



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 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 Third Quarter and First Nine Months Ended 30 September 2011:

	US\$'000		% Change	US\$'000		% Change
	Q3 2011	Q3 2010		9 months 2011	9 months 2010	
Turnover	5,707	8,474	(33)	15,812	37,604	(58)
Cost of sales	(7,779)	(7,631)	2	(24,969)	(27,640)	(10)
Gross (loss) profit	(2,072)	843	NM	(9,157)	9,964	NM
Other income	60	147	(59)	484	456	6
Other gains and losses	(682)	550	NM	(319)	751	NM
Administrative expenses	(714)	(684)	4	(2,185)	(2,038)	7
Other expenses	-	-	NM	(2,054)	-	NM
Finance cost	(8)	(29)	(72)	(39)	(96)	(59)
(Loss) profit before income tax	(3,416)	827	NM	(13,270)	9,037	NM
Income tax	(4)	(15)	(73)	(20)	(25)	(20)
(Loss) profit for the period	(3,420)	812	NM	(13,290)	9,012	NM
Other comprehensive income						
Gain on revaluation of leasehold land and building	-	-	NM	827	-	NM
Total comprehensive (expense) income for the period attributable to owners of the Company	(3,420)	812	NM	(12,463)	9,012	NM

1(a)(ii) Additional Information

	US\$'000		% Change	US\$'000		% Change
	Q3 2011	Q3 2010		9 months 2011	9 months 2010	
Profit before tax is arrived after (charging) / crediting:						
Other income including interest income	60	147	(59)	484	456	6
Interest on borrowings	(8)	(29)	(72)	(39)	(96)	(59)
Depreciation and amortisation	(2,033)	(2,343)	(13)	(6,233)	(7,008)	(11)
(Loss) gain on disposal of plant and equipment	(235)	563	NM	(235)	805	(129)
(Loss) gain on held-for-trading investment	(395)	133	NM	(547)	133	NM
Other expenses in related to the professional fees from the dual listing in Hong Kong	-	-	NM	(2,054)	-	NM
(Loss) gain on foreign exchange (net)	(12)	(36)	(67)	(18)	(6)	200

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
	30/09/2011	31/12/2010	30/09/2011	31/12/2010
ASSETS				
Non-current asset				
Long-term receivables	3,767	3,767	50,882	61,492
Investment in subsidiaries	-	-	14,217	14,217
Held-to-maturity financial asset	1,074	1,074	-	-
Structured deposit	1,000	1,000	-	-
Deposit	-	2,000	-	-
Investment property	2,191	1,671	-	-
Plant and equipment	53,145	70,070	-	-
	61,177	79,582	65,099	75,709
Current assets				
Trade receivables	1,115	1,257	-	-
Other receivables and prepayments	1,975	3,440	27	28
Asset classified as held for sales	8,332	-	-	-
Held-for-trading investment	897	742	-	-
Pledged bank deposits	7,707	5,674	-	-
Bank balances and cash	14,650	29,929	133	350
	34,676	41,042	160	378
TOTAL ASSETS	95,853	120,624	65,259	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	979	152	-	-
Reserve	46,371	67,179	18,028	28,173
	94,436	114,417	65,114	75,259
Current liabilities				
Other payables and accruals	1,417	2,607	145	828
Borrowings - due within one year	-	3,600	-	-
	1,417	6,207	145	828
TOTAL EQUITY AND LIABILITIES	95,853	120,624	65,259	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 30/09/2011		As at 30/09/2010	
Secured	Unsecured	Secured	Unsecured
-	-	US\$3,200,000	-

Amount repayable after one year

As at 30/09/2011		As at 30/09/2010	
Secured	Unsecured	Secured	Unsecured
-	-	US\$1,200,000	-

Details of any collateral

Secured borrowings are generally secured by:

1. Mortgages over a vessel of the Group with net book value US\$8,332,000 (2010:US\$11,013,000)
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 2011	Q3 2010
Operating activities		
(Loss) profit before income tax	(3,416)	827
Adjustments for		
Depreciation	2,033	2,343
Change in fair value of held for trading investment	395	(133)
Loss (gain) on disposal of property, plant and equipment	235	(563)
Interest income	(35)	(24)
Interest expense	22	29
Operating (loss) profit before movements in working capital	(766)	2,479
(Increase) decrease in trade receivables	(56)	909
Decrease in other receivable and prepayments	1,835	1,729
(Decrease) in other payable and accruals	(1,923)	(887)
Cash (used in) generated from operations	(910)	4,230
Income tax paid	(4)	(15)
Interest received	35	24
Net cash (used in) generated from operating activities	(879)	4,239
Investing activities		
Purchase of property, plant and equipment	(2)	(371)
Purchase of held-for-trading investment	(702)	(588)
Proceeds on disposal of property, plant and equipment	3,903	2,574
Addition of pledged deposits	(11)	-
Net cash generated from investing activities	3,188	1,615
Financing activities		
Interest paid	(22)	(29)
Repayment of borrowings	(2,000)	(800)
Net cash used in financing activities	(2,022)	(829)
Net increase in cash and cash equivalents	287	5,025
Cash and cash equivalents at beginning of the period	14,363	21,832
Cash and cash equivalents at end of the period	14,650	26,857

