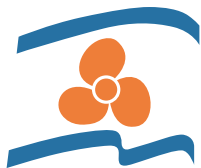


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**COURAGE MARINE GROUP LIMITED**

**勇利航業集團有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Hong Kong Stock Code: 1145)**

**(Singapore Stock Code: ATL.SI)**

**ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2015**

The Board (the “Board”) of directors (the “Directors”) of Courage Marine Group Limited (the “Company”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2015 as follows:

\* *for identification purposes only*

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**

FOR THE SIX MONTHS ENDED 30 JUNE 2015

		<b>Six months ended</b>	
		<b>30 June</b>	30 June
		<b>2015</b>	2014
		<b>(Unaudited)</b>	(Unaudited)
	<i>Notes</i>	<b>US\$'000</b>	<b>US\$'000</b>
Revenue	5	<b>2,950</b>	9,845
Cost of sales		<u><b>(6,038)</b></u>	<u>(10,786)</u>
Gross loss		<b>(3,088)</b>	(941)
Other income		<b>205</b>	189
Other gains and losses	6	<b>(1,399)</b>	1,427
Administrative expenses		<b>(1,145)</b>	(1,363)
Other expenses	7	<b>(11,094)</b>	(500)
Finance costs		<u><b>(592)</b></u>	<u>(716)</u>
<b>Loss before tax</b>		<b>(17,113)</b>	(1,904)
Income tax credit	8	<u><b>41</b></u>	<u>21</u>
<b>Loss for the period</b>	9	<u><b>(17,072)</b></u>	<u>(1,883)</u>
<b>Other comprehensive income:</b>			
<b>Items that will not be reclassified subsequently to profit or loss:</b>			
Gain on revaluation of owner-occupied property		<b>325</b>	151
Deferred tax charge arising on revaluation of leasehold land and building		<u><b>(43)</b></u>	<u>(17)</u>
		<u><b>282</b></u>	<u>134</u>
<b>Total comprehensive expense for the period attributable to owners of the Company</b>		<u><b>(16,790)</b></u>	<u>(1,749)</u>
			(Restated)
Loss per share (US cents)	11		
– basic		<u><b>(16.12)</b></u>	<u>(1.78)</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2015

		30 June 2015 (Unaudited) <i>US\$'000</i>	31 December 2014 (Audited) <i>US\$'000</i>
	<i>Notes</i>		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	<i>12</i>	50,889	68,711
Interest in a joint venture		5,330	5,330
Long-term receivables and deposits	<i>13</i>	1,450	5,329
Available-for-sale investment		79	79
		57,748	79,449
Total non-current assets		57,748	79,449
<b>Current assets</b>			
Trade receivables	<i>14</i>	376	156
Other receivables and prepayments	<i>13</i>	5,036	3,160
Amount due from a joint venture		669	553
Held-for-trading investments		–	444
Pledged bank deposits		251	4,361
Cash and cash equivalents		12,773	8,883
		19,105	17,557
Total current assets		19,105	17,557
<b>Total assets</b>		<b>76,853</b>	<b>97,006</b>

		<b>30 June 2015 (Unaudited) US\$'000</b>	31 December 2014 (Audited) US\$'000
	<i>Notes</i>		
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities</b>			
Other payables and accruals		<b>842</b>	2,193
Borrowings	<i>15</i>	<b>11,024</b>	4,024
		<hr/>	<hr/>
Total current liabilities		<b>11,866</b>	6,217
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Share capital	<i>16</i>	<b>19,059</b>	19,059
Share premium		<b>28,027</b>	28,027
Revaluation reserve		<b>2,016</b>	1,734
Other reserve		<b>1,531</b>	1,531
(Accumulated losses) retained profits		<b>(9,101)</b>	7,971
		<hr/>	<hr/>
Total equity		<b>41,532</b>	58,322
		<hr/>	<hr/>
<b>Non-current liabilities</b>			
Borrowings	<i>15</i>	<b>23,144</b>	32,156
Deferred tax liabilities		<b>311</b>	311
		<hr/>	<hr/>
Total non-current liabilities		<b>23,455</b>	32,467
		<hr/>	<hr/>
<b>Total liabilities and equity</b>		<b>76,853</b>	97,006
		<hr/> <hr/>	<hr/> <hr/>
<b>Net current assets</b>		<b>7,239</b>	11,340
		<hr/> <hr/>	<hr/> <hr/>
<b>Total assets less current liabilities</b>		<b>64,987</b>	90,789
		<hr/> <hr/>	<hr/> <hr/>

