



# 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 2009:

	US\$'000		% Change	US\$'000		% Change
	Q4 2009	Q4 2008		FY 2009	FY 2008	
	Turnover	11,383		7,457	53	
Cost of sales	(9,210)	(7,108)	30	(29,011)	(35,513)	(18)
Gross profit	2,173	349	523	(1,072)	40,147	NM
Other operating income	1,785	572	212	2,723	2,151	27
Administrative expenses	(946)	(2,009)	(53)	(2,549)	(3,869)	(34)
Other operating expenses	(14)	(71)	(80)	(50)	(284)	(82)
Gain on disposal of fixed assets	-	3,089	NM	283	3,089	(91)
Gain on disposal of associate	-	-	NM	1,252	-	NM
Share of loss of associate	-	(185)	NM	(223)	(542)	(59)
Finance cost	(43)	(194)	(78)	(257)	(198)	30
Profit before income tax	2,955	1,551	91	107	40,494	(100)
Income tax	(7)	(6)	17	(32)	(11)	191
Profit for the period	2,948	1,545	91	75	40,483	(100)

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

	US\$'000		% Change	US\$'000		% Change
	Q4 2009	Q4 2008		FY 2009	FY 2008	
	Profit before tax is arrived after (charging) / crediting:					
Other income including interest income	1,785	572	212	2,723	2,151	27
Interest on borrowings	(43)	(194)	(78)	(257)	(198)	30
Depreciation and amortisation	(2,503)	(2,255)	11	(10,592)	(6,699)	58
Gain on disposal of plant and equipment	-	3,089	NM	283	3,089	(91)
(Loss) gain on held-for-trading investment	-	(63)	NM	274	(192)	NM
Share of loss of associate	-	(185)	NM	(223)	(542)	(59)
Foreign exchange (loss) gain, (net)	(45)	(5)	800	54	318	(83)

#### 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**

	<b>Group</b>		<b>Company</b>	
	US\$'000	US\$'000	US\$'000	US\$'000
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
<b>ASSETS</b>				
<b>Non-current asset</b>				
Other receivables	2,855	-	-	-
Investment in subsidiaries	-	-	14,217	14,217
Interest in associate	-	2,787	-	-
Plant and equipment	54,876	63,149	-	-
	57,731	65,936	14,217	14,217
<b>Current assets</b>				
Trade receivables	2,228	2,678	-	-
Other receivables and prepayments	11,690	5,401	28	9
Amounts due from subsidiaries	-	-	71,682	63,682
Asset classified as held for sales	-	6,717	-	-
Held-for-trading investment	-	526	-	-
Pledge deposits	5,000	7,280	-	-
Bank balances and cash	43,159	45,556	838	408
	62,077	68,158	72,548	64,099
<b>TOTAL ASSETS</b>	119,808	134,094	86,765	78,316
<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
Exchange reserve	-	49	-	-
Reserve	63,153	71,073	29,274	29,716
	110,239	118,208	76,360	76,802
<b>Non-current liability</b>				
Borrowing - due after one year	3,600	6,800	-	-
<b>Current liabilities</b>				
Other payables and accruals	2,769	5,886	508	1,305
Amounts due to subsidiaries	-	-	9,897	209
Borrowings - due within one year	3,200	3,200	-	-
	5,969	9,086	10,405	1,514
<b>TOTAL EQUITY AND LIABILITIES</b>	119,808	134,094	86,765	78,316

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

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

As at 31/12/2009		As at 31/12/2008	
Secured	Unsecured	Secured	Unsecured
US\$3,200,000	-	US\$3,200,000	-

**Amount repayable after one year**

As at 31/12/2009		As at 31/12/2008	
Secured	Unsecured	Secured	Unsecured
US\$3,600,000	-	US\$6,800,000	-

**Details of any collateral**

Secured borrowings are generally secured by:

1. Mortgages over a vessel of the Group with net book values totalling US\$13,151,000 (2008: US\$16,000,000)
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**

	<b>Group</b>	
	US\$'000	
	Q4 2009	Q4 2008
<b>Operating activities</b>		
Profit for the period before income tax	2,955	1,551
Adjustments for		
Share of loss of associate	-	185
Loss on held-for-trading investment	-	63
Interest income	(26)	(179)
Interest expense	43	194
Depreciation	2,503	2,255
Gain on disposal of plant and equipment	-	(3,089)
Operating cash flows before movements in working capital	5,475	980
(Increase) in trade receivables	(1,324)	(395)
Decrease (Increase) in other receivable and prepayments	5,044	(4,398)
(Increase) in non-current other receivable	(2,855)	-
(Decrease) increase in other payable and accruals	(2,261)	2,165
Cash generated (used in) from operations	4,079	(1,648)
Income tax paid	(7)	(6)
Interest income received	26	179
Interest expense paid	(43)	(194)
<b>Net cash generated (used in) from operating activities</b>	<b>4,055</b>	<b>(1,669)</b>
<b>Investing activities</b>		
Purchases of plant and equipment	(849)	(27,045)
Pledged deposits	2,280	(7,280)
Proceeds on disposal of plant and equipment	-	6,000
<b>Net cash generated (used in) from investing activities</b>	<b>1,431</b>	<b>(28,325)</b>
<b>Financing activities</b>		
New borrowing raised	-	10,000
Repayment of borrowings	(800)	-
<b>Net cash (used in) generated from financing activities</b>	<b>(800)</b>	<b>10,000</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>4,686</b>	<b>(19,994)</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>38,473</b>	<b>65,550</b>
<b>Cash and cash equivalents at end of the period</b>	<b>43,159</b>	<b>45,556</b>

