



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 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 Third Quarter and First Nine Months Ended 30 September 2010:

	US\$'000		% Change	US\$'000		% Change
	Q3 2010	Q3 2009		9 months 2010	9 months 2009	
Turnover	8,474	5,506	54	37,604	16,556	127
Cost of sales	(7,631)	(7,770)	(2)	(27,640)	(19,801)	40
Gross profit	843	(2,264)	NM	9,964	(3,245)	NM
Other operating income	147	579	(75)	456	1,315	(65)
Administrative expenses	(684)	(500)	37	(2,038)	(1,554)	31
Other operating expenses	(13)	(4)	225	(54)	(36)	50
Gain on disposal of equipment	563	-	NM	805	283	184
Share of profit of associate	-	875	NM	-	652	NM
Finance cost	(29)	(65)	(55)	(96)	(214)	(55)
Profit before income tax	827	(1,379)	NM	9,037	(2,799)	NM
Income tax	(15)	(4)	275	(25)	(25)	0
Profit for the period	812	(1,383)	NM	9,012	(2,824)	NM
Other comprehensive income: (Reversal of) exchange differences on translation of foreign operations	-	(49)	NM	-	(49)	NM
Total comprehensive income for the period attributable to shareholders of the Company	812	(1,432)	NM	9,012	(2,873)	NM

1(a)(ii) Additional Information

	US\$'000		% Change	US\$'000		% Change
	Q3 2010	Q3 2009		9 months 2010	9 months 2009	
Profit before tax is arrived after (charging) / crediting:						
Other income including interest income	147	579	(75)	456	1,315	(65)
Interest on borrowings	(29)	(65)	(55)	(96)	(214)	(55)
Depreciation and amortisation	(2,343)	(2,678)	(13)	(7,008)	(8,088)	(13)
Gain on disposal of plant and equipment	563	-	NM	805	283	184
Gain on held-for-trading investment	133	104	28	133	274	(51)
Share of profit of associate	-	875	NM	-	652	NM
Foreign exchange (loss) gain (net)	(36)	71	NM	(6)	99	NM

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
	30/09/2010	31/12/2009	30/09/2010	31/12/2009
ASSETS				
Non-current asset				
Investment in subsidiaries	-	-	14,217	14,217
Other receivable	2,355	2,855	-	-
Property and equipment	73,633	54,876	-	-
	75,988	57,731	14,217	14,217
Current assets				
Trade receivables	1,308	2,228	-	-
Other receivables and prepayments	10,663	11,690	21	28
Amounts due from subsidiaries	-	-	71,682	71,682
Held-for-trading investment	721	-	-	-
Pledged deposits	5,000	5,000	-	-
Bank balances and cash	26,857	43,159	344	838
	44,549	62,077	72,047	72,548
TOTAL ASSETS	120,537	119,808	86,264	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	67,168	63,153	23,971	29,274
	114,254	110,239	71,057	76,360
Non-current liability				
Borrowing - due after one year	1,200	3,600	-	-
Current liabilities				
Other payables and accruals	1,883	2,769	61	508
Amounts due to subsidiaries	-	-	15,146	9,897
Borrowings - due within one year	3,200	3,200	-	-
	5,083	5,969	15,207	10,405
TOTAL EQUITY AND LIABILITIES	120,537	119,808	86,264	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 30/9/2010		As at 30/9/2009	
Secured	Unsecured	Secured	Unsecured
US\$3,200,000	-	US\$3,200,000	-

Amount repayable after one year

As at 30/9/2010		As at 30/9/2009	
Secured	Unsecured	Secured	Unsecured
US\$1,200,000	-	US\$4,400,000	-

Details of any collateral

Secured borrowings are generally secured by:

1. Mortgages over a vessel of the Group with net book value US\$11,013,000 (2009:US\$13,863,000)
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	
	Q3 2010	Q3 2009
Operating activities		
Profit (loss) before income tax	827	(1,379)
Adjustments for		
Interest income	(24)	(52)
Interest expense	29	65
Gain on disposal of property, plant and equipment	(563)	-
Gain on held-for-trading investment	(133)	(104)
Share of profit of associate	-	(924)
Depreciation	2,343	2,678
Operating cash flows before movements in working capital	2,479	284
Decrease in trade receivables	909	1,212
Decrease (increase) in other receivable and prepayments	1,729	(3,516)
(Decrease) increase in other payable and accruals	(887)	618
Cash generated from (used in) operations	4,230	(1,402)
Income tax paid	(15)	(4)
Interest received	24	52
Interest paid	(29)	(65)
Net cash generated from (used in) operating activities	4,210	(1,419)
Investing activities		
Purchase of property and equipment	(371)	33
Purchase of held-for-trading investment	(588)	-
Proceeds on disposal of held-for-trading investment	-	800
Proceeds on disposal of property, plant and equipment	2,574	-
Proceeds on disposal of share of associate	-	3,390
Net cash generated from investing activities	1,615	4,223
Financing activities		
Repayment of borrowings	(800)	(800)
Net cash used in financing activities	(800)	(800)
Net increase in cash and cash equivalents	5,025	2,005
Cash and cash equivalents at beginning of the period	21,832	36,468
Cash and cash equivalents at end of the period	26,857	38,473