**COURAGE MARINE GROUP LIMITED AND SUBSIDIARIES**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

*SIX MONTHS PERIOD ENDED 30 JUNE 2015*

	<b>Share capital</b>	<b>Share premium</b>	<b>Property revaluation reserve</b>	<b>Other reserve</b>	<b>Retained profits (accumulated losses)</b>	<b>Total</b>
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Balance at 1 January 2014 (Audited)	19,059	28,027	1,073	1,531	17,695	67,385
Loss for the period	-	-	-	-	(1,883)	(1,883)
Gain on revaluation of owner-occupied property	-	-	151	-	-	151
Deferred tax charge arising on revaluation of leasehold land and building	-	-	(17)	-	-	(17)
Total comprehensive income (expense) for the period	-	-	134	-	(1,883)	(1,749)
Balance at 30 June 2014 (Unaudited)	<u>19,059</u>	<u>28,027</u>	<u>1,207</u>	<u>1,531</u>	<u>15,812</u>	<u>65,636</u>
Balance at 1 January 2015 (Audited)	19,059	28,027	1,734	1,531	7,971	58,322
Loss for the period	-	-	-	-	(17,072)	(17,072)
Gain on revaluation of owner-occupied property	-	-	325	-	-	325
Deferred tax charge arising on revaluation of leasehold land and building	-	-	(43)	-	-	(43)
Total comprehensive income (expense) for the period	-	-	282	-	(17,072)	(16,790)
Balance at 30 June 2015 (Unaudited)	<u>19,059</u>	<u>28,027</u>	<u>2,016</u>	<u>1,531</u>	<u>(9,101)</u>	<u>41,532</u>

**COURAGE MARINE GROUP LIMITED AND SUBSIDIARIES**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

*FOR THE SIX MONTHS ENDED 30 JUNE 2015*

	<b>Six months ended</b>	
	<b>30 June</b>	30 June
	<b>2015</b>	2014
	<b>(Unaudited)</b>	(Unaudited)
	<b>US\$'000</b>	US\$'000
<b>Operating activities</b>		
Loss before tax	(17,113)	(1,904)
Adjustments for:		
Dividends from held-for-trading investments	(20)	(20)
Depreciation of property, plant and equipment	1,201	1,132
Change in fair value of investment property	–	(15)
Change in fair value of held-for-trading investments	(70)	22
Loss (gain) on disposal of property, plant and equipment	1,478	(1,475)
Discount effect on long-term loan receivable	–	246
Interest income	(61)	(30)
Finance costs	592	716
Impairment loss on deposits paid	1,685	254
Impairment loss on property, plant and equipment	9,409	–
Imputed interest income on long-term receivable	(123)	(118)
	<hr/>	<hr/>
Operating cash flows before movements in working capital	(3,022)	(1,192)
(Increase) decrease in trade receivables	(220)	978
Decrease (increase) in other receivables and prepayments	610	(371)
Decrease in other payables and accruals	(1,351)	(690)
Decrease in held-for-trading investments	514	–
	<hr/>	<hr/>
Cash used in operating activities	(3,469)	(1,275)
Interest expense paid	(592)	(716)
Interest income received	61	30
Income tax paid	(2)	(9)
Dividend received from held-for-trading investment	20	20
	<hr/>	<hr/>
Net cash used in operating activities	<b>(3,982)</b>	<b>(1,950)</b>

