



**COURAGE MARINE GROUP LIMITED**

(Incorporated in Bermuda on 5 April 2005)

(Company Registration no: 36692)

**Unaudited Results For The Second Quarter And First Six Months Ended 30 June 2009**

**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS**

**1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year**

**1(a)(i) Income Statement for the Second Quarter and First Six Months Ended 30 June 2009:**

	US\$'000		% Change	US\$'000		% Change
	Q2 2009	Q2 2008		6 months 2009	6 months 2008	
Turnover	6,066	28,491	(79)	11,050	49,994	(78)
Cost of sales	(6,405)	(10,619)	(40)	(12,031)	(19,448)	(38)
Gross (loss) profit	(339)	17,872	NM	(981)	30,546	NM
Other operating income	218	704	(69)	736	1,279	(42)
Administrative expenses	(524)	(704)	(26)	(1,054)	(1,273)	(17)
Other operating expenses	(8)	(27)	(71)	(32)	(66)	(52)
Gain on disposal of equipment	-	-	NM	283	-	NM
Share of loss of associate	(141)	(80)	75	(223)	(163)	36
Finance cost	(57)	-	NM	(149)	(4)	3,365
(Loss) Profit before income tax	(851)	17,763	(105)	(1,420)	30,317	(105)
Income tax	(12)	(1)	1,100	(21)	(3)	600
(Loss) Profit for the period	(863)	17,762	NM	(1,441)	30,314	NM

**1(a)(ii) Additional Information**

	US\$'000		% Change	US\$'000		% Change
	Q2 2009	Q2 2008		6 months 2009	6 months 2008	
Profit before tax is arrived after (charging) / crediting:						
Other income including interest income	218	704	(69)	736	1,279	(42)
Interest on borrowings	(57)	-	NM	(149)	(4)	3,365
Depreciation and amortisation	(2,779)	(1,565)	78	(5,411)	(2,925)	85
Gain (loss) on held-for-trading investment	176	(14)	NM	170	(35)	NM
Share of loss of associate	(141)	(80)	76	(223)	(163)	37
Foreign exchange gain (net)	19	216	(91)	28	300	(91)

**NOTES**

NM denotes not meaningful.

**1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year**

	<b>Group</b>		<b>Company</b>	
	US\$'000	US\$'000	US\$'000	US\$'000
	30/06/2009	31/12/2008	30/06/2009	31/12/2008
<b>ASSETS</b>				
<b>Non-current asset</b>				
Investment in Subsidiaries	-	-	14,217	14,217
Interest in associate	2,564	2,787	-	-
Plant and equipment	59,241	63,149	-	-
	61,805	65,936	14,217	14,217
<b>Current assets</b>				
Trade receivables	2,116	2,678	-	-
Other receivables and prepayments	13,218	5,401	19	9
Amount due from subsidiaries	-	-	63,682	63,682
Held-for-trading investment	697	526	-	-
Pledged deposits	7,280	7,280	-	-
Non-current asset classified as held for sale	-	6,717	-	-
Bank balances and cash	36,468	45,556	904	408
	59,779	68,158	64,605	64,099
<b>TOTAL ASSETS</b>	121,584	134,094	78,822	78,316
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and reserve</b>				
Share Capital	19,059	19,059	19,059	19,059
Share Premium	28,027	28,027	28,027	28,027
Exchange reserve	49	49	-	-
Reserve	61,638	71,073	21,628	29,716
	108,773	118,208	68,714	76,802
<b>Non-current liability</b>				
Borrowing - due after one year	5,200	6,800	-	-
<b>Current liabilities</b>				
Other payables and accruals	4,411	5,886	241	1,305
Amounts due to subsidiaries	-	-	9,867	209
Borrowings - due within one year	3,200	3,200	-	-
	7,611	9,086	10,108	1,514
<b>TOTAL EQUITY AND LIABILITIES</b>	121,584	134,094	78,822	78,316

**1(b)(ii) Aggregate amount of group's borrowings and debt securities**

**Amount repayable in one year or less, or on demand**

As at 30/6/2009		As at 31/12/2008	
Secured	Unsecured	Secured	Unsecured
US\$3,200,000	-	US\$3,200,000	-

**Amount repayable after one year**

As at 30/6/2009		As at 31/12/2008	
Secured	Unsecured	Secured	Unsecured
US\$5,200,000	-	US\$6,800,000	-