	Group	
	US\$'000	
	9 months of 2010	9 months of 2009
Operating activities		
Profit (loss) before income tax	9,037	(2,799)
Adjustments for		
Interest income	(55)	(136)
Interest expense	96	214
Gain on disposal of property, plant and equipment	(805)	(283)
Gain on held-for-trading investment	(133)	(274)
Share of profit of associate	-	(701)
Depreciation	7,008	8,088
Operating cash flows before movements in working capital	15,148	4,109
Decrease in trade receivables	920	1,774
Decrease (increase) in other receivable and prepayments	1,527	(11,333)
(Decrease) in other payable and accruals	(885)	(857)
Cash generated from (used in) operations	16,710	(6,307)
Income tax paid	(25)	(25)
Interest received	55	136
Interest paid	(96)	(214)
Net cash generated from (used in) operating activities	16,644	(6,410)
Investing activities		
Purchase of property, plant and equipment	(35,547)	(1,469)
Purchase of held-for-trading investment	(588)	-
Proceeds on disposal of held-for-trading investment	-	800
Proceeds on disposal of property, plant and equipment	10,587	7,000
Proceeds on disposal of share of associate	-	3,390
Net cash (used in) generated from investing activities	(25,548)	9,721
Financing activities		
Dividend paid	(4,998)	(7,994)
Repayment of borrowings	(2,400)	(2,400)
Net cash used in financing activities	(7,398)	(10,394)
Net decrease in cash and cash equivalents	(16,302)	(7,083)
Cash and cash equivalents at beginning of the period	43,159	45,556
Cash and cash equivalents at end of the period	26,857	38,473

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
The Group					
Balance at 1 July 2009	19,059	28,027	49	61,638	108,773
Total comprehensive loss for the period	-	-	(49)	(1,432)	(1,481)
Balance at 30 September 2009	19,059	28,027	-	60,206	107,292
Balance at 1 July 2010	19,059	28,027	-	66,356	113,442
Total comprehensive income for the period	-	-	-	812	812
Balance at 30 September 2010	19,059	28,027	-	67,168	114,254

	Share Capital	Share Premium	Exchange Reserve	Retained profits attributable to the shareholders	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
The Company					
Balance at 1 July 2009	19,059	28,027	-	21,628	68,714
Total comprehensive loss for the period	-	-	-	(11)	(11)
Balance at 30 September 2009	19,059	28,027	-	21,617	68,703
Balance at 1 July 2010	19,059	28,027	-	24,024	71,110
Total comprehensive loss for the period	-	-	-	(53)	(53)
Balance at 30 September 2010	19,059	28,027	-	23,971	71,057

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.

The Company does not have any outstanding convertible as at the end of 30 September 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 30/09/2010	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			
	Q3 2010	Q3 2009	9 months 2010	9 months 2009
	US Cents	US Cents	US Cents	US Cents
a Based on the weighted average number of ordinary shares in issue	0.08	(0.13)	0.85	(0.27)
b On a fully diluted basis	0.08	(0.13)	0.85	(0.27)

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

	Group		Company	
	30/09/2010	31/12/2009	30/09/2010	31/12/2009
	US Cents	US Cents	US Cents	US Cents
Net asset value per ordinary share	10.79	10.41	6.71	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

3Q2010

Although the general freight rate was about the same for 3Q10 compared to 3Q09, the Group turnover increased by 54% in 3Q10 to approximately US\$8.5 million from US\$5.5 million in 3Q09, reflecting the higher fleet utilisation at around 79% compared to around 51% in 3Q09, and increase in capacity of the Group's fleet. The Baltic Dry Index ("BDI") has dropped from 4,200 level in May to the 2,000 level in 3Q10 and currently at around 2,500 level.

9M2010

The Group turnover increased by 127% to approximately US\$37.6 million from US\$16.6 million in 9M09 due to the higher fleet utilisation, higher capacity of the fleet and higher dry bulk rates. The Group's higher fleet utilisation of 87% was the result of high demand and better trading conditions.

