



COURAGE MARINE GROUP LIMITED

(Incorporated in Bermuda on 5 April 2005)

(Company Registration no: 36692)

Unaudited results for the First Quarter Ended 31 March 2010

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 First Quarter Ended 31 March 2010

	Group		
	US\$'000		% Change
	Q1 2010	Q1 2009	
Turnover	12,853	4,984	158
Cost of sales	(9,275)	(5,626)	65
Gross profit (loss)	3,578	(642)	NM
Other operating incomes	67	518	(87)
Administrative expenses	(556)	(530)	5
Other operating expenses	(22)	(24)	(8)
Gain on disposal of equipment	-	283	NM
Share of loss of associate	-	(82)	NM
Finance cost	(35)	(92)	(62)
Profit (loss) before income tax	3,032	(569)	NM
Income tax	(7)	(9)	(22)
Profit (loss) for the period	3,025	(578)	NM

1(a)(ii) Additional Information

	Group		
	US\$'000		% Change
	Q1 2010	Q1 2009	
Profit before tax is arrived after (charging) / crediting:			
Other incomes including interest income	67	518	(87)
Interest on borrowings	(35)	(92)	(62)
Depreciation and amortisation	(2,342)	(2,632)	(11)
Loss on held-for-trading investment	-	(6)	NM
Share of loss of associate	-	(82)	NM
Foreign exchange gain (net)	40	9	344

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

	Group		Company	
	US\$'000	US\$'000	US\$'000	US\$'000
	31/03/2010	31/12/2009	31/03/2010	31/12/2009
ASSETS				
Non-current asset				
Subsidiaries	-	-	14,217	14,217
Other receivables	2,355	2,855	-	-
Plant and equipment	61,047	54,876	-	-
	63,402	57,731	14,217	14,217
Current assets				
Trade receivables	1,700	2,228	-	-
Other receivables and prepayments	12,362	11,690	56	28
Amounts due from subsidiaries	-	-	71,682	71,682
Pledged deposits	5,000	5,000	-	-
Bank balances and cash	39,132	43,159	543	838
	58,194	62,077	72,281	72,548
TOTAL ASSETS	121,596	119,808	86,498	86,765
EQUITY AND LIABILITIES				
Capital and reserve				
Share Capital	19,059	19,059	19,059	19,059
Share Premium	28,027	28,027	28,027	28,027
Reserve	66,178	63,153	29,229	29,274
	113,265	110,239	76,315	76,360
Non-current liability				
Borrowing - due after one year	2,800	3,600	-	-
Current liabilities				
Other payables and accruals	2,331	2,769	87	508
Amounts due to subsidiaries	-	-	10,096	9,897
Borrowings - due within one year	3,200	3,200	-	-
	5,531	5,969	10,183	10,405
TOTAL EQUITY AND LIABILITIES	121,596	119,808	86,498	86,765

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

Amount repayable in one year or less, or on demand

As at 31/3/2010		As at 31/3/2009	
Secured	Unsecured	Secured	Unsecured
US\$3,200,000	-	US\$3,200,000	-

Amount repayable after one year

As at 31/3/2010		As at 31/3/2009	
Secured	Unsecured	Secured	Unsecured
US\$2,800,000	-	US\$6,000,000	-

Details of any collateral

Secured borrowings are generally secured by:

1. Mortgage over a vessel of the Group with net book value US\$12,438,000 (2009: US\$13,151,000)
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

	Group	
	US\$'000	
	Q1 2010	Q1 2009
Operating activities		
Profit (Loss) for the period	3,025	(578)
Adjustments for		
Interest income	(17)	(56)
Interest expense	35	92
Gain on disposal of plant and equipment	-	(283)
Loss on held-for-trading investment	-	6
Share of loss of associate	-	82
Depreciation	2,342	2,632
Operating cash flows before movements in working capital	5,385	1,896
Decrease (Increase) in trade receivables	528	(3,080)
(Increase) in other receivable and prepayments	(172)	(5,698)
(Decrease) in other payable and accruals	(437)	(2,065)
Cash generated from (used in) operations	5,304	(8,947)
Interest received	17	56
Interest paid	(35)	(92)
Net cash generated from (used in) operating activities	5,286	(8,983)
Investing activities		
Purchase of plant and equipment	(8,513)	(1,489)
Pledged deposits	-	2,280
Proceeds on disposal of plant and equipment	-	7,000
Net cash (used in) generated from investing activities	(8,513)	7,791
Financing activities		
Repayment of borrowings	(800)	(800)
Net cash (used in) financing activities	(800)	(800)
Net (Decrease) in cash and cash equivalents	(4,027)	(1,992)
Cash and cash equivalents at beginning of the period	43,159	45,556
Cash and cash equivalents at end of the period	39,132	43,564

