



# **COURAGE MARINE GROUP**

## **Press release**

### **3Q07 net profit more than trebles to US\$20M**

- **3Q07 net profit is equal to what Courage earned in 1H07**
- **Strong raw materials demand drove freight rates up**
- **Buoyant market conditions expected to keep BDI high**

**Singapore, 7 November 2007** – Courage Marine Group Limited (“Courage” or the “Group”), an efficient dry bulk shipper focused on infrastructure and energy-related commodities, reported a 234% higher year-on-year (yoy) growth in net attributable profit (PATMI) to US\$20.1 million in the third quarter to 30 September 2007 (3Q07), a level on par with what the Group earned in the first half this year.

The sharp upturn in the dry bulk freight rates in 3Q07 and the high fleet utilization rate of over 90% helped drive revenue 75% higher to US\$24.2 million. Strong ongoing demand for the transport of building raw materials, iron ore and coal kept the Baltic Dry Index (“BDI”) high - the BDI averaged 7,700 in 3Q07 against 3,500 in 3Q06 and 5,200 in 1H07. The BDI is presently trading around 10,000.

Courage booked in a gain of US\$4.8 million in 3Q07 from the sale of MV Zorina, a 40,000 dwt handymax vessel in September. Excluding this gain, 3Q07 PATMI would still be 154% higher yoy. In the first 9 months of this year, Courage achieved a PATMI of US\$40.2 million, more than double 9M06’s US\$19.3 million, on a turnover of US\$59.2 million, up 48% yoy.

Said Non-Executive Chairman Hsu Chih-Chien: "Our gross profit margin improved to 65% in 3Q07 from 3Q06's 47% and 1H07's 60% on the back of strong freight rates and our continued tight rein over expenses."

"With India and China driving Asia's demand for raw materials, we are optimistic that the current buoyant market will be able to support a high BDI level. An added boost comes from region's hunger for building materials such as sand and gravel," he added.

Courage continued to generate strong cashflow of US\$39.2 million from operations in 9M07 against US\$19.6 million in 9M06. This helped raise the Group's cash and cash equivalents to US\$43.6 million as at 30 September against FY2006's US\$25.8 million and is despite having paid out US\$17.0 million for the 2006 final dividend and 2007 interim dividend this year.

"We will continue to maintain our cost-efficient structure and focus on keeping our fleet well-deployed in the current quarter," said Mr Hsu.

Courage sent four vessels for special/intermediate surveys and one more vessel will be sent for drydocking in 4Q07 and is expected to be out of service for about 50 days.

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### **About Courage Marine Group Ltd ("Courage")**

Courage owns/operates 10 dry bulk carriers, comprising five Handysize (10,000-39,999 dwt), two Handymax (40,000-59,999 dwt), and three Panamax vessels, with a total capacity of 455,463 dwt. They are deployed around Greater China, Japan, Russia, Vietnam, Indonesia, Bangladesh, and elsewhere in Asia, including the Middle East.

The vessels transport 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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