



COURAGE MARINE GROUP LIMITED

勇利航業集團有限公司

(Incorporated in Bermuda on 5 April 2005)

(Company Registration no: 36692)

Unaudited Results For The Third Quarter And First Nine Months Ended 30 September 2013

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, 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 2013:

	Group					
	US\$'000		% Change	US\$'000		% Change
	Q3 2013	Q3 2012		9 months 2013	9 months 2012	
Turnover	5,137	3,516	46	15,393	13,472	14
Cost of sales	(5,014)	(3,179)	58	(15,032)	(14,499)	4
Gross profit (loss)	123	337	(64)	361	(1,027)	NM
Other income	126	59	114	476	205	132
Other gains and losses	149	1,090	(86)	87	(5,453)	NM
Administrative expenses	(708)	(722)	(2)	(2,225)	(2,194)	1
Impairment loss on property, plant and equipment	-	-	NM	-	(181)	NM
Finance cost	(306)	(307)	(0)	(931)	(755)	23
Profit (loss) before income tax	(616)	457	NM	(2,232)	(9,404)	(76)
Income tax	-	(3)	NM	56	(23)	NM
Profit (loss) for the period	(616)	454	NM	(2,176)	(9,427)	(77)
Other comprehensive income						
Gain on revaluation of leasehold land and building	-	-	NM	2	190	NM
Deferred tax credit arising on revaluation of leasehold land and building	-	-	NM	6	-	NM
Total comprehensive expense for the period attributable to owners of the Company	(616)	454	NM	(2,168)	(9,237)	(77)

1(a)(ii) Additional Information

	Group					
	US\$'000		% Change	US\$'000		% Change
	Q3 2013	Q3 2012		9 months 2013	9 months 2012	
Profit before tax is arrived after (charging) / crediting:						
Other income including interest income	126	59	114	476	205	132
Interest on borrowings	(306)	(307)	(0)	(931)	(755)	23
Depreciation and amortisation	(420)	(413)	2	1,234	520	137
Gain (loss) on disposal of plant and equipment	-	1,037	NM	-	(5,655)	NM
Gain (loss) on held-for-trading investment	134	(235)	NM	(57)	(235)	NM
Gain on foreign exchange (net)	15	45	(67)	14	48	(71)

NOTES

NM denotes not meaningful.

1(b)(i) A statement of financial position (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
	30/09/2013	31/12/2012	30/09/2013	31/12/2012
ASSETS				
Current assets				
Trade receivables	2,952	891	-	-
Other receivables and prepayments	3,943	3,652	24	43
Amount due from a joint venture	413	412	-	-
Tax recoverable	58	58	-	-
Held-for-trading investments	448	391	-	-
Pledged bank deposits	4,322	4,298	-	-
Structured deposit	-	962	-	-
Cash and cash equivalents	12,318	21,872	111	112
Total current assets	24,454	32,536	135	155
Non-current assets				
Property, plant and equipment	68,644	62,029	-	-
Investment property	2,332	2,355	-	-
Investment in subsidiaries	-	-	17,961	17,961
Interest in a joint venture	5,330	32	-	-
Amount due from subsidiaries	-	-	54,226	55,304
Long-term receivables and deposits	4,981	7,679	-	-
Total non-current assets	81,287	72,095	72,187	73,265
Total assets	105,741	104,631	72,322	73,420
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Other payables and accruals	1,791	1,775	397	978
Bank borrowings - due within one year	5,630	5,098	-	-
Total current liabilities	7,421	6,873	397	978
Non-current liabilities				
Deferred tax liabilities	152	214	-	-
Bank borrowings - due after one year	31,133	29,871	-	-
Total non-current liabilities	31,285	30,085	-	-
Capital and reserves				
Share capital	19,059	19,059	19,059	19,059
Share premium	28,027	28,027	28,027	28,027
Revaluation reserve	1,125	1,117	-	-
Other reserve	1,531	-	-	-
Retained profits	17,293	19,470	24,839	25,356
Total	67,035	67,673	71,925	72,442
Total liabilities and equity	105,741	104,631	72,322	73,420
Net current assets / (liabilities)	17,033	25,663	(262)	(823)
Total assets less current liabilities	98,320	97,758	71,925	72,442