Profitability

3Q2010

Despite the increase in turnover by 54%, the Group's cost of sales decreased by 2% to approximately US\$7.6 million from US\$7.8 million in 3Q09. As such, the Group recorded a gross profit of approximately US\$0.8 million compared to gross loss of US\$2.3 million in 3Q09. Correspondingly, the Group achieved a gross profit margin of approximately 10% for 3Q10.

Other operating income consists of interest income from bank balances and other one-off income. The Group recorded other operating income of approximately US\$147,000 in 3Q10, a decrease of 75% compared to 3Q09. This was largely due to the interest receivable related to selling back the shares of interest in associate recorded in 3Q09.

Administrative expenses increased by 37% to approximately US\$0.7 million from US\$0.5 million in 3Q09 which was due mainly to the increase of legal and professional fees, and travelling expenses.

The Group recorded other operating expenses of US\$13,000 in 3Q10, compared to US\$4,000 in 3Q09.

The Group disposed a Handysize vessel, MV Jeannie III, in August 2010 and recorded a gain on disposal for approximately US\$0.6 million. The Group did not have any disposal of assets in 3Q09.

The Group's interest in associate recorded a gain of approximately US\$0.9 million in 3Q09 which represented the reversal of the losses incurred from FY2007 to FY2009, as the Group had exercised its put option to sell the shares back to the original seller which was duly accepted.

As the outstanding balance of bank borrowings was reduced, the Group recorded a lower finance cost of US\$29,000 in 3Q10 compared to US\$65,000 in 3Q09.

The Group's subsidiaries recorded an income tax expense of US\$15,000 during 3Q10.

Overall, the Group recorded a net profit of US\$0.8 million in 3Q10 due to higher utilisation, increase in capacity of the Group's fleet and gain on disposal of asset.

9M2010

Despite the increase in turnover by 127%, the Group's cost of sales increased by only 40% to approximately US\$27.6 million from US\$19.8 million in 9M09. As such, the Group recorded a gross profit of approximately US\$10 million compared to gross loss of US\$3.2 million in 9M09. Correspondingly, the Group achieved a gross profit margin of approximately 26.5% for 9M10.

The Group recorded other operating income of approximately US\$456,000 in 9M10, a decrease of 65% compared to 9M09. This was mainly attributed to an one-off insurance claim received in 9M09.

Administrative expenses increased by 31% to approximately US\$2 million in 9M10 due mainly to the increase of legal and professional fees, and travelling expenses.

The Group recorded other operating expenses of US\$54,000, an increase of 50% over 9M09 attributable to the increase of sundries expenses.

The Group disposed a Capesize vessel and a Handysize vessel, MV Cape Ore and MV Jeannie III in May and August 2010 respectively, and recorded a gain on disposal of approximately US\$0.8 million in total. 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 which represented reversal of the losses from FY2007 to FY2009, as the Group had exercised its put option to sell the shares back to the original seller which was duly accepted.

The Group recorded a finance cost of approximately US\$96,000 in 9M10 compared to US\$214,000 in 9M09 due mainly to the reduced balance of outstanding bank borrowings.

The Group's subsidiaries recorded an income tax expense of approximately US\$25,000 during 9M10.

Overall, the Group recorded a net profit of approximately US\$9 million in 9M10 which was largely attributed to higher freight rates, higher fleet utilisation, and increase in capacity of the Group's fleet.

Cashflow

Although there was a cash inflow of approximately US\$10.6 million from the disposal of a Capesize vessel and a Handysize vessel, there was still a net cash outflow of US\$16.3 million for 9M10. The net cash outflow was attributable to the acquisition of three vessels (two Capesize vessels and one Panamax size vessel), the purchase of office premises in Hong Kong, the repayment of bank borrowings amounting to US\$2.4 million and dividend payout of approximately US\$5.0 million for the period. Overall, the Group remains in a net cash position with cash and bank balances of approximately US\$26.9 million as at 30 September 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 not fully recovered and remained unstable in the past few months. The BDI, which has a close correlation to freight rates, dropped sharply since May from 4,200 to 1,600 in about two months, and hovered around 2,500 - 2,800 level during the recent months. The Group remains cautious on the outlook for the last quarter of this year and early next year.

As the Group took delivery of a Capesize vessel, MV Cape Warrior, and a Panamax size vessel, MV Panamax Leader during the first half of this year, and disposed the oldest vessel of the Group's fleet, MV Jeannie III, the updated tonnage of the fleet is about 580,000 dwt. With the increase in capacity, the Group expects to have higher turnover once the economy recovers in full.

The Group expects that the financial performance for the rest of 2010 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/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

12 November 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 nine months / third quarter ended 30 September 2010 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 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 Twelfth day of November 2010