	<b>Six months ended</b>	
	<b>30 June</b>	30 June
	<b>2015</b>	2014
	<b>(Unaudited)</b>	(Unaudited)
	<b>US\$'000</b>	US\$'000
<b>Investing activities</b>		
Deposits for acquisition of property, plant and equipment and investment properties	(239)	(254)
Purchase of property, plant and equipment	(75)	(7,742)
Proceeds on disposal of property, plant and equipment	6,204	8,393
Withdrawal (placement) of pledged bank deposits	4,110	(14)
Advance to a joint venture	(116)	–
	<u>9,884</u>	<u>383</u>
Net cash from investing activities		
<b>Financing activities</b>		
Repayment of loans	(2,012)	(5,319)
New loans raised	–	10,000
Decrease in bank overdraft	–	(2,457)
	<u>(2,012)</u>	<u>2,224</u>
Net cash (used in) from financing activities		
Net increase in cash and cash equivalents	3,890	657
Cash and cash equivalents at the beginning of the period	8,883	13,152
	<u>12,773</u>	<u>13,809</u>
<b>Cash and cash equivalents at the end of the period, represented by Bank balances and cash</b>		

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
*FOR THE SIX MONTHS ENDED 30 JUNE 2015*

**1 GENERAL**

The Company (Registration No. 36692) was incorporated in Bermuda on 5 April 2005 as an exempted company with limited liability under the Companies Act 1981 of Bermuda. The registered office is at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and its principal place of business is at Suite 1801, West Wing, Shun Tak Centre, 200 Connaught Road Central, Hong Kong. The Company is listed on the Mainboard of the Singapore Exchange Securities Trading Limited (“SGX-ST”) and the Main Board of The Stock Exchange of Hong Kong Limited (“HKEx”). The condensed consolidated financial statements are presented in United States dollars (“US\$”), which is the functional currency of the Company, and all values in the tables are rounded to the nearest thousand (US\$’000) as indicated.

The principal activity of the Company is that of an investment holding company and the principal activities of the Group are provision of marine transportation services, property holding, investment holding and provision of administration services.

There are no significant changes to the principal activities of the Company and the Group for the six months ended 30 June 2015.

**2 PRINCIPAL ACCOUNTING POLICIES**

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34, “Interim Financial Reporting” as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the HKEx (the “Listing Rules”) and SGX-ST Listing Manual.

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments and leasehold land and building, which are measured at revalued amounts or fair values, as appropriate.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2015 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2014.

In the current interim period, the Group has applied, for the first time, the following amendments to International Financial Reporting Standards (“IFRSs”) that are effective for the Group’s accounting periods beginning on 1 January 2015:

Amendments to IAS 19	Defined Benefit Plans: Employee Contributions
Amendments to IFRSs	Annual Improvements to IFRSs 2010 – 2012 Cycle
Amendments to IFRSs	Annual Improvements to IFRSs 2011 – 2013 Cycle

The application of the new and revised IFRSs in the current interim period has had no material impact on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

The Group has not yet applied the new and revised IFRSs that have been issued but not yet effective. The Directors anticipate that the application of these new and revised IFRSs will have no material impact on the results and the financial position of the Group.



The new and revised IFRSs that have been issued but not yet effective are the same as those disclosed in the Group's annual financial statements for the year ended 31 December 2014.

### 3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty are the same as those applied to the preparation of the Group's annual financial statements for the year ended 31 December 2014.

### 4 SEGMENT INFORMATION

The Group's operating activities are attributable to a single operating segment focusing on provision of marine transportation service. The executive Directors monitor the revenue of marine transportation service based on the voyage charter service income of dry bulk carriers of different sizes and their utilisation rates for the purpose of making decisions about resource allocation and performance assessment. However, other than revenue analysis, no operating results and other discrete financial information is available for the resource allocation and performance assessment.

The executive Directors review the loss for the period of the Group prepared in accordance with accounting policies set out in Note 2 as a whole for performance assessment. No analysis of segment assets or segment liabilities is presented as they are not regularly provided to the executive Directors.