1(b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:-

Amount repayable in one year or less, or on demand

As at 30/09/2013		As at 31/12/2012	
Secured	Unsecured	Secured	Unsecured
US\$5,630,000	-	US\$5,098,000	-

Amount repayable after one year

As at 30/09/2013		As at 31/12/2012	
Secured	Unsecured	Secured	Unsecured
US\$31,133,000	-	US\$29,871,000	-

Details of any collateral

Secured borrowings are generally secured by:

- 1 Corporate guarantee from Courage Marine Group Limited on the outstanding loan balance
- 2 First preferred mortgage over the vessels held by Cape Ore Marine Corp., Heroic Marine S.A., and Zorina Navigation Corp., named "MV Cape Warrior", "MV Heroic" and "MV Zorina", respectively, and
- 3 Assignment of insurance in respect of MV Cape Warrior, MV Heroic and MV Zorina

1(c) A statement of cash flow (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	Group	
	US\$'000	
	Q3 2013	Q3 2012
Operating activities		
(Loss) profit before income tax	(616)	457
Adjustments for:		
Depreciation of property, plant and equipment	420	413
Change in fair value of held for trading investment	(134)	(9)
Loss on disposal of property, plant and equipment	-	2,246
Interest income	(19)	(23)
Finance costs	306	307
Impairment loss on property, plant and equipment	-	(3,283)
Operating (loss) profit before movements in working capital	(43)	109
Increase in trade receivables	(2,813)	(20)
Decrease (increase) in other receivables and prepayment	964	(5,353)
(Decrease) increase in other payables and accruals	(897)	353
Cash (used in) operating activities	(2,789)	(4,911)
Interest paid	(306)	(307)
Interest received	19	38
Income tax paid	-	(3)
Net cash (used in) operating activities	(3,076)	(5,183)
Investing activities		
Deposit for acquisition of property, plant and equipment and investment properties	(379)	-
Purchase of plant and equipment	(5)	(6,653)
Proceeds on disposal of plant and equipment	-	3,767
Placement of pledged bank deposits	(5)	(21)
Withdrawal of certification deposit	-	1,074
Net cash (used in) investing activities	(389)	(1,833)
Financing activities		
Repayment of loans	(793)	(672)
Increase in bank overdraft	16	18
Net cash (used in) financing activities	(777)	(654)
Net decrease in cash and cash equivalents	(4,242)	(7,670)
Cash and cash equivalents at the beginning of the period	16,560	29,532
Cash and cash equivalents at the end of the period	12,318	21,862

	Group	
	US\$'000	
	9 months 2013	9 months 2012
Operating activities		
Loss before income tax	(2,232)	(9,404)
Adjustments for:		
Dividends from held-for-trading investments	(20)	-
Depreciation of property, plant and equipment	1,234	1,851
Change in fair value of investment property	23	(106)
Change in fair value of held for trading investment	(57)	(49)
Change in fair value of structured deposit	(38)	-
Loss on disposal of property, plant and equipment	-	5,655
Interest income	(69)	(100)
Finance costs	931	755
Impairment loss on property, plant and equipment	-	181
Imputed interest income on long-term receivables	(112)	-
Operating loss before movements in working capital	(340)	(1,217)
Increase in trade receivables	(2,061)	(195)
Increase in other receivables and prepayment	(291)	(8,557)
Increase (decrease) in other payables and accruals	16	(605)
Increase in amount due to a joint venture	-	30
Cash (used in) operating activities	(2,676)	(10,544)
Interest paid	(931)	(755)
Interest received	69	100
Income tax paid	-	(23)
Dividend received from held-for-trading investment	20	-
Net cash (used in) operating activities	(3,518)	(11,222)
Investing activities		
Deposit for acquisition of property, plant and equipment and investment properties	(956)	-
Purchase of plant and equipment	(7,850)	(44,078)
Proceeds on disposal of plant and equipment	-	24,549
Acquisition of investment in an associate	-	(32)
Placement of pledged bank deposits	(24)	(21,00)
Withdrawal of certification of deposit	-	1,074
Withdrawal of structured deposit	1,000	-
Net cash (used in) investing activities	(7,830)	(18,508)
Financing activities		
Repayment of loans	(2,258)	(1,345)
New loans raised	4,000	34,580
Increase in bank overdraft	52	1,686
Net cash from financing activities	1,794	34,921
Net (decrease) increase in cash and cash equivalents	(9,554)	5,191
Cash and cash equivalents at the beginning of the period	21,872	16,671
Cash and cash equivalents at the end of the period	12,318	21,862

