



COURAGE MARINE GROUP LIMITED

(Incorporated in Bermuda on 5 April 2005)

(Company Registration no: 36692)

Full Year Financial Statement And Dividend Announcement

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 Fourth Quarter and Year Ended 31 December 2008:

	US\$'000		%	US\$'000		%
	Q4 2008	Q4 2007		FY 2008	FY 2007	
Turnover	7,457	31,249	(76)	75,660	90,411	(16)
Cost of sales	(7,108)	(8,598)	(17)	(35,513)	(31,084)	14
Gross profit	349	22,651	(98)	40,147	59,327	(32)
Other operating income	572	594	(4)	2,151	1,633	32
Administrative expenses	(2,009)	(2,267)	(11)	(3,869)	(4,089)	(5)
Other operating expenses	(71)	(1,940)	(96)	(284)	(2,012)	(86)
Gain on disposal of equipment	3,089	1,115	177	3,089	5,874	(47)
Share of gain (loss) of associate	(185)	33	(661)	(542)	(110)	393
Finance cost	(194)	(17)	1,041	(198)	(242)	(18)
Profit before income tax	1,551	20,169	(92)	40,494	60,381	(33)
Income tax	(6)	(10)	(40)	(11)	(22)	(50)
Profit for the period	1,545	20,159	(92)	40,483	60,359	(33)

1(a)(ii) Additional Information

	US\$'000		%	US\$'000		%
	Q4 2008	Q4 2007		FY 2008	FY 2007	
Profit before tax is arrived after (charging) / crediting:						
Other income including interest income	572	594	(4)	2,151	1,633	32
Interest on borrowings	(194)	(17)	1,041	(198)	(242)	(18)
Depreciation and amortisation	(2,255)	(1,415)	59	(6,699)	(4,860)	38
Gain on disposal of plant and equipment	3,089	1,115	177	3,089	5,874	(47)
(Loss) gain on held-for-trading investment	(63)	17	(471)	(192)	96	(300)
Share of (loss) gain of associate	(185)	33	(661)	(542)	(110)	393
Foreign exchange (loss) gain, (net)	(5)	48	(110)	318	43	640

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
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
ASSETS				
Non-current asset				
Investment in subsidiaries	-	-	14,217	14,217
Interest in associate	2,787	3,325	-	-
Plant and equipment	63,149	47,327	-	-
	65,936	50,652	14,217	14,217
Current assets				
Trade receivables	2,678	3,593	-	-
Other receivables and prepayments	5,401	1,124	9	10
Amounts due from subsidiaries	-	-	63,682	74,103
Asset classified as held for sales	6,717	-	-	-
Held-for-trading investment	526	718	-	-
Pledge deposits	7,280	2,016	-	-
Bank balances and cash	45,556	62,348	408	514
	68,158	69,799	64,099	74,627
TOTAL ASSETS	134,094	120,451	78,316	88,844
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
Exchange reserve	49	45	-	-
Reserve	71,073	68,581	29,716	30,890
	118,208	115,712	76,802	77,976
Non-current liability				
Borrowing - due after one year	6,800	-	-	-
Current liabilities				
Other payables and accruals	5,886	4,059	1,305	1,616
Amounts due to subsidiaries	-	-	209	9,252
Borrowings - due within one year	3,200	680	-	-
	9,086	4,739	1,514	10,868
TOTAL EQUITY AND LIABILITIES	134,094	120,451	78,316	88,844

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

Amount repayable in one year or less, or on demand

As at 31/12/2008		As at 31/12/2007	
Secured	Unsecured	Secured	Unsecured
3,200,000	-	680,000	-

Amount repayable after one year

As at 31/12/2008		As at 31/12/2007	
Secured	Unsecured	Secured	Unsecured
6,800,000	-	-	-

Details of any collateral

Secured borrowings are generally secured by:

1. Mortgages over certain vessels of the Group with net book values totalling US\$16,000,000 (2007: US\$16,239,000)
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