	<b>Group</b>	
	US\$'000	
	FY 2009	FY 2008
<b>Operating activities</b>		
Profit for the year before income tax	107	40,494
Adjustments for		
Share of loss of associate	223	542
(Gain) loss on held-for-trading investment	(274)	192
Interest income	(162)	(1,314)
Interest expense	257	198
Depreciation	10,592	6,699
Gain on disposal of plant and equipment	(283)	(3,089)
Gain on disposal of associate	(1,252)	-
Operating cash flows before movements in working capital	9,208	43,722
Decrease in trade receivables	450	915
(Increase) in other receivable and prepayments	(4,878)	(4,277)
(Increase) in non-current other receivable	(500)	-
(Decrease) increase in other payable and accruals	(3,117)	1,827
Cash (used in) generated from operations	1,163	42,187
Income tax paid	(32)	(11)
Interest income received	162	1,314
Interest expense paid	(257)	(198)
<b>Net cash (used in) generated from operating activities</b>	<b>1,036</b>	<b>43,292</b>
<b>Investing activities</b>		
Purchases of plant and equipment	(2,318)	(32,149)
Pledged deposits	2,280	(5,264)
Proceeds on disposal of plant and equipment	7,000	6,000
Proceeds on disposal of held-for-trading investment	800	-
<b>Net cash generated (used in) from investing activities</b>	<b>7,762</b>	<b>(31,413)</b>
<b>Financing activities</b>		
Dividend paid	(7,995)	(37,991)
New borrowing raised	-	10,000
Repayment of borrowings	(3,200)	(680)
<b>Net cash (used in) financing activities</b>	<b>(11,195)</b>	<b>(28,671)</b>
<b>Net (decrease) in cash and cash equivalents</b>	<b>(2,397)</b>	<b>(16,792)</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>45,556</b>	<b>62,348</b>
<b>Cash and cash equivalents at end of the period</b>	<b>43,159</b>	<b>45,556</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	Exchange Reserve	Retained profits attributable to the shareholders	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>The Group</b>					
<b>Balance at 1 January 2008</b>	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
<b>Balance at 31 December 2008</b>	19,059	28,027	49	71,073	118,208
Profit for the financial year	-	-	-	75	75
Final dividend of 2008	-	-	-	(7,995)	(7,995)
Reverse of exchange reserve arising from share of associate	-	-	(49)	-	(49)
<b>Balance at 31 December 2009</b>	19,059	28,027	-	63,153	110,239

	Share Capital	Share Premium	Exchange Reserve	Retained profits attributable to the shareholders	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>The Company</b>					
<b>Balance at 1 January 2008</b>	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)
<b>Balance at 31 December 2008</b>	19,059	28,027	-	29,716	76,802
Profit for the financial year	-	-	-	7,553	7,553
Final dividend for 2008	-	-	-	(7,995)	(7,995)
<b>Balance at 31 December 2009</b>	19,059	28,027	-	29,274	76,360

**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 31 December 2009 and as at 31 December 2008.

**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**

<b>As at 31/12/2009</b>	<b>As at 31/12/2008</b>
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 2008.

**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)**

	<b>Group</b>			
	Q4 2009	Q4 2008	FY 2009	FY 2008
	US Cents	US Cents	US Cents	US Cents
a Based on the weighted average number of ordinary shares in issue	0.27	0.14	0.00	3.82
b On a fully diluted basis	0.27	0.14	0.00	3.82

**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>	
	31-12-2009	31-12-2008	31-12-2009	31-12-2008
	US Cents	US Cents	US Cents	US Cents
Net asset value per ordinary share	10.41	11.16	7.21	7.25



**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

##### 4Q2009

The Group turnover was up by 53% in 4Q09 to approximately US\$11.4 million from US\$7.5 million in 4Q08, reflecting the steady recovery in dry bulk freight rates. The Baltic Dry Index ("BDI") averaged about 3,000 in 4Q09, and averaged about 2,000 in 4Q08. The BDI is relatively stable and is currently hovering around the 2,500 level.

##### FY2009

For the financial year ended 31 December 2009, the Group turnover decreased by 63% to approximately US\$27.9 million from US\$75.7 million in FY2008 due to the sharply lower average freight rates during the year, particularly in the first half of the year.

#### Profitability

##### 4Q2009

Despite the increase in turnover by 53%, the cost of sales increased by only 30%. As a result, gross profit increased by more than 500% to approximately US\$2.2 million from approximately US\$0.3 million in 4Q08. Correspondingly, gross profit margin of approximately 19% for 4Q09 was much higher than the approximately 5% achieved in 4Q08.

