



COURAGE MARINE GROUP LIMITED

(Incorporated in Bermuda on 5 April 2005)

(Company Registration no: 36692)

Unaudited results for the First Quarter Ended 31 March 2011

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 2011

	Group		
	US\$'000		%
	Q1 2011	Q1 2010	Change
Turnover	5,815	12,853	-55
Cost of sales	(8,089)	(9,275)	-13
Gross profit (loss)	(2,274)	3,578	NM
Other income	71	27	163
Other gains and losses	285	40	613
Administrative expenses	(664)	(578)	15
Other expenses	(1,087)	-	NM
Finance cost	(17)	(35)	-51
Profit (loss) before income tax	(3,686)	3,032	NM
Income tax	(7)	(7)	0
Profit (loss) for the period	(3,693)	3,025	NM
Other comprehensive income			
Surplus on revaluation of leasehold land and building	517	-	NM
Total comprehensive (expense) income for the period attributable to owners of the Company	(3,176)	3,025	NM

1(a)(ii) Additional Information

	Group		
	US\$'000		%
	Q1 2011	Q1 2010	Change
Profit before tax is arrived after (charging) / crediting:			
Other incomes including interest income	71	27	163
Interest on borrowings	(17)	(35)	-51
Depreciation and amortisation	(2,107)	(2,342)	-10
Other expenses in related to the professional fees from the dual listing in Hong Kong	(1,087)	-	NM
Foreign exchange gain (net)	0	40	-100

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
	31/03/2011	31/12/2010	31/03/2011	31/12/2010
ASSETS				
Non-current asset				
Long-term receivables	3,767	3,767	-	-
Investment in subsidiaries	-	-	14,217	14,217
Certificate of deposit	1,074	1,074	-	-
Structured deposit	1,000	1,000	-	-
Deposit	2,000	2,000	-	-
Investment property	1,992	1,671	-	-
Plant and equipment	68,715	70,070	-	-
	78,548	79,582	14,217	14,217
Current assets				
Trade receivables	4,105	1,257	-	-
Other receivables and prepayments	1,437	3,382	40	28
Tax recoverable	58	58	-	-
Amounts due from subsidiaries	-	-	60,670	61,492
Held-for-trading investment	706	742	-	-
Pledged bank deposits	7,679	5,674	-	-
Bank balances and cash	23,600	29,929	210	350
	37,585	41,042	60,920	61,870
TOTAL ASSETS	116,133	120,624	75,137	76,087
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
Property revaluation reserve	669	152	-	-
Reserve	63,486	67,179	27,010	28,173
	111,241	114,417	74,096	75,259
Current liabilities				
Other payables and accruals	2,092	2,607	1,041	828
Borrowings - due within one year	2,800	3,600	-	-
	4,892	6,207	1,041	828
TOTAL EQUITY AND LIABILITIES	116,133	120,624	75,137	76,087

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

Amount repayable in one year or less, or on demand

As at 31/03/2011		As at 31/03/2010	
Secured	Unsecured	Secured	Unsecured
US\$2,800,000	-	US\$3,200,000	-

Amount repayable after one year

As at 31/03/2011		As at 31/03/2010	
Secured	Unsecured	Secured	Unsecured
-	-	US\$2,800,000	-

Details of any collateral

Secured borrowings are generally secured by:

1. Mortgage over a vessel of the Group with net book value US\$9,803,000 (2010: US\$12,438,000)
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 2011	Q1 2010
Operating activities		
Profit (Loss) for the period	(3,686)	3,025
Adjustments for		
Interest income	(34)	(17)
Interest expense	17	35
Change in fair value of held-for-trading investment	36	-
Fair value gain on investment property	(321)	-
Depreciation	2,107	2,342
Operating cash flows before movements in working capital	(1,881)	5,385
Decrease (Increase) in trade receivables	(2,848)	528
Decrease (Increase) in other receivable and prepayments	1,945	(172)
(Decrease) in other payable and accruals	(515)	(437)
Cash (used in) generated from operations	(3,299)	5,304
Interest received	34	17
Interest paid	(17)	(35)
Net cash (used in) generated from operating activities	(3,282)	5,286
Investing activities		
Purchase of plant and equipment	(242)	(8,513)
Pledged deposits	(2,005)	-
Net cash (used in) investing activities	(2,247)	(8,513)
Financing activities		
Repayment of borrowings	(800)	(800)
Net cash (used in) financing activities	(800)	(800)
Net (Decrease) in cash and cash equivalents	(6,329)	(4,027)
Cash and cash equivalents at beginning of the period	29,929	43,159
Cash and cash equivalents at end of the period	23,600	39,132

