



# COURAGE MARINE GROUP LIMITED

(Incorporated in Bermuda on 5 April 2005)

(Company Registration no: 36692)

## Unaudited Results For The Third Quarter And First Nine Months Ended 30 September 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 Third Quarter and First Nine Months Ended 30 September 2009:

	US\$'000		%	US\$'000		%
	Q3 2009	Q3 2008		9 months 2009	9 months 2008	
Turnover	5,506	18,208	(70)	16,556	68,203	(76)
Cost of sales	(7,770)	(8,956)	(13)	(19,801)	(28,405)	(30)
Gross profit	(2,264)	9,252	(124)	(3,245)	39,798	(108)
Other operating income	579	301	93	1,315	1,579	(17)
Administrative expenses	(549)	(587)	(7)	(1,603)	(1,860)	(14)
Other operating expenses	(4)	(146)	(97)	(36)	(213)	(83)
Gain on disposal of equipment	-	-	NM	283	-	NM
Share of profit (loss) of associate	875	(194)	NM	652	(357)	NM
Finance cost	(65)	-	NM	(214)	(4)	5,250
Profit before income tax	(1,428)	8,626	NM	(2,848)	38,943	NM
Income tax	(4)	(2)	90	(25)	(5)	400
Profit for the period	(1,432)	8,624	NM	(2,873)	38,938	NM

#### 1(a)(ii) Additional Information

	US\$'000		%	US\$'000		%
	Q3 2009	Q3 2008		9 months 2009	9 months 2008	
Profit before tax is arrived after (charging) / crediting:						
Other income including interest income	579	301	93	1,315	1,579	(17)
Interest on borrowings	(65)	-	NM	(214)	(4)	5,250
Depreciation and amortisation	(2,678)	(1,519)	76	(8,088)	(4,444)	82
Gain on disposal of plant and equipment	-	-	NM	283	-	NM
Gain (loss) on held-for-trading investment	104	(94)	NM	274	(129)	NM
Share of profit (loss) of associate	875	(194)	NM	652	(357)	NM
Foreign exchange gain (net)	71	23	209	99	323	(69)

#### 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
	30/09/2009	31/12/2008	30/09/2009	31/12/2008
<b>ASSETS</b>				
<b>Non-current asset</b>				
Investment in Subsidiaries	-	-	14,217	14,217
Interest in associate	-	2,787	-	-
Property, plant and equipment	56,530	63,149	-	-
	56,530	65,936	14,217	14,217
<b>Current assets</b>				
Trade receivables	904	2,678	-	-
Other receivables and prepayments	16,734	5,401	16	9
Amounts due from subsidiaries	-	-	63,682	63,682
Held-for-trading investment	-	526	-	-
Pledged deposits	7,280	7,280	-	-
Non-current asset classified as held for sale	-	6,717	-	-
Bank balances and cash	38,473	45,556	876	408
	63,391	68,158	64,574	64,099
<b>TOTAL ASSETS</b>	119,921	134,094	78,791	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	-	-
Reserve	60,206	71,073	21,617	29,716
	107,292	118,208	68,703	76,802
<b>Non-current liability</b>				
Borrowing - due after one year	4,400	6,800	-	-
<b>Current liabilities</b>				
Other payables and accruals	5,029	5,886	221	1,305
Amounts due to subsidiaries	-	-	9,867	209
Borrowings - due within one year	3,200	3,200	-	-
	8,229	9,086	10,088	1,514
<b>TOTAL EQUITY AND LIABILITIES</b>	119,921	134,094	78,791	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 30/9/2009		As at 31/12/2008	
Secured	Unsecured	Secured	Unsecured
US\$3,200,000	-	US\$3,200,000	-