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
<u>The Group</u>					
Balance at 1 January 2009	19,059	28,027	49	71,073	118,208
(Loss) for the period	-	-	-	(578)	(578)
Balance at 31 March 2009	19,059	28,027	49	70,495	117,630
Balance at 1 January 2010	19,059	28,027	-	63,153	110,239
Profit for the period	-	-	-	3,025	3,025
Balance at 31 March 2010	19,059	28,027	-	66,178	113,264

	Share Capital	Share Premium	Exchange Reserve	Retained profits attributable to the shareholders	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<u>The Company</u>					
Balance at 1 January 2009	19,059	28,027	-	29,716	76,802
(Loss) for the period	-	-	-	(41)	(41)
Balance at 31 March 2009	19,059	28,027	-	29,675	76,761
Balance at 1 January 2010	19,059	28,027	-	29,274	76,360
(Loss) for the period	-	-	-	(45)	(45)
Balance at 31 March 2010	19,059	28,027	-	29,229	76,315

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 well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, 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.

The Company does not have any outstanding convertible as at the end of 31 March 2010 and as at 31 December 2009.

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 31/03/2010	As at 31/12/2009
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 2009.

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)

	Group	
	Q1 2010	Q1 2009
	US Cents	US Cents
a Based on the weighted average number of ordinary shares in issue	0.29	(0.05)
b On a fully diluted basis	0.29	(0.05)

NOTES:

The earnings (loss) per ordinary share is calculated by dividing the consolidated profit (loss) 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 (loss) per ordinary share is the same as the earnings (loss) 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

	Group		Company	
	31/3/2010	31/12/2009	31/3/2010	31/12/2009
	US Cents	US Cents	US Cents	US Cents
Net asset value per ordinary share	10.70	10.41	7.21	7.21

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

1Q2010

The Group turnover increased by 158% in 1Q10 to approximately US\$12.9 million from US\$5 million in 1Q09, reflecting the steady recovery in dry bulk rates, as well as the fleet utilisation at around 90% given the higher demand from the commodity trading, especially in Greater China Region compared to the fleet utilisation at around 70% in 1Q09. The BDI is relatively stable and is currently around the 3,500 level.

Profitability

1Q2010

Despite the increase in turnover by 158%, the Group's cost of sales increased by only 65% to approximately US\$9.3 million from US\$5.6 million in 1Q09. As such, the Group recorded a gross profit of approximately US\$3.6 million compared to gross loss of US\$0.6 million in 1Q09. Correspondingly, the Company achieved a gross profit margin of approximately 27.8% for 1Q10.

Other operating incomes consist of interest income from bank balances, gain on foreign exchange and other one-off income. The Group recorded other operating income of US\$67,000 in 1Q10, a decrease of 87% compared to 1Q09 due mainly to the insurance claim received in 1Q09.

Administrative expenses increased by 5% to US\$556,000 in 1Q10.

The Group recorded US\$22,000 in other operating expenses, a decrease of 8% over 1Q09.

The Group disposed a Panamax size vessel, MV Panamax Mars, in January 2009 and recorded a gain on disposal for US\$283,000. The Group did not have any disposal of asset in 1Q10.

As the Group had disposed of its 25% interest in an associate in 3Q09, the Group did not record its share of loss of such associate in 1Q10. The Group's associate recorded a net loss of approximately US\$82,000 in 1Q09.

One of the Group's subsidiaries obtained a bank loan of US\$10 million in October 2008, and it recorded a finance cost of US\$35,000 in 1Q10 compared to US\$92,000 in 1Q09.

The Group's subsidiaries recorded an income tax expense of US\$7,000 during 1Q10.

Overall, the Group recorded net profit of approximately US\$3.0 million in 1Q10 due to higher freight rates and fleet utilisation.

Cashflow

There was a net decrease in cash and cash equivalents of approximately US\$4.0 million in 1Q10 arising from the purchase of vessel and repayment of the bank borrowing for the period. However, the Group remains in a net cash position, with cash and bank balances of approximately US\$39.1 million as at 31 March 2010.

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 economy has been gradually recovering. Freight rates were stable in the past few months, with the BDI ranging between 2,500 and 3,500 throughout 1Q10. The Group remains cautious on the outlook for FY2010.

In spite of the diligent efforts by the Group to secure deployment for its vessels, fleet utilisation recovered to around 90% for the 1Q10. This has picked up since the 4Q09.

The Group had entered into two Memorandum of Agreements to purchase a Panamax size and a Capesize vessels in April 2010. The vessels will be delivered in mid May and they will bring our total fleet tonnage to approximately 600,000 dwt. We disposed MV Cape Ore, which was delivered in late March, and replaced it with a newer Capesize vessel with bigger tonnages.

The Group expects that the financial performance for 2010 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
13 May 2010

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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 first quarter ended 31 March 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 first quarter of 2010 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 Thirteenth day of May 2010