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	Property Revaluation Reserve	Retained profits attributable to the shareholders	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
The Group					
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
Balance at 1 January 2011	19,059	28,027	152	67,179	114,417
Loss for the period	-	-	-	(3,693)	(3,693)
Surplus on revaluation of leasehold land and building	-	-	517	-	517
Balance at 31 March 2011	19,059	28,027	669	63,486	111,241

	Share Capital	Share Premium	Property Revaluation Reserve	Retained profits attributable to the shareholders	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
The Company					
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
Balance at 1 January 2011	19,059	28,027	-	28,173	75,259
Loss for the period	-	-	-	(1,163)	(1,163)
Balance at 31 March 2011	19,059	28,027	-	27,010	74,096

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 2011 and as at 31 December 2010.

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 31/03/2011	As at 31/12/2010
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 2010.

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 2011	Q1 2010
	US Cents	US Cents
a Based on the weighted average number of ordinary shares in issue	(0.35)	0.29
b On a fully diluted basis	(0.35)	0.29

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	
	31/03/2011	2010/12/31	31/03/2011	2010/12/31
	US Cents	US Cents	US Cents	US Cents
Net asset value per ordinary share	10.51	10.81	7.00	7.11

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

1Q2011

The Group turnover decreased by 55% in 1Q11 to approximately US\$5.8 million from US\$12.9 million in 1Q10, reflecting the poor market condition in dry bulk rates, as well as the low fleet utilisation at around 44% given the lower demand from the commodity trading, compared to the fleet utilisation at around 90% in 1Q10. The low fleet utilisation was due to the Chinese New Year holidays in February as most of the shipments of cargo to and from China were relatively slow over the period. In addition, the Japanese earthquakes, tsunami and nuclear power plant disaster in March had temporarily halted the shipments of cargo to and from Japan, which resulted in a temporary over-supply of vessels within the Asian region. The BDI is currently around the 1,300 level.

Profitability

1Q2011

Despite the decrease in turnover by 55%, the Group's cost of sales decreased by only 13% to approximately US\$8.1 million from US\$9.3 million in 1Q10. It was due mainly to higher bunker cost which was a result of the political instability of the Middle-East region. As such, the Group recorded a gross loss of approximately US\$2.3 million compared to gross profit of US\$3.6 million in 1Q10.

Other incomes consist of interest income from bank balances, rental income, and other one-off income. The Group recorded other income of US\$71,000 in 1Q11, an increase of 163% compared to 1Q10 due mainly to higher sundry income and interest income.

Other gains and losses consist of gain on foreign exchange, change in fair value of investment property and held-for-trading investments. The Group recorded gains of approximately US\$0.3 million due to higher fair value of the Hong Kong office premises.

Administrative expenses increased by 15% to US\$0.7 million in 1Q11.

The Group recorded US\$1.1 million in other expenses in which related to the listing by way of introduction on the Main Board of The Stock Exchange of Hong Kong Limited.

The Group recorded a finance cost of approximately US\$17,000 in 1Q11 compared to US\$35,000 in 1Q10 due mainly to the reduced balance of outstanding bank borrowings.

The Group's subsidiaries recorded an income tax expense of US\$7,000 during 1Q11.

The Group recorded a surplus on revaluation of the property for approximately US\$0.5 million in 1Q11.

Overall, the Group recorded net loss of approximately US\$3.7 million in 1Q11 due to low freight rates and fleet utilisation.

Cashflow

There was a net decrease in cash and cash equivalents of approximately US\$6.3 million in 1Q11 arising from the repayment of the bank borrowing, increase in pledged deposits and increase in trade receivables for the period. However, the Group remains in a net cash position, with cash and bank balances of approximately US\$23.6 million as at 31 March 2011.

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 dry bulk market has not fully recovered and was low in the past few months. The BDI, which has a close correlation to freight rates, dropped sharply to about 1,000 in January 2011 and was only about 1,300 currently. The Group remains cautious on the outlook for this year.

The Group expects that the financial performance for 2011 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
13 May 2011



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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 2011 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 2011 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 2011