



## COURAGE MARINE GROUP LIMITED

(Incorporated in Bermuda on 5 April 2005)

(Company Registration no: 36692)

### Unaudited results for the First Quarter Ended 31 March 2007

#### 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 2007

	Group		
	US\$'000		%
	Q1 2007	Q1 2006	Change
Turnover	16,664	12,598	32
Cost of sales	(6,593)	(6,849)	(4)
Gross profit	10,071	5,748	75
Other operating income	264	190	39
Administrative expenses	(617)	(498)	24
Other operating expenses	(96)	(24)	307
Finance cost	(103)	(173)	(40)
Profit before income tax	9,520	5,244	82
Income tax	(6)	-	
Profit for the period	9,514	5,244	81

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

	Group		
	US\$'000		%
	Q1 2007	Q1 2006	Change
Profit before tax is arrived after (charging) / crediting:			
Other income including interest income	264	190	39
Interest on borrowings	(103)	(173)	(40)
Depreciation and amortisation	(1,042)	(961)	8
Foreign exchange (loss) / gain, (net)	(7)	(8)	(12)

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 31/03/2007	US\$'000 31/12/2006	US\$'000 31/03/2007	US\$'000 31/12/2006
<b>ASSETS</b>				
<b>Non-current asset</b>				
Investment in Subsidiaries	-	-	14,217	14,217
Property, plant and equipment	52,014	52,010	-	-
	52,014	52,010	14,217	14,217
<b>Current assets</b>				
Trade receivables	607	1,634	-	-
Other receivables and prepayments	1,320	780	22	3
Amounts due from related companies	-	-	40,102	40,114
Dividend Receivable	-	-	10,000	10,000
Held-for-trading investment	545	621	-	-
Bank balances and cash	34,789	25,806	162	286
	37,261	28,841	50,286	50,403
<b>TOTAL ASSETS</b>	<b>89,275</b>	<b>80,851</b>	<b>64,503</b>	<b>64,620</b>
<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
Reserve	34,677	25,163	10,551	10,587
	81,763	72,249	57,637	57,673
<b>Non-current liability</b>				
Borrowing - due after one year	680	680	-	-
<b>Current liabilities</b>				
Other payables and accruals	2,672	2,592	136	839
Amounts due to subsidiaries	-	-	6,730	6,108
Borrowings - due within one year	4,160	5,330	-	-
	6,832	7,922	6,866	6,947
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>89,275</b>	<b>80,851</b>	<b>64,503</b>	<b>64,620</b>

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

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

As at 31/3/2007		As at 31/12/2006	
Secured	Unsecured	Secured	Unsecured
4,160,000	-	5,330,000	-

**Amount repayable after one year**

As at 31/3/2007		As at 31/12/2006	
Secured	Unsecured	Secured	Unsecured
680,000	-	680,000	-

**Details of any collateral**

Secured borrowings are generally secured by:

1. Mortgages over certain vessels of the Group with net book values totalling US\$18,293,000 (2006: US\$18,655,000)
2. Assignment of charter-hire income and insurance of certain vessels
3. Personal and corporate guarantees given by a director of the Company and his associates, and a company in the Group

**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	
	Q1 2007	Q1 2006
<b>Operating activities</b>		
Profit for the period	9,514	5,244
Adjustments for		
Interest income	(249)	(189)
Interest expense	103	173
Loss on held-for-trading investment	76	-
Depreciation	1,042	961
Operating cash flows before movements in working capital	10,486	6,187
Decrease in trade receivables	1,028	435
Increase in other receivable and prepayments	(541)	(442)
Increase (decrease) in other payable and accruals	81	(967)
Cash generated from operations	11,054	5,213
Interest received	249	189
Interest paid	(103)	(173)
<b>Net cash from operating activities</b>	<b>11,200</b>	<b>5,230</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(1,047)	(274)
<b>Net cash used in investing activities</b>	<b>(1,047)</b>	<b>(274)</b>
<b>Financing activities</b>		
Repayment of borrowings	(1,170)	(1,170)
<b>Net cash used in financing activities</b>	<b>(1,170)</b>	<b>(1,170)</b>
<b>Net Increase in cash and cash equivalents</b>	<b>8,983</b>	<b>3,786</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>25,806</b>	<b>25,223</b>
<b>Cash and cash equivalents at end of the period</b>	<b>34,789</b>	<b>29,009</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	Retained profits attributable to the shareholders	Total
	US\$'000	US\$'000	US\$'000	US\$'000
<b><u>The Group</u></b>				
<b>Balance at 1 January 2006</b>	19,059	28,027	16,318	63,404
Profit for the period	-	-	5,244	5,244
<b>Balance at 31 March 2006</b>	19,059	28,027	21,562	68,648
<b>Balance at 1 January 2007</b>	19,059	28,027	25,163	72,249
Profit for the period	-	-	9,514	9,514
<b>Balance at 31 March 2007</b>	19,059	28,027	34,677	81,763