**Details of any collateral**

Secured borrowings are generally secured by:

1. Mortgages over a vessel of the Group with net book value US\$14,575,000 (2008:US\$16,000,000)
2. Assignment of insurance of vessel
3. Corporate guarantee from Courage Marine Group Limited

**1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year**

	<b>Group</b>	
	US\$'000	
	Q2 2009	Q2 2008
<b>Operating activities</b>		
(Loss) Profit for the period	(863)	17,762
Adjustments for		
Interest income	(28)	(367)
Interest expense	57	-
(Gain) Loss on held-for-trading investment	(176)	14
Share of loss of associate	141	80
Depreciation	2,778	1,565
Operating cash flows before movements in working capital	1,908	19,054
Decrease (Increase) in trade receivables	3,642	(348)
(Increase) decrease in other receivable and prepayments	(2,119)	415
Increase in other payable and accruals	590	937
Cash generated from operations	4,020	20,057
Interest received	28	367
Interest paid	(57)	-
<b>Net cash from operating activities</b>	<b>3,991</b>	<b>20,423</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(13)	(2,903)
Pledged deposit	(2,280)	-
<b>Net cash used in investing activities</b>	<b>(2,293)</b>	<b>(2,903)</b>
<b>Financing activities</b>		
Dividend paid	(7,994)	(25,994)
Repayment of borrowings	(800)	-
<b>Net cash used in financing activities</b>	<b>(8,794)</b>	<b>(25,994)</b>
<b>Net (decrease) in cash and cash equivalents</b>	<b>(7,096)</b>	<b>(8,474)</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>43,564</b>	<b>77,099</b>
<b>Cash and cash equivalents at end of the period</b>	<b>36,468</b>	<b>68,625</b>

	<b>Group</b>	
	US\$'000	
	6 months of 2009	6 months of 2008
<b>Operating activities</b>		
(Loss) Profit for the period	(1,441)	30,314
Adjustments for		
Interest income	(84)	(858)
Interest expense	149	4
Gain on disposal of property, plant and equipment	(283)	-
(Gain) Loss on held-for-trading investment	(170)	35
Share of loss of associate	223	163
Depreciation	5,410	2,925
Operating cash flows before movements in working capital	3,804	32,584
Decrease in trade receivables	562	888
(Increase) decrease in other receivable and prepayments	(7,817)	258
(Decrease) increase in other payable and accruals	(1,475)	361
Cash (used in) generated from operations	(4,927)	34,090
Interest received	84	858
Interest paid	(149)	(4)
<b>Net cash (used in) generated from operating activities</b>	<b>(4,992)</b>	<b>34,943</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(1,502)	(4,008)
Proceeds on disposal of property, plant and equipment	7,000	-
<b>Net cash generated from (used in) investing activities</b>	<b>5,498</b>	<b>(4,008)</b>
<b>Financing activities</b>		
Dividend paid	(7,994)	(25,994)
Repayment of borrowings	(1,600)	(680)
<b>Net cash used in financing activities</b>	<b>(9,594)</b>	<b>(26,674)</b>
<b>Net (Decrease) Increase in cash and cash equivalents</b>	<b>(9,088)</b>	<b>4,261</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>45,556</b>	<b>64,364</b>
<b>Cash and cash equivalents at end of the period</b>	<b>36,468</b>	<b>68,625</b>

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

	Share Capital	Share Premium	Exchange Reserve	Retained profits attributable to the shareholders	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>The Group</b>					
<b>Balance at 1 April 2008</b>	19,059	28,027	45	81,133	128,263
Profit for the period	-	-	-	17,762	17,762
Dividend for 2007	-	-	-	(25,994)	(25,994)
<b>Balance at 30 June 2008</b>	19,059	28,027	45	72,901	120,032
<b>Balance at 1 April 2009</b>	19,059	28,027	49	70,495	117,630
(Loss) for the period	-	-	-	(863)	(863)
Dividend for 2008	-	-	-	(7,994)	(7,994)
<b>Balance at 30 June 2009</b>	19,059	28,027	49	61,638	108,773