	Group	
	US\$'000	
	9 months of 2011	9 months of 2010
Operating activities		
(Loss) profit before income tax	(13,270)	9,037
Adjustments for		
Depreciation	6,233	7,008
Change in fair value of investment property	(520)	-
Change in fair value of held for trading investment	547	(133)
Loss (gain) on disposal of property, plant and equipment	235	(805)
Interest income	(94)	(55)
Interest expense	39	96
Operating (loss) profit before movements in working capital	(6,830)	15,148
Decrease in trade receivables	142	920
Decrease in other receivable and prepayments	1,464	1,527
(Decrease) in other payable and accruals	(1,190)	(885)
Cash (used in) generated from operations	(6,414)	16,710
Income tax paid	(20)	(25)
Interest received	94	55
Net cash (used in) generated from operating activities	(6,340)	16,740
Investing activities		
Purchase of property, plant and equipment	(950)	(35,547)
Purchase of held-for-trading investment	(702)	(588)
Proceeds on disposal of property, plant and equipment	3,903	10,587
Deposit received	2,000	-
Addition of pledged deposits	(2,033)	-
Net cash generated from (used in) investing activities	2,218	(25,548)
Financing activities		
Interest paid	(39)	(96)
Dividend paid	(7,518)	(4,998)
Repayment of borrowings	(3,600)	(2,400)
Net cash used in financing activities	(11,157)	(7,494)
Net decrease in cash and cash equivalents	(15,279)	(16,302)
Cash and cash equivalents at beginning of the period	29,929	43,159
Cash and cash equivalents at end of the period	14,650	26,857

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 July 2010	19,059	28,027	-	66,356	113,442
Profit for the period	-	-	-	812	812
Balance at 30 September 2010	19,059	28,027	-	67,168	114,254
Balance at 1 July 2011	19,059	28,027	979	49,791	97,856
(Loss) for the period	-	-	-	(3,420)	(3,420)
Balance at 30 September 2011	19,059	28,027	979	46,371	94,436

	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 July 2010	19,059	28,027	-	24,024	71,110
(Loss) for the period	-	-	-	(53)	(53)
Balance at 30 September 2010	19,059	28,027	-	23,971	71,057
Balance at 1 July 2011	19,059	28,027	-	18,301	65,387
(Loss) for the period	-	-	-	(273)	(273)
Balance at 30 September 2011	19,059	28,027	-	18,028	65,114

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 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 30/09/2011	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			
	Q3 2011	Q3 2010	9 months 2011	9 months 2010
	US Cents	US Cents	US Cents	US Cents
a Based on the weighted average number of ordinary shares in issue	(0.32)	0.08	(1.26)	0.85
b On a fully diluted basis	(0.32)	0.08	(1.26)	0.85

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	
	30/9/2011	31/12/2010	30/9/2011	31/12/2010
	US Cents	US Cents	US Cents	US Cents
Net asset value per ordinary share	8.92	10.81	6.15	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

3Q2011

The group turnover decreased by 33% in 3Q11 to approximately US\$5.7 million from US\$8.5 million in 3Q10, reflecting the poor market condition in dry bulk rates, as well as the low fleet utilisation given the lower demand from commodity trading, compared to high fleet utilisation at around 87% in 3Q10. The BDI is currently around the 1,800 level compared to 2,500 in 3Q10.

9M2011

The Group turnover decreased by 56% to approximately US\$15.8 million from US\$37.6 million in 9M10 due to the lower fleet utilisation and lower dry bulk rates. The Group's low fleet utilisation was the result of low demand in the Asian area and the general slow down of the global economy.

Profitability

3Q2011

Despite the decrease in turnover by 33%, the Group's cost of sales increased by 2% to approximately US\$7.8 million from US\$7.6 million in 3Q10 due to the consumption of the fixed cost, including the insurance, crews fee and depreciation. As such, the Group recorded a gross loss of approximately US\$2.1 million compared to gross profit of US\$0.8 million in 3Q10.

Other income consists of interest income from bank and certificate of deposit, insurance claims and sundry income. The Group recorded other income of \$60,000 in 3Q11, a decrease of 59% compared to 3Q10. This was due to less interest income from certificate of deposit and less sundry income.