	Share Capital	Share Premium	Retained profits attributable to the shareholders	Total
	US\$'000	US\$'000	US\$'000	US\$'000
<b><u>The Company</u></b>				
<b>Balance at 1 January 2006</b>	19,059	28,027	14,697	61,783
Profit for the period	-	-	27	27
<b>Balance at 31 March 2006</b>	19,059	28,027	14,724	61,810
<b>Balance at 1 January 2007</b>	19,059	28,027	10,587	57,673
(Loss) for the period	-	-	(36)	(36)
<b>Balance at 31 March 2007</b>	19,059	28,027	10,551	57,637

**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 31 March 2007, 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.

**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**

Except as mentioned in paragraph 5, 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 2006.

**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**

During the financial period, the Group reclassified insurance expenses on vessels from administrative expenses to cost of sales. The impact of the reclassification for the financial period under review is:

	US\$'000
	Increase / (Decrease)
	1Q06
Cost of sales	402
Gross profit	(402)
Administrative expenses	(402)

The reclassification has no impact on the net profit for the financial period of 2006 and 2007.

**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>	
	Q1 2007	Q1 2006
	US Cents	US Cents
a Based on the weighted average number of ordinary shares in issue	0.90	0.50
b On a fully diluted basis	0.90	0.50

**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>	
	31/3/2007	31/12/2006	31/3/2007	31/12/2006
	US Cents	US Cents	US Cents	US Cents
Net asset value per ordinary share	7.72	6.82	5.45	5.45

**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  
1Q2007

The Group turnover increased by 32% in 1Q07 to US\$16.7 million from US\$12.6 million in 1Q06, reflecting the general increase in dry bulk rates. Our vessels achieved a high utilisation rate of about 92% on over 900 total available revenue days in 1Q07. The Baltic Dry Index ("BDI") averaged about 4,700 in 1Q07, 88% higher than 1Q06's average of 2,500. The BDI is currently trading around the 6,000 level.

Profitability  
1Q2007

Although turnover grew 32%, the Group's cost of sales decreased 4%. The higher proportion of time charters in 1Q07 revenue helped to pare down the Group's fuel and port expenses. Further, the Group benefited from lower repair and maintenance costs recorded in the normal course of operations.

The Group recorded other operating income of US\$265,000 in 1Q07, an increase of 39% over 1Q06 due to more interest income from bank balances.

Administrative expenses increased 24% to US\$617,000 in 1Q07 due to higher emoluments and salaries for executive directors and officers.

The Group recorded US\$96,000 in other operating expenses in 1Q07 due mainly to the reduction of the market value on short-term investment.

The lower finance cost in 1Q07 was due to the reduced loan amount as the Group repaid part of its borrowings. The Group did not obtain any additional borrowings after 1Q05.

The Group's subsidiaries recorded an income tax expense of US\$6,000 during 1Q07.

Overall, the Group's net profit increased 81% from 1Q06 on higher freight rates and tight cost control.

Cashflow

The Group continued to generate strong cashflow from operations. There was a net increase in cash and cash equivalents of about US\$9.0 million in 1Q07 due to the net profit generated. The gearing ratio was less than 0.1 times for the quarter.



**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.**

Market conditions remained at a very high and stable level. The BDI had been, on average, above 4,000 during 1Q07 and is currently hitting the 6,000 mark, a level not seen since December 2005. The Group is optimistic about market conditions based on continued strong raw materials demand.

The Group is actively looking for attractive secondhand vessel investments to expand its fleet. However, the timing of vessel purchases depends on market conditions and the availability of suitable vessels at attractive prices.

We had sent one vessel for special survey in 1Q07 and was out of deployment for 45 days. Three vessels are due for drydocking in 2Q07 and will be out of deployment for about 110 days. One more vessel will be drydocked in 2H07.

The Group will maintain its cost-efficient structure and focus on keeping its fleet well-deployed. Assuming that the BDI remains at the current levels and barring unforeseen circumstances, the Group expects to continue to do well in 2Q07.

**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  
10 May 2007

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