	Group	
	US\$'000	
	Q4 2008	Q4 2007
Operating activities		
Profit for the period	1,545	20,159
Adjustments for		
Interest income	(179)	(520)
Interest expense	194	17
Gain on disposal of plant and equipment	(3,089)	(1,115)
Loss (gain) on held-for-trading investment	63	(17)
Share of loss (gain) of associate	185	(33)
Depreciation	2,255	1,415
Operating cash flows before movements in working capital	974	19,906
(Increase) in trade receivables	(395)	(1,552)
(Increase) decrease in other receivable and prepayments	(4,398)	1,737
(Increase) in pledge deposit	(7,280)	(2,018)
Increase (decrease) in other payable and accruals	2,165	(1,267)
Cash (used in) generated from operations	(8,934)	16,806
Interest received	179	520
Interest paid	(194)	(17)
Net cash (used in) generated from operating activities	(8,949)	17,309
Investing activities		
Purchases of plant and equipment	(27,045)	(119)
Proceeds on disposal of plant and equipment	6,000	2,189
Net cash (used in) generated from investing activities	(21,045)	2,070
Financing activities		
New borrowing raised	10,000	-
Repayment of borrowings	-	(620)
Net cash generated from (used in) financing activities	10,000	(620)
Net (decrease) increase in cash and cash equivalents	(19,994)	18,759
Cash and cash equivalents at beginning of the period	65,550	43,589
Cash and cash equivalents at end of the period	45,556	62,348

	Group	
	US\$'000	
	FY 2008	FY 2007
Operating activities		
Profit for the year	40,483	60,359
Adjustments for		
Interest income	(1,314)	(1,442)
Interest expense	198	242
Gain on disposal of plant and equipment	(3,089)	(5,874)
Loss (gain) on held-for-trading investment	192	(96)
Share of loss of associate	542	110
Depreciation	6,699	4,860
Operating cash flows before movements in working capital	43,711	58,159
Decrease (increase) in trade receivables	915	(1,959)
(Increase) in other receivable and prepayments	(4,277)	(344)
(Increase) in pledge deposits	(5,264)	(2,018)
Increase in other payable and accruals	1,827	1,468
Cash generated from operations	36,912	55,306
Interest received	1,314	1,442
Interest paid	(198)	(242)
Net cash generated from operating activities	38,028	56,506
Investing activities		
Purchases of plant and equipment	(32,149)	(5,839)
Proceeds on disposal of plant and equipment	6,000	11,536
Purchase of share of associate	-	(3,390)
Net cash (used in) generated from investing activities	(26,149)	2,307
Financing activities		
Dividend paid	(37,991)	(16,941)
New borrowing raised	10,000	-
Repayment of borrowings	(680)	(5,330)
Net cash used in financing activities	(28,671)	(22,271)
Net (decrease) increase in cash and cash equivalents	(16,792)	36,542
Cash and cash equivalents at beginning of the period	62,348	25,806
Cash and cash equivalents at end of the period	45,556	62,348

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 January 2007	19,059	28,027	-	25,163	72,249
Profit for the financial year	-	-	-	60,359	60,359
Final dividend of 2006	-	-	-	(9,953)	(9,953)
Interim dividend of 2007	-	-	-	(6,988)	(6,988)
Exchange reserve arising from share of associate	-	-	45	-	45
Balance at 31 December 2007	19,059	28,027	45	68,581	115,712
Profit for the financial year	-	-	-	40,483	40,483
Final dividend of 2007	-	-	-	(25,994)	(25,994)
Interim dividend of 2008	-	-	-	(11,997)	(11,997)
Exchange reserve arising from share of associate	-	-	4	-	4
Balance at 31 December 2008	19,059	28,027	49	71,073	118,208

	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 January 2007	19,059	28,027	-	10,587	57,673
Profit for the financial year	-	-	-	37,244	37,244
Final dividend for 2006	-	-	-	(9,953)	(9,953)
Interim dividend for 2007	-	-	-	(6,988)	(6,988)
Balance at 31 December 2007	19,059	28,027	-	30,890	77,976
Profit for the financial year	-	-	-	36,817	36,817
Final dividend for 2007	-	-	-	(25,994)	(25,994)
Interim dividend for 2008	-	-	-	(11,997)	(11,997)
Balance at 31 December 2008	19,059	28,027	-	29,716	76,802

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 December 2008, 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

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 2007.

