>Total result</b>	<b>- 21 884</b>	<b>13 963</b>	<b>- 56 173</b>	<b>27 034</b>	<b>63 417</b>
Annual result - Majority share	- 21 584	14 014	- 56 154	25 382	58 409
Annual result - Minority share	245	146	337	- 84	- 335
	<b>- 21 339</b>	<b>14 160</b>	<b>- 55 817</b>	<b>25 298</b>	<b>58 074</b>
Total result - Majority share	- 22 129	13 817	- 56 510	27 118	63 752
Total result - Minority share	245	146	337	- 84	- 335
	<b>- 21 884</b>	<b>13 963</b>	<b>- 56 173</b>	<b>27 034</b>	<b>63 417</b>
Annual result and diluted result per share	(0.51)	0.33	(1.33)	0.60	1.38

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### Balance

#### Wilson Group

(All figures in TNOK)

<b>ASSETS</b>	<b>30.09.11</b>	<b>30.09.10</b>	<b>31.12.10</b>
<b>Fixed assets</b>			
<b>Intangible fixed assets</b>			
Intangible fixed assets	4 720	0	0
Deferred tax assets	72 655	22 065	45 051
Goodwill	154 704	154 704	154 704
Total intangible fixed assets	232 079	176 769	199 755
<b>Tangible non-current assets</b>			
Property	2 201	2 352	2 314
Vessels	1 953 011	1 686 338	1 694 425
Vessels under construction	328 498	396 610	465 171
Fixtures and furniture, office machines etc.	8 074	6 770	8 304
Total tangible non-current assets	2 291 784	2 092 070	2 170 214
<b>Financial fixed assets</b>			
Investments in non-consolidated investees	24 176	25 401	24 188
Loans to non-consolidated investees	5 149	5 222	5 120
Financial instruments	0	0	0
Other long term receivables	0	1 259	0
Total financial fixed assets	29 325	31 882	29 308
<b>Total fixed assets</b>	<b>2 553 188</b>	<b>2 300 721</b>	<b>2 399 277</b>
<b>Current assets</b>			
<b>Stores and fuel</b>	60 684	34 354	46 594
<b>Receivables</b>			
Accounts receivable	113 882	105 910	99 880
Other receivables	44 573	61 854	54 165
Total receivables	158 455	167 764	154 045
<b>Investments</b>			
Financial instruments	8 833	1 129	3 967
<b>Cash at bank, at hand, etc.</b>	0	103 023	101 007
<b>Total current assets</b>	<b>227 972</b>	<b>306 270</b>	<b>305 613</b>
<b>TOTAL ASSETS</b>	<b>2 781 160</b>	<b>2 606 991</b>	<b>2 704 890</b>

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### Wilson Group

(All figures in TNOK)

SHAREHOLDERS' FUND AND LIABILITIES	30.09.11	30.09.10	31.12.10
<b>Equity</b>			
<b>Paid-in capital</b>			
Share capital (42,216,000 share a kr 5.-)	211 080	211 080	211 080
Total paid-in capital	<u>211 080</u>	<u>211 080</u>	<u>211 080</u>
<b>Retained earnings</b>			
Group funds	583 301	603 177	639 811
Total retained earnings	<u>583 301</u>	<u>603 177</u>	<u>639 811</u>
Minority interest	11 794	11 708	11 457
<b>Total equity</b>	<b><u>806 175</u></b>	<b><u>825 965</u></b>	<b><u>862 348</u></b>
<b>Liabilities</b>			
<b>Accrued liabilities</b>			
Accrued pension liabilities	10 041	12 869	9 661
Total provisions	<u>10 041</u>	<u>12 869</u>	<u>9 661</u>
<b>Other long term debt</b>			
Interest-bearing liabilities to financial institutions	1 313 144	1 269 664	1 275 560
Liabilities to group company	93 556	94 301	92 852
Interest bearing leasing obligations	45 456	48 784	47 918
Financial instruments	13 887	9 047	11 477
Other long term debt	21 355	1 375	21 348
Total other long term liabilities	<u>1 487 398</u>	<u>1 423 171</u>	<u>1 449 155</u>
<b>Current liabilities</b>			
Current liability of long term debt	236 176	147 799	164 133
Financial instruments	15 735	0	0
Accounts payable	96 593	63 295	88 497
Social security tax, withholding tax, etc.	10 396	9 073	10 617
Financial obligations purchase options	13 507	22 290	20 410
Other short term liabilities	105 139	102 529	100 069
Total current liabilities	<u>477 546</u>	<u>344 986</u>	<u>383 726</u>
<b>Total liabilities</b>	<b><u>1 974 985</u></b>	<b><u>1 781 026</u></b>	<b><u>1 842 542</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>2 781 160</u></b>	<b><u>2 606 991</u></b>	<b><u>2 704 890</u></b>