	Share Capital	Share Premium	Exchange Reserve	Retained profits attributable to the shareholders	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>The Company</b>					
<b>Balance at 1 April 2008</b>	19,059	28,027	-	26,835	73,921
Profit for the period	-	-	-	126	126
Dividend for 2007	-	-	-	(25,994)	(25,994)
<b>Balance at 30 June 2008</b>	19,059	28,027	-	967	48,053
<b>Balance at 1 April 2009</b>	19,059	28,027	-	29,675	76,761
(Loss) for the period	-	-	-	(53)	(53)
Dividend for 2008	-	-	-	(7,994)	(7,994)
<b>Balance at 30 June 2009</b>	19,059	28,027	-	21,628	68,714

**1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares or cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year**

There has been no change in the Company's share capital since the end of the previous period reported on.

As at 30 June 2009 and as at 31 December 2008, there were no options granted or outstanding pursuant to the Courage Marine Employee Option Scheme approved by the shareholders of the Company on 24 August 2005.

**1 (d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year**

<b>As at 30/06/09</b>	<b>As at 31/12/08</b>
1,058,829,308	1,058,829,308

**1 (d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on**

There were no shares being held as treasury shares by the Company.

**2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)**

The figures have not been audited or reviewed.

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)**

Not Applicable

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied**

The Group has adopted the same accounting policies and method of computation in the financial statements for the current period compared with the financial statements for the financial year ended 31 December 2008.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change**

Not Applicable

**6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends (a) based on the weighted average number of ordinary shares in issue; and (b) on a fully diluted basis (detailing any adjustments made to the earnings)**

	<b>Group</b>			
	Q2 2009	Q2 2008	6 months 2009	6 months 2008
	US Cents	US Cents	US Cents	US Cents
a Based on the weighted average number of ordinary shares in issue	(0.08)	1.67	(0.14)	2.86
b On a fully diluted basis	(0.08)	1.67	(0.14)	2.86

**NOTES:**

The earnings per ordinary share is calculated by dividing the consolidated profit attributable to the shareholders of the Company by the weighted average number of ordinary shares in issue during the financial period reported on.

The fully diluted earnings per ordinary share is the same as the earnings per ordinary share as there were no options granted or outstanding during the financial period.

**7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year**

	<b>Group</b>		<b>Company</b>	
	09/06/30	08/12/31	08/06/30	08/12/31
	US Cents	US Cents	US Cents	US Cents
Net asset value per ordinary share	10.27	11.16	6.49	7.25



**8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

#### Turnover

##### 2Q2009

Group revenue for the quarter ended 2Q09 came in at US\$6.1 million, a 79% decrease year-on-year from US\$28.5 million in 2Q08. This reflected the steep decline in dry bulk rates, as well as lower fleet utilisation. The global economic crisis continued to dampen demand for shipping transportation services worldwide. This led to a steep fall in dry bulk freight rates, with the Baltic Dry Index ("BDI") down about 70% to an average of 2,700 in 2Q09 from an average of 8,800 in 2Q08. The BDI is currently trading around the 3,000 level. Fleet utilisation hovered around 70% in 2Q09, compared to 90% in 2Q08.

##### 1H2009

Group revenue came in at US\$11.1 million, a 78% decrease from US\$50.0 million in 1H08. The BDI averaged about 2,300 in 1H09, 75% lower than the 9,400 average level in 1H08. The Group's lower fleet utilisation of 70% was the result of low demand and weak trading conditions.

#### Profitability

##### 2Q2009

Despite a 79% decline in revenue, the Group's cost of sales declined by 40% in 2Q09 to approximately US\$6.4 million due to overhead costs such as depreciation and amortisation. As such, the Group recorded a loss of approximately US\$0.3 million at the gross level compared to gross profit of US\$17.9 million in 2Q08.

Other operating income consists of interest income from bank balances, gain on foreign exchange and other one-off income. The Group recorded other operating income of US\$218,000 in 2Q09, a decrease of 69% compared to 2Q08. This was largely due to significantly lower interest rates for time deposits.

The 26% decrease in administrative expenses from US\$0.7 million in 2Q08 to US\$0.5 million in 2Q09 was mainly attributed to the decrease in travelling expenses.

The Group recorded US\$8,000 in other operating expenses, a decrease of 71% over 2Q09.

In proportion with the Group's 25% interest in an associate, the Group's share of loss widened 75% from a loss of US\$80,000 in 2Q08 to US\$141,000 in 2Q09.