**Amount repayable after one year**

As at 30/9/2009		As at 31/12/2008	
Secured	Unsecured	Secured	Unsecured
US\$4,400,000	-	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\$13,863,000 (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	
	Q3 2009	Q3 2008
<b>Operating activities</b>		
Profit for the period	(1,432)	8,624
Adjustments for		
Interest income	(52)	(277)
Interest expense	65	-
(Gain) loss on held-for-trading investment	(104)	94
Share of (profit) loss of associate	(875)	194
Depreciation	2,678	1,519
Operating cash flows before movements in working capital	280	10,154
Decrease in trade receivables	1,212	422
(Increase) in other receivable and prepayments	(3,516)	(137)
Increase (decrease) in other payable and accruals	618	(698)
Cash (used in) generated from operations	(1,406)	9,741
Interest received	52	277
Interest paid	(65)	-
<b>Net cash (used in) generated from operating activities</b>	<b>(1,418)</b>	<b>10,018</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment	33	(1,096)
Proceeds on disposal of held-for-trading investment	800	-
Proceeds on disposal of share of associate	3,390	-
<b>Net cash generated (used in) from investing activities</b>	<b>4,223</b>	<b>(1,096)</b>
<b>Financing activities</b>		
Dividend paid	-	(11,997)
Repayment of borrowings	(800)	-
<b>Net cash used in financing activities</b>	<b>(800)</b>	<b>(11,997)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>2,005</b>	<b>(3,075)</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>36,468</b>	<b>68,625</b>
<b>Cash and cash equivalents at end of the period</b>	<b>38,473</b>	<b>65,550</b>

	<b>Group</b>	
	US\$'000	
	9 months of 2009	9 months of 2008
<b>Operating activities</b>		
Profit for the period	(2,873)	38,938
Adjustments for		
Interest income	(136)	(1,135)
Interest expense	214	4
Gain on disposal of property, plant and equipment	(283)	-
(Gain) loss on held-for-trading investment	(274)	129
Share of (profit) loss of associate	(652)	357
Depreciation	8,088	4,444
Operating cash flows before movements in working capital	4,084	42,736
Decrease in trade receivables	1,774	1,310
(Increase) decrease in other receivable and prepayments	(11,333)	121
(Decrease) in other payable and accruals	(857)	(337)
Cash (used in) generated from operations	(6,332)	43,830
Interest received	136	1,135
Interest paid	(214)	(4)
<b>Net cash (used in) generated from operating activities</b>	<b>(6,410)</b>	<b>44,961</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(1,469)	(5,104)
Proceeds on disposal of held-for-trading investment	800	-
Proceeds on disposal of property, plant and equipment	7,000	-
Proceeds on disposal of share of associate	3,390	-
<b>Net cash generated (used in) from investing activities</b>	<b>9,721</b>	<b>(5,104)</b>
<b>Financing activities</b>		
Dividend paid	(7,994)	(37,991)
Repayment of borrowings	(2,400)	(680)
<b>Net cash used in financing activities</b>	<b>(10,394)</b>	<b>(38,671)</b>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(7,083)</b>	<b>1,186</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>38,473</b>	<b>65,550</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 July 2008</b>	19,059	28,027	45	72,901	120,032
Profit for the period	-	-	-	579	579
<b>Balance at 30 September 2008</b>	19,059	28,027	45	73,479	120,610
<b>Balance at 1 July 2009</b>	19,059	28,027	49	61,638	108,773
Loss for the period	-	-	-	(1,432)	(1,432)
Reverse of exchange reserve arising from share of associate	-	-	(49)	-	(49)
<b>Balance at 30 September 2009</b>	19,059	28,027	-	60,206	107,292

	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 July 2008</b>	19,059	28,027	-	967	48,053
Profit for the period	-	-	-	11,960	11,960
<b>Balance at 30 September 2008</b>	19,059	28,027	-	12,927	60,013
<b>Balance at 1 July 2009</b>	19,059	28,027	-	21,628	68,714
Loss for the period	-	-	-	(11)	(11)
<b>Balance at 30 September 2009</b>	19,059	28,027	-	21,617	68,703

**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 September 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**

As at 30/09/09	As at 31/12/08
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>			
	Q3 2009	Q3 2008	9 months 2009	9 months 2008
	US Cents	US Cents	US Cents	US Cents
a Based on the weighted average number of ordinary shares in issue	(0.13)	0.82	(0.27)	3.68
b On a fully diluted basis	(0.13)	0.82	(0.27)	3.68

**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>	
	09/09/30	08/12/31	09/09/30	08/12/31
	US Cents	US Cents	US Cents	US Cents
Net asset value per ordinary share	10.13	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

##### 3Q2009

Group revenue for the quarter ended 3Q09 came in at US\$5.5 million, a 70% decrease year-on-year from US\$18.2 million in 3Q08. 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 53% to an average of 3,000 in 3Q09 from an average of 6,400 in 3Q08. The BDI is currently trading around the 3,000 level. Fleet utilisation hovered around 51% in 3Q09, compared to 80% in 3Q08.