The Board of Directors of Wilson ASA

Bergen, 2nd November 2011

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### Equity changes

	01.01-30.09 2011	01.01-30.09 2010	01.01-31.12 2010
Equity at the start of period	862 348	798 931	798 931
Total income and expenses	-56 173	27 034	63 417
Equity at end of period	806 175	825 965	862 348

### Cash flow statement

(All figures TNOK)	01.01-30.09 2011	01.01-30.09 2010	01.01-31.12 2010
Cash flow from operating activities	53 948	131 609	210 580
Cash flow from investing activities	-264 570	-268 732	-395 934
Cash flow from financing activities	93 881	197 594	243 808
Changes in bank deposits and cash at hand	-116 741	60 471	58 454
Bank balances and cash at hand at start of period	101 006	42 552	42 552
Bank balances and cash at hand at end of period	-15 735	103 023	101 006

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### Notes to the quarterly report

#### Note 1 – Accounting principles

The interim report has been established according to the IFRS requirements for interim reporting, IAS 34. The Financial Statement for 2011 has been established according to the IFRS standards, the same accounting principles that have been applied and explained in the Annual Report for 2010.

Norwegian kroner is used as functional- and reporting currency. Numbers are stated as whole 1 000 kr (TNOK).

#### Note 2 – Segment information

##### 2 000 dwt / System

The operating income in the segment in the 3rd quarter was MNOK 47 compared to MNOK 55 in the 3rd quarter 2010. The operating result was MNOK 10, which was on level with the corresponding period last year. Booked value ships per 30.09.2011 shows MNOK 230 compared to MNOK 280 per 30.09.2010. The decrease in booked value ships was due to the transfer of 2 systems ships from this segment and into the 3 – 4 500 dwt segment.

##### 3 - 4 500 dwt

The operating result in the segment showed MNOK -12 for the quarter compared to MNOK 6 in the 3rd quarter 2010. Operating income decreased by MNOK 16 from MNOK 119 in the 3rd quarter 2010 to MNOK 103 in the 3rd quarter 2011 at the same time as the operating expenses decreased from MNOK 95 to 94 in the quarter. The depreciations increased with MNOK 3 from MNOK 18 to MNOK 21 for the 3rd quarter 2011. Booked value ships per 30.09.2011 showed MNOK 1 005 compared to MNOK 884 per 30.09.2010. Booked value ships increased due to activation of ongoing payments on the newbuildings program as well as the transfer of 3 ships in total to this segment.

##### 6 – 10 000 dwt

The segment showed total operating income of MNOK 62 in the quarter, which was MNOK 2 higher than in the 3rd quarter 2010. The operating result showed MNOK 3 which was a decrease of MNOK 2 compared to the 3rd quarter 2010. Booked value ships showed MNOK 935 per 30.09.2011 compared to MNOK 765 per 30.09.2010. Booked value ships increased due the delivery of newbuildings in addition to the activation of ongoing payments on the newbuildings program.

After 30.09.2011 the company has taken delivery of the seventh ship in the series of 8 x 8 300 dwt bulk vessels from YiChang Shipyard, China.

#### Other

The company's wholly owned container activity Euro Container Line AS is included in this segment. In total the segment showed operating income of MNOK 25 for the quarter compared to MNOK 27 for the same period last year. The operating result showed MNOK 1 compared to MNOK 0 for the 3rd quarter 2010. Booked value ships showed MNOK 112 per 30.09.2011 compared to MNOK 155 per 30.09.2010. The decrease in booked value ships was due to the transfer of one selfunloader from this segment to the 3 – 4 500 dwt segment.

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01.07-30.09.11	2 000 dwt / system	3 500 - 4 500 dwt	6 000 - 10 000 dwt	Other **	Sum
Operating income	46 735	102 967	61 516	25 095	236 313
Operating expenses *	29 252	94 079	44 803	19 988	188 122
Operating result before depreciations (EBITDA)	17 483	8 888	16 713	5 107	48 191
Depreciations	7 277	20 819	13 669	4 198	45 963
Operating result (EBIT)	10 206	- 11 931	3 044	909	2 228
Ships net book value	230 093	1 004 667	935 169	111 579	2 281 508
whereof					
Ships aquisition	0	0		0	0
Ships being built	0	3 364	47 675		51 039
	<b>Import</b>	<b>Export</b>	<b>Domestic</b>	<b>Abroad</b>	<b>Sum</b>
Operating income	56 715	75 620	18 905	85 073	236 313
in %	24%	32%	8%	36%	100%