As one of the Group's subsidiaries had obtained a bank loan of US\$10 million in October 2008, it recorded a finance cost of US\$57,000 in 2Q09 compared to none in 2Q08.

The Group's subsidiaries recorded an income tax expense of US\$12,000 during 2Q09.

Overall, the Group recorded net loss of US\$863,000 in 2Q09 which was largely attributed to significantly lower freight rates and low fleet utilisation.

### 1H2009

Despite a 78% decline in revenue, the Group's cost of sales declined by 38% to approximately US\$12.0 million due to overhead costs such as depreciation and amortisation. As such, the Group recorded a loss of approximately US\$1.0 million at the gross level compared to gross profit of US\$30.5 million in 1H08.

The Group recorded other operating income for US\$0.7 million in 1H09, a decrease of 42% compared to 1H08. This was mainly attributed to lower interest income.

The decrease in administrative expenses of 17% was mainly attributed to the decrease of legal and professional fees, as well as travelling expenses.

The Group recorded US\$32,000 in other operating expenses, a decrease of 52% over 1H08.

US\$283,000.

In proportion with the Group's 25% interest in an associate, the Group's share of loss widened 36% from a loss of US\$163,000 in 1H08 to US\$223,000 in 1H09.

The Group recorded a finance cost of US\$149,000 in 1H09 as one of the Group's subsidiaries had obtained a bank loan of US\$10 million in October 2008.

The Group's subsidiaries recorded an income tax expense of US\$21,000 during 1H09.

Overall, the Group recorded net loss of US\$1.4 million in 1H09 which was largely attributed to significantly lower freight rates and low fleet utilisation.

### Cashflow

The net cash outflow of US\$9.1 million for 1H09 was attributable to the sharp fall in sales activity and the consequent loss for the period. It was also attributable in part to the repayment of bank borrowings amounting to US\$1.6 million and dividend payout of approximately US\$8.0 million for the period. Overall, the Group remains in a net cash position with cash and bank balances of approximately US\$36.5 million as at 30 June 2009.

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results**

Not Applicable

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

The global financial crisis has had a significant impact on the shipping industry. Freight rates have remained low in the past few months, with the BDI ranging between 2,000 and 4,000 throughout 2Q09. The Group remains cautious on the outlook for the second half of this year.

Despite diligent efforts by the Group to secure deployment for its vessels, fleet utilisation remained low at around 70%. This has picked up slightly going into the second half of this year.

Subsequent to the end of 2Q09, the Group decided to exercise its put option to sell the shares held by the Group's subsidiary in Sunrise Airlines back to the original seller. Completion of the sale and settlement of the consideration due to the Group's subsidiary is still pending, and the Group is currently in discussions with the original seller to finalise such completion and settlement.

The Group expects that the financial performance for the rest of 2009 will continue to be adversely affected by the current challenging economic conditions and uncertain outlook. However, the Group will maintain its cost-effective structure and focus on keeping its fleet well-deployed and running efficiently.

## 11. Dividend

### (a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No

### (b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

Yes

Name of dividend	Interim
Dividend type	Cash and not tax applicable
Dividend rate	US\$1.133 per ordinary share

### (c) Date payable

Not Applicable

### (d) Books closure date

Not Applicable

## 12. If no dividend has been declared/recommended, a statement to that effect

The Directors do not recommend the payment of an interim dividend on the ordinary shares for the current financial period.

By Order of the Board

**WU CHAO HUAN**  
**Managing Director**  
**11 August 2009**



## **Courage Marine Group Limited**

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### **COURAGE MARINE GROUP LIMITED (Incorporated in Bermuda)**

To: All Shareholders

The Board of Directors of Courage Marine Group Limited wishes to make the following announcement:

#### **Financial Result**

The unaudited financial results of the Group for the six months and second quarter ended 30 June 2009 are enclosed.

#### **Confirmation by Directors**

The Board of Directors hereby confirm that, to the best of their knowledge, nothing has come to their attention which may render the unaudited financial results of the Group for the six months and second quarter ended 30 June 2009 to be false or misleading.

**By Order of the Board  
Courage Marine Group Limited**

Mr. Hsu Chih-Chien  
Chairman and Director

Mr. Wu Chao-Huan  
Managing Director

Dated this the Eleventh day of August 2009