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			
	Q4 2008	Q4 2007	FY 2008	FY 2007
	US Cents	US Cents	US Cents	US Cents
a Based on the weighted average number of ordinary shares in issue	0.14	1.90	3.82	5.70
b On a fully diluted basis	0.14	1.90	3.82	5.70

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	
	08/12/31	07/12/31	08/12/31	07/12/31
	US Cents	US Cents	US Cents	US Cents
Net asset value per ordinary share	11.16	10.93	7.25	7.36

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

4Q2008

The Group turnover fell by 76% in 4Q08 to approximately US\$7.5 million from US\$31.2 million in 4Q07, reflecting the steep decline in dry bulk freight rates arising from the global credit crunch and its impact on economic growth. Falling demand resulted in lower utilisation of our vessels. The Baltic Dry Index ("BDI") averaged about 2,000 in 4Q08, and averaged about 9,300 in 4Q07. The BDI has recovered from the recent low of 663 on 5 December 2008 and is currently hovering around the 2,000 level.

FY2008

For the fiscal year ended 31 December 2008, the Group turnover decreased by 16% to approximately US\$75.7 million from US\$90.4 million in FY2007 due to the sharply lower average freight rates in the second half of the year, particularly in the fourth quarter.

Profitability

4Q2008

Despite the decrease in turnover by 76%, the cost of sales declined by only 17% because of the 59% rise in depreciation charges. As a result, gross profit decreased by 98% to approximately US\$350,000 from approximately US\$22.7 million in 4Q07. Correspondingly, gross profit margin of approximately 4.7% for 4Q08 was much lower than the approximately 72.5% achieved in 4Q07.

Other operating income consists of interest income from bank balances, gains on foreign exchange and other one-off income. The Group recorded other operating income of US\$572,000 in 4Q08, a decrease of 4% compared to 4Q07.

Administrative expenses decreased by 11% to approximately US\$2 million in 4Q08 due mainly to the decrease in year-end bonus for staff and executive directors and accrual for directors' fees.

Other operating expenses decreased by 96% to US\$71,000 in 4Q08 as there was a provision of US\$1.9 million for security deposit in 4Q07.

The Group disposed a Handysize vessel, MV Ally II, in November 2008 and recorded a gain on disposal for US\$3.1 million. The Group disposed another Handysize vessel, MV Midas, for US\$1.1 million in 4Q07.

In proportion with the Group's 25% interest in an associate, the Group's associate recorded a net loss of approximately US\$185,000 in 4Q08.

One of the Group's subsidiaries obtained a new bank loan of US\$10 million for the acquisition of MV Zorina. The corresponding interest and borrowing cost had led to higher finance cost in 4Q08.

The Group's subsidiaries recorded an income tax expense of approximately US\$6,000 in 4Q08.

Overall, the Group's net profit for 4Q08 decreased by 92% compared to 4Q07 to approximately US\$1.5 million due to significantly lower freight rates and low fleet utilisation.

FY2008

Gross profit decreased by 32% to approximately US\$40.1 million from US\$59.3 million in FY2007. This was due to a 16% fall in turnover while cost of sales rose by 14%, largely because of higher bunker cost and depreciation expenses. Correspondingly, the gross profit margin of 53.1% for FY2008 was below the 65.6% achieved in FY2007.

Other operating income consists of interest income from bank balances, gain on foreign exchange and other one-off income. The Group recorded other operating income of approximately US\$2.1 million in FY2008, an increase of 32% compared to FY2007 due mainly to foreign exchange gains and receipt of an insurance claim.

Administrative expenses fell by 5% to approximately US\$3.9 million in FY2008 due mainly to the decrease of year-end bonus for staff and executive directors and accrual for directors' fees.

Other operating expenses decreased by 86% to approximately US\$284,000 in FY2008 as there was a provision of US\$1.9 million for security deposit in FY2007.

Gain on disposal of fixed assets was approximately US\$3.1 million in FY2008 from the disposal of MV Ally II during the year. The Group disposed of MV Zorina and MV Midas in FY2007 and recorded a gain on disposal of approximately US\$5.9 million.

The Group's 25% share of associate's net loss was approximately US\$542,000 in FY2008 against a previous loss of US\$110,000 in FY2007.

One of the Group's subsidiaries obtained a new bank loan in October 2008 to finance the acquisition of MV Zorina and recorded a finance cost of US\$198,000 for the interest and borrowing cost. The Group incurred a US\$242,000 finance cost in FY2007.

The Group's subsidiaries recorded an income tax expense of approximately US\$11,000 during FY2008, a decrease of 50% compared to FY2007.

Overall, the Group's net profit fell by approximately 33% due to significantly weaker freight rates in the second half of the year and lower gains from the disposal of fixed assets.