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	Other Reserve	Retained profits attributable to the shareholders	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
The Group						
Balance at 1 July 2012	19,059	28,027	992	-	20,265	68,343
Profit for the period	-	-	-	-	454	454
Balance at 30 September 2012	19,059	28,027	992	-	20,720	68,798
Balance at 1 July 2013	19,059	28,027	1,125	1,531	17,910	67,652
Loss for the period	-	-	-	-	(616)	(616)
Balance at 30 September 2013	19,059	28,027	1,125	1,531	17,293	67,035

	Share Capital	Share Premium	Property Revaluation Reserve	Other Reserve	Retained profits attributable to the shareholders	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
The Company						
Balance at 1 July 2012	19,059	28,027	-	-	24,559	71,645
Loss for the period	-	-	-	-	(148)	(148)
Balance at 30 September 2012	19,059	28,027	-	-	24,411	71,497
Balance at 1 July 2013	19,059	28,027	-	-	25,159	72,245
Loss for the period	-	-	-	-	(320)	(320)
Balance at 30 September 2013	19,059	28,027	-	-	24,839	71,925

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 convertibles as at 30 September 2013 and 31 December 2012.

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 30/09/2013	As at 31/12/2012
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 auditing standard or practice

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 a 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 2012.

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 financial 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 on issue; and (b) on a fully diluted basis (detailing any adjustments made to the earnings)

	Group			
	Q3 2013	Q3 2012	9 months 2013	9 months 2012
	US Cents	US Cents	US Cents	US Cents
a Based on the weighted average number of ordinary shares in issue	(0.06)	0.04	(0.21)	(0.89)
b On a fully diluted basis	(0.06)	0.04	(0.21)	(0.89)

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 the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on; and (b) immediately preceding financial year

	Group		Company	
	30/9/2013	31/12/2012	30/9/2013	31/12/2012
	US Cents	US Cents	US Cents	US Cents
Net asset value per ordinary share	6.33	6.39	6.79	6.84

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following: (a) 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; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Turnover

3Q2013

The Group's turnover increased by 46% from approximately US\$3.5 million in 3Q12 to US\$5.1 million in 3Q13 due to the Group's higher utilisation rate in 3Q13 compared to 3Q12.

9m2013

The Group's turnover increased by 14% from approximately US\$13.5 million in the nine months ended 30 September 2012 to approximately US\$15.4 million in the nine months ended 30 September 2013. The BDI gradually increased from the 1000 level in July 2013 to the 2000 level at the end of September 2013. The BDI is currently at the 1500 level.

Profitability

3Q2013

Due to the increase in turnover by 46%, the Group's cost of sales increased by 58% from approximately US\$3.2 million in 3Q12 to approximately US\$5 million in 3Q13. This was because variable costs, such as bunker and port charges, were higher although there were a lower fixed costs, including insurance, crew fees and depreciation arising from the disposal of aged vessels during FY2012. The Group recorded a gross profit of approximately US\$0.1 million in 3Q13 compared to US\$0.3 million in 3Q12.

Other income consists of interest income from banks and certificate of deposit, sundry income, and other one-off income. The Group recorded other income of US\$126,000 in 3Q13, an increase of 114% compared to 3Q12. This was mainly due to a one-off insurance claim received in 3Q13.

Other gains and losses consist of changes in fair value of investment property, changes in fair value of held-for-trading investments, gains and losses on the disposal of fixed assets and exchange gains and losses. The Group recorded other gains of approximately US\$149,000 in 3Q13 due to changes in the fair value of held-for-trading investment. The Group recorded other gains of approximately US\$1.1 million in 3Q12 due to the disposal gains arising from the sale of MV Panamax Leader.