The revenue of the dry bulk carriers of different sizes is analysed as follows:

#### Vessel voyage charter

	<b>Six months ended</b>	
	<b>30 June 2015 (Unaudited) US\$'000</b>	<b>30 June 2014 (Unaudited) US\$'000</b>
Dry bulk carriers		
– Capsize	–	2,048
– Supermax	<b>2,950</b>	5,476
– Panamax	–	2,321
	<u>          </u>	<u>          </u>
	<b><u>2,950</u></b>	<b><u>9,845</u></b>

Due to the nature of the provision of vessel chartering services, which are carried out internationally, the Directors consider that it is not meaningful to provide geographical financial information concerning revenue and location of non-current assets of the Group. Accordingly, financial information about geographical areas is not presented.

## 5 REVENUE

	<b>Six months ended</b>	
	<b>30 June</b>	30 June
	<b>2015</b>	2014
	<b>(Unaudited)</b>	(Unaudited)
	<i>US\$'000</i>	<i>US\$'000</i>
Marine transportation services income		
– Vessel voyage charter	<b>2,950</b>	9,845
	<u><b>2,950</b></u>	<u>9,845</u>

## 6 OTHER GAINS AND LOSSES

	<b>Six months ended</b>	
	<b>30 June</b>	30 June
	<b>2015</b>	2014
	<b>(Unaudited)</b>	(Unaudited)
	<i>US\$'000</i>	<i>US\$'000</i>
(Loss) gain on disposal of property, plant and equipment	<b>(1,478)</b>	1,475
Change in fair value of held-for-trading investments	<b>70</b>	(22)
Change in fair value of investment property	–	15
Net foreign exchange gain (loss)	<b>9</b>	(41)
	<u><b>(1,399)</b></u>	<u>1,427</u>

## 7 OTHER EXPENSES

	<b>Six months ended</b>	
	<b>30 June</b>	30 June
	<b>2015</b>	2014
	<b>(Unaudited)</b>	(Unaudited)
	<i>US\$'000</i>	<i>US\$'000</i>
Impairment loss on vessels	<b>(9,409)</b>	–
Impairment loss on deposits paid	<b>(1,685)</b>	(254)
Discount effect on long-term loan advanced to Santarli Corporation Pte. Ltd. (“Santarli Corp”)	–	(246)
	<u><b>(11,094)</b></u>	<u>(500)</u>

## 8 INCOME TAX CREDIT

	<b>Six months ended</b>	
	<b>30 June 2015 (Unaudited) US\$'000</b>	<b>30 June 2014 (Unaudited) US\$'000</b>
Current tax:		
Enterprise Income Tax of the People's Republic of China ("PRC")	2	9
Deferred tax:		
Current period	<u>(43)</u>	<u>(30)</u>
	<u><b>(41)</b></u>	<u><b>(21)</b></u>

Enterprise Income Tax of the PRC is calculated at 25% of the assessable profit of a representative office in Shanghai, PRC for both periods.

In the opinion of the Directors, there is no taxation arising in other jurisdictions.

## 9 LOSS FOR THE PERIOD

Loss for the period has been arrived at after (crediting) charging:

	<b>Six months ended</b>	
	<b>30 June 2015 (Unaudited) US\$'000</b>	<b>30 June 2014 (Unaudited) US\$'000</b>
Interest income	<u>(61)</u>	<u>(30)</u>
Imputed interest income on long-term receivable	<u>(123)</u>	<u>(118)</u>
Directors' remuneration (including Directors' fee)	<u>88</u>	<u>81</u>
Employee benefits expense (including Directors' remuneration):		
– Salaries and other benefits	516	549
– Contributions to retirement benefits scheme	<u>16</u>	<u>16</u>
Total employee benefits expenses	<u>532</u>	<u>565</u>
Marine crew expenses	<u>1,251</u>	<u>1,470</u>
Depreciation of property, plant and equipment	<u>1,201</u>	<u>1,132</u>

## 10 DIVIDEND

No dividends were paid, declared or proposed during the interim period. The Directors have determined that no dividend will be paid in respect of the interim period.