Other gains and losses consist of change in fair value of investment property, change in fair value of held-for-trading investments, gains and losses on disposal of fixed assets and exchange gains and losses. The group recorded losses of approximately US\$0.4 million due to lower market value of the held-for-trading investment, and loss on disposal of MV Heroic in August 2011.

Administrative expenses increased by 4% to approximately US\$714,000 from US\$684,000 in 3Q10 which was due to the increase of legal and professional fees.

The Group recorded a finance cost of an approximately US\$8,000 in 3Q11 compared to US\$29,000 in 3Q10 due mainly to the reduced balance of outstanding bank borrowings.

The Group's subsidiaries recorded an income tax expense of US\$4,000 during 3Q11.

The Group recorded a net loss of approximately US\$3.4 million in 3Q11 due mainly to lower freight rate and fleet utilisation.

9M2011

Despite the decrease in turnover by 58%, the Group's cost of sales decreased by only 10% to approximately US\$25 million from US\$27.6 million in 9M10 due to the consumption of the fixed cost, including insurance, crews fee and depreciation expenses. As such, the Group recorded a gross loss of approximately US\$9.2 million compared to gross profit of US\$10 million in 9M10.

Other income mainly includes rental income, interest income from banks and certificate of deposit, insurance claims and sundry income. The Group recorded other income for approximately US\$0.5 million in 9M11, an increase of 6% compared to 9M10. This was mainly attributable to an one-off insurance claim received.

Other gains and losses consist of change in fair value of investment property, change in fair value of held-for-trading investments, gains and losses on disposal of fixed assets and exchange gains and losses. The group recorded losses of approximately US\$0.3 million due to lower market value of the held-for-trading investment, and loss on disposal of MV Heroic in August 2011.

Administrative expenses mainly comprise salary and bonus, directors' remuneration, office rental, legal and professional fees and travelling. The Group recorded an approximately 7% increase for the administrative expenses in the 9M11 compared to 9M10 due mainly to the increase of legal and professional fees.

Other expenses for the 9M11 was approximately US\$2.1 million, where the Group did not have such other expenses for 9M10. This amount was mainly attributable to the professional fees and other expenses relating to the Group's Hong Kong listing exercise. The shares of the Company were successfully listed on the Main Board of HKSE on 24 June 2011.

The Group recorded a finance cost of approximately US\$39,000 in 9M11 compared to US\$96,000 in 9M10 due mainly to the reduced balance of outstanding bank borrowings as a result of the repayment of part of the bank loan. The Group had repaid all outstanding loan by the end of September 2011.

The Group's subsidiaries recorded an income tax expense of approximately US\$20,000 during 9M11, compared to US\$25,000 in 9M10.

The Group recorded an approximately 58% decrease in revenue due to the decrease in Baltic Dry Index which adversely affected our freight rates during the 9M11. However, the Group's cost of services for the 9M11 had a relatively less decrease mainly due to certain fixed cost items including crew agency fees, maintenance fees, insurance and depreciation expenses coupled with the increase in per tonne market bunker price, despite the decrease in the Group's vessels' utilisation rate during such period. In addition, the Group incurred approximately US\$2.1million other expenses (attributable to the professional fees and other expenses relating to the Hong Kong listing exercises), which is non-recurring in nature, during the period. As a result, the Group recorded a net loss of approximately US\$13.3 million for the 9M11 as compared to the Group's net profit of approximately US\$9 million for the 9M10.

The Group recorded other comprehensive income of approximately US\$0.8 million for the 9M11 due to the surplus on revaluation of the Group's leasehold and building.

Cashflow

There was a net decrease in cash and cash equivalents of approximately US\$15.3 million in 9M11 arising from the repayment of the bank borrowings, and dividend paid of approximately US\$7.5 million for the period. However, the Group remains in a net cash position, with cash and bank balances of approximately US\$14.7 million as at 30 September 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 global economy has been unstable in the past few months. The Baltic Dry Index ("BDI"), which has a close correlation to freight rates, has rebounded from 1,200 points in August 2011 to about 2,000 in October. The Group remains cautious on the outlook for this year and the first half of next year.

The Group had disposed two Handymax size vessels, MV Heroic and MV Zorina in August and October, respectively. On the other hand, the Group entered into a Memorandum of Agreement on October with a Chinese shipyard to purchase the Group's first new built Supermax size vessel. The consideration of this new Supermax vessel is US\$26.6 million and is expected to be delivered in early January 2012. The Group will continue to look for other new-builts or second hand vessels to enhance our fleet.

The Group expects the financial performance for the rest of 2011 and first half of 2012 to be adversely affected by the 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

10 November 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 nine months and third quarter ended 30 September 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 nine months and third quarter ended 30 September 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 Tenth day of November 2011