The Group's 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 approximately US\$1.8 million in 4Q09, an increase of 212% compared to 4Q08. It is due mainly to the insurance claim receivable.

Administrative expenses decreased by 53% to approximately US\$0.9 million in 4Q09 due mainly to the decrease in year-end bonus for staff and executive directors and accrual for directors' fees.

The Group's other operating expenses decreased by 80% to US\$14,000 in 4Q09.

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 did not have any disposal of assets in 4Q09.

As the Group had disposed of its 25% interest in an associate in 3Q09, the Group did not record its share of loss of such associate in 4Q09. The Group's associate recorded a net loss of approximately US\$185,000 in 4Q08.

One of the Group's subsidiaries obtained a bank loan of US\$10 million in October 2008. The subsidiary recorded a finance cost of US\$43,000 in 4Q09 compared to US\$194,000 in 4Q08.

The Group's subsidiaries recorded an income tax expense of approximately US\$7,000 in 4Q09.

Overall, the Group's net profit for 4Q09 increased by 91% compared to 4Q08 to approximately US\$2.9 million due to significantly higher freight rates and fleet utilisation, as well as the insurance claim made during the quarter.

#### FY2009

Despite a 63% decline in revenue, the Group cost of sales declined by 18% to approximately US\$29.0 million due to overhead costs such as depreciation and amortisation. As such, the Group recorded a loss of approximately US\$1.1 million at the gross level compared to gross profit of US\$40.1 million in FY2008.

The Group's 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\$2.7 million in FY2009, an increase of 27% compared to FY2008 due mainly to the insurance claim receivable.

Administrative expenses fell by 34% to approximately US\$2.5 million in FY2009 due mainly to the decrease of year-end bonus for staff and executive directors and accrual for directors' fees.

The Group's other operating expenses decreased by 82% to approximately US\$50,000 in FY2009.

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 disposed a Handysize vessel, MV Ally II, in November 2008 and recorded a gain on disposal for US\$3.1 million.

The Group recorded a gain on disposal of associate for approximately US\$1.3 million in FY2009 as the Group had exercised its put option to sell the shares back to the original seller which he had duly accepted, resulting in a reversal of the loss recorded from FY2007 to FY2009, as well as the interest receivable. Besides, The Group also recorded its share of loss of interest in associate for approximately US\$0.2 million in FY2009 against approximately US\$0.5 million in FY2008.

The Group recorded a finance cost of approximately US\$0.3 million in FY2009 as one of the Group's subsidiaries had obtained a bank loan of US\$10 million in October 2008. It recorded a finance cost of US\$0.2 million in FY2008.

The Group's subsidiaries recorded an income tax expense of approximately US\$32,000 during FY2009 as compared to US\$11,000 in FY2008.

Overall, the Group recorded a net profit of approximately US\$75,000 in FY2009 which was largely attributed to significantly lower freight rates and low utilisation in the first half of the year.

The Group's other receivables and prepayments was US\$11.7 million as at 31 December 2009 as compared to US\$5.4 million as at 31 December 2008 due mainly to the outstanding purchase instalments from disposal of vessels and the outstanding proceeds due from the exercise of the put option in relation to the disposal of the interest in associate.

#### Cashflow

The net cash outflow of approximately US\$2.4 million for FY2009 was attributable to the sharp fall in sales activity. It was also attributable in part to the repayment of bank borrowings amounting to US\$3.2 million and dividend payout of approximately US\$8.0 million for the period. Overall, the Group remains in a net cash position with cash and bank balances of approximately US\$43.2 million as at 31 December 2009.

**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 remained low in the past few months, with the BDI ranging between 2,500 and 3,500 throughout 4Q09. The Group remains cautious on the outlook for FY2010.

Despite diligent efforts by the Group to secure deployment for its vessels, fleet utilisation remained low at around 70% for the FY2009. This has picked up slightly going into the last quarter of 2009.

The Group had entered into a Memorandum of Agreement to purchase a Capesize vessel in January 2010. The vessel will be delivered in early March and it will bring our total fleet tonnage to approximately 530,000 dwt, a 33% increase of our current fleet size.

The Group expects that the financial performance for 2010 will continue 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?

The Directors recommend a final dividend of US (cents) 0.472 per ordinary share on the total 1,058,829,308 issued ordinary shares, amounting to approximately US\$5 million to be paid in respect of the financial year ended 31 December 2009, subject to shareholders' approval be obtained at the forthcoming annual general meeting of the Company. The proposed final dividend is not tax applicable and has not been accrued as a liability for the financial statements ended 31 December 2009 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**

	<b>2009</b>	<b>2008</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Turnover for the first half of	11,050	49,994
Profit after tax for the first half of	(1,411)	30,314
Turnover for the second half of	16,889	25,666
Profit after tax for the second half of	1,486	10,169

**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

	<b>Latest Year</b>	<b>Previous Year</b>
Ordinary	NIL	US\$12.0 million
Preference	-	-
Total:	NIL	US\$12.0 million

\* Excludes the US\$5 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 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 full year / fourth quarter ended 31 December 2009 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 2009 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 2010.