## 11 LOSS PER SHARE

The calculation of basic loss per share attributable to owners of the Company is based on the following data:

	<b>Six months ended</b>	
	<b>30 June</b>	<b>30 June</b>
	<b>2015</b>	<b>2014</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Loss for the period attributable to owners of the Company for the purpose of basic loss per share	<u><b>(17,072)</b></u>	<u><b>(1,883)</b></u>
	<b>Six months ended</b>	
	<b>30 June</b>	<b>30 June</b>
	<b>2015</b>	<b>2014</b>
	<b>(Unaudited)</b>	<b>(Unaudited and restated)</b>
	<b>'000</b>	<b>'000</b>
Number of ordinary shares in issue during the period, for the purpose of calculation of basic loss per share ( <i>Note</i> )	<u><b>105,883</b></u>	<u><b>105,883</b></u>

*Note:* Weighted average number of ordinary shares in issue and basic loss per share were stated after taking into account the effect of the share consolidation that took place on 7 May 2015. Comparative figures have also been restated on the assumption that the share consolidation had been effective in prior period.

No diluted loss per share was presented for both periods as there were no potential ordinary shares outstanding during both periods and at the end of each reporting period.

## 12 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2015, the Group disposed a vessel with a carrying amount of US\$7,682,000, resulting in a loss on disposal of US\$1,478,000 recognised in other gains and losses in profit or loss. The net proceed received from disposal of this vessel is US\$6,204,000.

During the six months ended 30 June 2014, the Group paid US\$7,742,000 for the acquisition of vessels, furniture, fixtures and equipment.

An impairment loss of US\$9,409,000 (six months ended 30 June 2014: nil) has been recognised in respect of the vessels in profit or loss during the interim period in light of decrease in revenue, utilisation rate and market value of the vessels and scrap materials of the vessels of the Group. The recoverable amount of the vessels has been determined on the basis of their value in use. The discount rate in measuring the amounts of value in use is 9.07%. During the six months ended 30 June 2014, the recoverable amount of the vessels has been determined on the basis of their fair value less cost to sell. No impairment loss has been recognised during the six months ended 30 June 2014.

The Group's leasehold land and building classified as property, plant and equipment was revalued by RHL Appraisal Limited ("RHL"), who has appropriate qualifications and recent experience in the valuation of similar properties in the relevant location. The valuation report on these properties is signed by a director of RHL who is a member of The Hong Kong Institute of Surveyors, and was arrived at by adopting the direct comparison approach making reference to the recent transactions of similar properties in similar location and condition under the prevailing market conditions as at the end of the current interim period. The resulting revaluation gain of US\$325,000 (six months ended 30 June 2014: US\$151,000) has been recognised in the property revaluation reserve during the six months ended 30 June 2015.

### 13 LONG-TERM RECEIVABLES AND DEPOSITS/OTHER RECEIVABLES AND PREPAYMENTS

Details of long-term receivables and deposits/other receivables and prepayments are as follows:

	<b>30 June 2015 (Unaudited) US\$'000</b>	31 December 2014 (Audited) US\$'000
Interest-free loan to Santarli Realty and deposit for acquisition of investment ( <i>Note (i)</i> )	<b>4,171</b>	4,048
Deposits for acquisition of property, plant and equipment and investment properties	<b>1,450</b>	1,281
Other receivables	<b>52</b>	59
Prepayments	<b>776</b>	1,379
Other deposits ( <i>Note (ii)</i> )	<b>2,365</b>	2,365
Less: impairment on other deposits	<b>(2,328)</b>	(643)
	<b>6,486</b>	8,489
Less: Non-current portion	<b>(1,450)</b>	(5,329)
Amounts due within one year shown under current assets	<b>5,036</b>	3,160