##### 9M2009

Group revenue came in at US\$16.6 million, a 76% decrease from US\$68.2 million in 9M08. The BDI averaged about 1,500 in 9M09, 75% lower than the 6,000 average level in 9M08. The Group's lower fleet utilisation of 66% was the result of low demand and weak trading conditions.

#### Profitability

##### 3Q2009

Despite a 70% decline in revenue, the Group's cost of sales declined by 13% in 3Q09 to approximately US\$7.8 million due to overhead costs such as depreciation and amortisation. As such, the Group recorded a loss of approximately US\$2.3 million at the gross level compared to gross profit of US\$9.3 million in 3Q08.

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 approximately US\$0.6 million in 3Q09, an increase of 93% compared to 3Q08. This was largely due to the interest receivable from selling back the shares of interest in associate.

Administrative expenses decreased to approximately US\$0.6 million in 3Q09 due mainly to the decrease of legal and professional fees, and travelling expenses.

Other operating expenses decreased to US\$4,000 in 3Q09.

The Group's interest in associate recorded a gain of approximately US\$0.9 million in 3Q09 against a net loss of approximately US\$0.2 million in 3Q08, as the Group had exercised its put option to sell the shares back to the original seller which he had duly accepted, and reverse back the loss from FY2007 to FY2009.

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\$65,000 in 3Q09 compared to none in 3Q08.

The Group's subsidiaries recorded an income tax expense of US\$4,000 during 3Q09.

Overall, the Group recorded a net loss of US\$1.4 million in 3Q09 which was largely attributed to significantly lower freight rates and low fleet utilisation.

#### 9M2009

Despite a 76% decline in revenue, the Group's cost of sales declined by 30% to approximately US\$19.8 million due to overhead costs such as depreciation and amortisation. As such, the Group recorded a loss of approximately US\$3.2 million at the gross level compared to gross profit of US\$39.8 million in 9M08.

The Group recorded other operating income of approximately US\$1.3 million in 9M09, a decrease of 17% compared to 9M08. This was mainly attributed to lower interest income.

Administrative expenses decreased by 14% to US\$1.6 million in 9M09 due mainly to the decrease of legal and professional fees.

Other operating expenses increased to US\$36,000 in 9M09.

The Group disposed a Panamax size vessel, MV Panamax Mars, in January 2009 and recorded a gain on disposal of US\$283,000.

The Group's interest in associate recorded a gain of approximately US\$0.7 million in 9M09 against a net loss of approximately US\$0.4 million in 9M08, as the Group had exercised its put option to sell the shares back to the original seller which he had duly accepted, and reverse back the loss from FY2007 to FY2009.

The Group recorded a finance cost of approximately US\$0.2 million in 9M09 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 approximately US\$25,000 during 9M09.

Overall, the Group recorded a net loss of approximately US\$2.9 million in 9M09 which was largely attributed to significantly lower freight rates and low fleet utilisation.

#### Cashflow

The net cash outflow of approximately US\$7.1 million for 9M09 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\$2.4 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\$38.5 million as at 30 September 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 3,000 throughout 3Q09. The Group remains cautious on the outlook for the rest of this year.

Despite diligent efforts by the Group to secure deployment for its vessels, fleet utilisation remained low at around 66% for the 9M09. This has picked up slightly going into the last quarter of this year.

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?

No

### **(c) Date payable**

Not applicable

### **(d) Books closure date**

Not applicable

## **12. If no dividend has been declared/recommendeded, 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**

**9 November 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 nine months / third quarter ended 30 September 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 nine months / third quarter ended 30 September 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 Ninth day of November 2009