\* Operating expenses includes TC hires

\*\*\* Inkluderer gevinst og tap ved salg av skip

01.07 - 30.09.10	2 000 dwt / system	3 500 - 4 500 dwt	6 000 - 10 000 dwt	Other **	Sum
Operating income	54,846	119,121	59,947	27,013	260,927
Operating expenses *	36,773	95,493	41,998	22,573	196,837
Operating result before depreciations (EBITDA)	18,073	23,628	17,949	4,440	64,090
Depreciations	8,361	17,992	12,843	4,297	43,493
Operating result (EBIT)	9,712	5,636	5,106	143	20,597
Ships net book value	279,662	883,834	764,766	154,686	2,082,948
whereof					
Ships aquisition	-	-		-	0
Ships being built	-	38,530	78,983		117,513
	<b>Import</b>	<b>Export</b>	<b>Domestic</b>	<b>Abroad</b>	<b>Sum</b>
Operating income	67,841	75,669	18,265	99,152	260,927
in %	26%	29%	7%	38%	100%

\* Operating expenses includes TC hires

\*\*\* Inkluderer gevinst og tap ved salg av skip



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<b>01.01 - 30.09.11</b>	<b>2 000 dwt / system</b>	<b>3 500 - 4 500 dwt</b>	<b>6 000 - 10 000 dwt</b>	<b>Other **</b>	<b>Sum</b>
Operating income	138,690	327,980	182,260	68,630	717,560
Operating expenses *	93,045	296,270	136,612	59,340	585,267
Operating result before depreciations (EBITDA)	45,645	31,710	45,648	9,290	132,293
Depreciations	27,845	61,889	39,904	11,096	140,734
Operating result (EBIT)	17,800	-30,179	5,744	-1,806	-8,441
Ships net book value whereof	230,093	1,004,667	935,169	111,579	2,281,508
Ships aquisition	-	-	-	-	0
Ships being built	-	61,964	132,519	-	194,483
	<b>Import</b>	<b>Export</b>	<b>Domestic</b>	<b>Abroad</b>	<b>Sum</b>
Operating income	172,214	215,268	57,405	272,673	717,560
in %	24%	30%	8%	38%	100%

\* Operating expenses includes TC hires

\*\* includes profit and loss from sale of ships

<b>01.01 - 30.09.10</b>	<b>2 000 dwt / system</b>	<b>3 500 - 4 500 dwt</b>	<b>6 000 - 10 000 dwt</b>	<b>Other **</b>	<b>Sum</b>
Operating income	147,838	338,136	177,632	97,830	761,436
Operating expenses *	112,469	272,356	121,753	61,061	567,639
Operating result before depreciations (EBITDA)	35,369	65,780	55,879	36,769	193,797
Depreciations	25,835	56,021	36,815	14,484	133,155
Operating result (EBIT)	9,534	9,759	19,064	22,285	60,642
Ships net book value whereof	279,662	883,834	764,766	154,686	2,082,948
Ships aquisition	-	-	-	-	0
Ships being built	-	31,180	165,140	-	196,320
	<b>Import</b>	<b>Export</b>	<b>Domestic</b>	<b>Abroad</b>	<b>Sum</b>
Operating income	190,359	220,816	53,301	296,960	761,436
in %	25%	29%	7%	39%	100%

\* Operating expenses includes TC hires

\*\* includes profit and loss from sale of ships

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### Note 3 – The company's major shareholders per 30.06.2011

The company's share capital as of 30.09.2011 consisted of 42 216 000 shares at NOK 5 totaling TNOK 211 080.

NAVN	AKSJER	EIERANDEL	STEMMEANDEL
CAIANO AS	38 070 599	90,18 %	90,18 %
PARETO AKSJE NORGE	891 800	2,11 %	2,11 %
IVAN AS	623 000	1,48 %	1,48 %
SLETHEI AS	468 954	1,11 %	1,11 %
PARETO AKTIV	432 600	1,02 %	1,02 %
SUM > 1 % ANDEL	40 486 953	95,90 %	95,90 %
SUM ØVRIGE	1 729 047	4,10 %	4,10 %
<b>TOTALT ANTALL AKSJER</b>	<b>42 216 000</b>	<b>100,00 %</b>	<b>100,00 %</b>

Through the related party Caiano AS Kristian Eidesvik controls in total 90.18 % of Wilson ASA.

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*In case of contradiction between the Norwegian and the English version of this Report, the Norwegian version shall prevail.*