Administrative expenses decreased by 2% from approximately US\$0.72 million to approximately US\$0.71 million in 3Q13 as the Group maintained a relatively stable administrative cost.

The Group recorded finance costs of approximately US\$306,000 in 3Q13 compared to US\$307,000 in 3Q12 due mainly to bank borrowings.

The Group's subsidiaries recorded an income tax expense of approximately US\$3,000 in 3Q12 and did not record such expense in 3Q13.

Overall, the Group recorded a net loss of approximately US\$0.6 million in 3Q13 compared to a net profit of US\$0.5 million in 3Q12. Excluding the disposal loss and reversal of impairment loss in 3Q12, the financial performance of the Group was similar compared with 3Q13 and 3Q12.

9m2013

Despite an increase in turnover of 14%, the Group's cost of sales increased by 4% from approximately US\$14.5 million in 9m12 to approximately US\$15 million in 9m13. It was mainly due to lower fixed costs, including insurance, crew fees and depreciation arising from the disposal of aged vessels during FY2012. The Group recorded a gross profit of approximately US\$361,000 in 9m13 compared to a gross loss of approximately US\$1 million in 9m12.

Other income consists of interest income from banks and certificate of deposit, sundry income, and other one-off income. The Group recorded other income of approximately US\$0.5 million in 9m13, an increase of 132% compared to 9m12. This was largely due to a one-off insurance claim received in 9m13.

Other gains and losses consist of changes in fair value of investment property, changes in fair value of held-for-trading investments, gains and losses on the disposal of fixed assets and exchange gains and losses. The Group recorded other gains of approximately US\$87,000 in 9m13 compared to other losses of approximately US\$5.5 million in 9m12 which was due to the disposal losses of several aged vessels.

Administrative expenses increased by about 1% as the Group maintained a relatively stable administrative cost

The Group recorded impairment losses of approximately US\$0.2 million in 9m12 and did not record such losses in 9m13.

The Group recorded finance costs of approximately US\$0.9 million in 9m13 compared to US\$0.8 million in 9m12 mainly due to bank borrowings.

The Group's subsidiaries recorded an income tax credit of US\$56,000 during 9m13 compared to income tax expense of approximately US\$23,000 in 9m12. It was due mainly to the over provision of the deferred tax liability in the previous year.

The Group recorded a gain on revaluation of the leasehold land and building of approximately US\$2,000 in 9m13 compared to a gain of US\$190,000 in 9m12.

The Group recorded a deferred tax credit on revaluation of leasehold land and building of approximately US\$6,000 in 9m13. The Group did not record such tax credit in 9m12.

Overall, the Group recorded a lower net loss of approximately US\$2.2 million in 9m13 compared to US\$9.2 million in 9m12 due to lower fixed costs, including insurance, crew fees and depreciation arising from the disposal of aged vessels during FY2012.

Cashflow

There was a net decrease in cash and cash equivalents of approximately US\$9.6 million in 9m13 arising from the payment for acquiring a vessel and the repayment of part of bank borrowings. The Group had cash and bank balances of approximately US\$12.3 million as at 30 September 2013.

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 is gradually picking up and the BDI, which has a close correlation to freight rates, climbed to the 2000 level in September but decreased to the current 1500 level. Low demand for commodities in the Greater China Region, and the over-supply of vessels has led to pressure on the freight rates in the dry bulk market. The Group remains cautious on the outlook for 2013 and 2014.

The Group expects the financial performance for 2013 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?

Not applicable

(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.

13. Interested Person Transactions

The group has not obtained a general mandate for interested person transactions. During the period under review, the following interested person transactions were entered into by the Group:

Interested Person	Aggregate value of all interested person transactions conducted for 3Q13 (excluding transactions less than \$100,000)
Ms. Chou (Spouse of Mr Chang Shun-Chi)	Rental expenses for lease of Shanghai office - US\$7,000

By Order of the Board

WU CHAO-HUAN
Managing Director
14 November 2013



Courage Marine Group Limited

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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 2013 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 2013 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 Fourteenth day of November 2013