



COURAGE MARINE GROUP LIMITED

Press Release

Higher fleet tonnage mitigates weaker rates

- ❑ **Net profit margin maintained at high 42%**
- ❑ **Continues to generate strong cashflow from operations**

Singapore, 9 May 2006: Courage Marine Group Limited (“Courage” or the “Group”), a dry bulk shipper with an extensive Asian market presence, reported an impressive net profit of US\$5.2m on sales of US\$12.6m for the first quarter to 31 March 2006 (1Q06). This is despite a 47% fall in the average Baltic Dry Index (“BDI”) to 2,450 in 1Q06 from 4,600 in 1Q05.

Said Non-Executive Chairman Hsu Chih-Chien: “The BDI has stabilized above 2,000 in the last few months and, barring any unforeseen circumstances, we expect the Group to remain profitable for the rest of the year.”

“I am very happy that, given such challenging times, our expanded fleet is more than 90% deployed and our vessels achieved average freight rates which were only a third lower, outperforming the average BDI year-on-year (yoy) decline in 1Q06. We will continue to maintain our lean cost structure to ensure profitability.”

The 29% yoy rise in vessel tonnage to 440,000 deadweight tonnes (dwt) in 1Q06 drove depreciation charges up 124%. This and the higher bunker cost were the main culprits for the 26% rise in cost of sales. Lower port, administration, finance and other operating expenses helped ease the pressure on overall cost.

Added Mr Hsu: "Our latest vessel acquisition in 2Q06 takes our total tonnage to 486,000 dwt. We will continue to look for attractive secondhand vessels if the timing is good, the price is right, and the returns make good business sense. Our gearing ratio is a low 14% and we typically look for returns of less than four to five years."

Courage has sent one vessel for an intermediate survey in 2Q06 and plans to send another two dry bulk ships for intermediate/special survey in 3Q06. Despite this, the Group expects higher total available revenue days in 2006.

About Courage Marine Group Ltd ("Courage")

Courage owns/operates 11 dry bulk carriers, comprising five Handysize (10,000-39,999 dwt), three Handymax (40,000-59,999 dwt), and three Panamax vessels, with a total capacity of 486,280 dwt. They are deployed around Greater China, Japan, Russia, Vietnam, Indonesia, Bangladesh, and elsewhere in Asia.

The vessels transport mainly dry bulk commodities such as coal, cement, clinker, iron ore, minerals, and wood chips. This fleet of Handysize, Handymax, and Panamax vessels allows greater flexibility in plying long and short voyages.

Its substantial presence in the region enables Courage to capitalise on the continued economic growth in China and the Asia-Pacific region. The Group is well-poised to take advantage of growing demand for dry bulk marine transportation services, especially coal. Industry growth prospects are positive, likewise the Group's outlook.

The Group may be young, but the five directors bring 150 years of combined experience. Each excelling in his own field, they are a perfect partnership which personifies passion for successful shipping.

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