Assets

Plant and equipment increased to US\$63.1 million as the Group acquired two vessels for approximately US\$20 million and disposed one vessel with book value of approximately US\$2.9 million. During the year, the Group acquired a Panamax size vessel, MV Sea Pioneer, and a Handymax vessel, MV Zorina, and disposed a Handysize vessel, MV Ally II. As at 31 December 2008, the Group owned and operated nine vessels with a total tonnage of approximately 460,000 dwt.

Cashflow

Cashflow from operations continued to be healthy for the Group. A net decrease in cash and cash equivalents of US\$16.8 million in FY2008 was due to the payments of approximately US\$38 million for the 2007 final dividend and 2008 interim dividend, as well as the acquisitions of MV Sea Pioneer and MV Zorina for approximately US\$20 million. With the Group's bank loan of US\$10 million for the acquisition of MV Zorina, the gross gearing ratio was about 0.15 times for FY2008. However, the Group remains in a net cash position, with cash and bank balances of approximately US\$45.6 million as at 31 December 2008.

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 financial crisis has had a significant impact on the shipping industry. Freight rates have fallen sharply in the past few months, with the BDI crashing to a low of 663 on 5 December 2008 from an all-time high of 11,793 in May 2008. The 90% plunge over this period reflects the severity of the drop in global economic activity.

The year 2009 is expected to be a challenging one for the shipping industry due to the deterioration in the global economic situation. As such, the Group expects freight rates to remain low and utilisation, subdued. These factors may adversely affect the Group's financial performance in the current FY2009. However, the Group will maintain its cost-efficient structure and focus on keeping its fleet well-deployed and running efficiently.

In early January 2009, the Group disposed its oldest Panamax size vessel, MV Panamax Mars, taking the fleet size to eight vessels with a total tonnage of approximately 400,000 dwt. The Group's vessel sales and disposals over the past months is in line with its intention to replace the older vessels. As such, the Group is on the lookout to acquire younger vessels should the returns look attractive. The Group believes that prudent expansion, its good customer relationships, focus on keeping a tight rein on expenses, and strong balance sheet will enable it to seize opportunities and overcome challenges in the year ahead.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

The Directors recommend a final dividend of US (cents) 0.755 per ordinary share on the total 1,058,829,308 issued ordinary shares, amounting to approximately US\$8 million to be paid in respect of the financial year ended 31 December 2008, subject to shareholders' approval be obtained at the forthcoming annual general meeting of the Company. The Company had declared and paid an interim dividend (not tax applicable) of US (cents) 1.133 per ordinary shares in 3Q08. The proposed final dividend is not tax applicable and has not been accrued as a liability for the financial statements ended 31 December 2008 in accordance with IFRS.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

Yes. Refer to item 16.

(c) Date payable

To be determined and announced to shareholders in due course.

(d) Books closure date

To be determined and announced to shareholders in due course.

12. If no dividend has been declared/recommended, a statement to that effect

Not applicable

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year

No business segmental information of the Group is presented as the Group's revenues, expenses, assets, liabilities and capital expenditure are primarily attributable to the provision of ship chartering services.

Due to the nature of the provision of ship chartering services, which is carried out internationally, we consider that it is not meaningful to provide the financial information by geographical segment. Accordingly, geographical segment results for the provision of ship chartering services are not presented.

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments

Not applicable

15. A breakdown of sales

	2008	2007
	US\$'000	US\$'000
Turnover for the first half of	49,994	34,919
Profit after tax for the first half of	30,314	20,124
Turnover for the second half of	25,666	55,492
Profit after tax for the second half of	10,169	40,235

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

Total Annual Dividend

	Latest Year	Previous Year
Ordinary	US\$12.0 million*	US\$33.0 million
Preference	-	-
Total:	US\$12.0 million*	US\$33.0 million

* Excludes the US\$8 million proposed final dividend (not tax applicable) as disclosed in item 11 as it is subject to shareholders' approval at the forthcoming annual general meeting of the Company.

By Order of the Board

WU CHAO HUAN
Managing Director
26 February 2009



Courage Marine Group Limited

Suite 906, 9/F, Wing On Centre, 111 Connaught Road Central, Hong Kong

Phone: (852) 3184-0755 · Fax: (852) 3184-0750

Website: couragemarine.com · E-mail: courage@couragemarine.com

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 full year / fourth quarter ended 31 December 2008 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 fourth quarter of 2008 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 Twenty-Sixth day of February 2009.