- (i) On 14 September 2012, Courage Marine Overseas Ltd., (“CM Overseas”), a wholly-owned subsidiary of the Company, entered into a conditional sale and purchase agreement with Santarli Corp, an independent third party, to purchase from Santarli Corp 100,000 shares in Santarli Realty Pte Ltd., (“Santarli Realty”) (which constitutes 10% of the issued share capital of Santarli Realty) at a cash consideration of S\$100,000 and shareholder’s loans of not exceeding the principal amount of S\$5,400,000 (collectively referred to as the “Consideration”). Santarli Realty is a subsidiary of Santarli Corp and is engaged in property development business in Singapore. On 30 June 2015, CM Overseas has advanced an interest-free loan amounting to S\$5,500,000 (equivalent to US\$4,373,000) (31 December 2014: S\$5,500,000 (equivalent to US\$4,373,000)) to Santarli Corp and this interest-free loan will be used to offset the Consideration. On 14 September 2012, Santarli Holdings Pte Ltd., the holding company of Santarli Corp has executed a guarantee in favour of CM Overseas of all the liabilities due by Santarli Corp to CM Overseas.

The acquisition was approved by the independent shareholders of the Company (the “Shareholders”) in the special general meeting held on 16 July 2013 and was completed on that day accordingly.

Concurrent with the completion of the acquisition by CM Overseas of a 10% shareholding interest in Santarli Realty from Santarli Corp on 16 July 2013 (following approval of the same by the independent shareholders of the Company), CM Overseas acquired from Santarli Corp, an interest-free shareholders’ loan of S\$5,400,000 granted by Santarli Corp to Santarli Realty, where the consideration for both acquisitions was satisfied by offsetting against an interest-free loan of S\$5,500,000 previously advanced by CM Overseas to Santarli Corp.

As the interest free loan to Santarli Realty is expected by the Group to be repaid within twelve months from the end of the reporting period, the balance is reclassified to current receivable at the end of the reporting period. The balance carries an effective interest rate of 5.73% per annum. Imputed interest income on the long-term receivable of US\$123,000 (six months ended 30 June 2014: US\$118,000) is recognised in profit or loss for the period ended 30 June 2015.

- (ii) The Group has paid a total of US\$2,646,000 to a third party supplier for the purchase of coals in Indonesia in prior years and subsequently, the Group has agreed with the supplier to cancel the purchase transaction and requested the supplier to refund the coal deposit. Up to 30 June 2015, US\$318,000 has been refunded by the supplier and the outstanding balance due from the supplier is US\$2,328,000. Due to the continuous drop of the coal price in recent years, impairment loss of US\$643,000 had been recognised up to 31 December 2014. Although the Group has requested the supplier to refund all the coal deposits on or before 30 June 2015, the supplier still failed to do so up to the date of this announcement and the current financial capability of the supplier is in doubt. The Directors considered that the carrying amount of coal deposit of US\$1,685,000 should be fully impaired during the six months period ended 30 June 2015.

## 14 TRADE RECEIVABLES

The credit period granted by the Group to certain customers of voyage charter is within 2 weeks (31 December 2014: 2 weeks) after the receipt of invoices while other customers are requested to prepay the charter-hire income in full before discharging for voyage charter. Customers of time charter are requested to prepay the charter-hire income for time charter. An aged analysis of the Group's trade receivables based on invoice date at the end of the reporting period is as follows:

	<b>30 June 2015 (Unaudited) US\$'000</b>	31 December 2014 (Audited) US\$'000
0 – 30 days	<u><u>376</u></u>	<u><u>156</u></u>

## 15 BORROWINGS

During the current interim period, the Group repaid loans of US\$2,012,000. The bank loans carry interest at London Interbank Offered Bank plus certain basis points and are repayable over a period ranging from 4-10 years.

The borrowings at the end of the reporting period are secured by the followings:-

- (i) Corporate guarantee from the Company on the outstanding loan balance;
- (ii) First preferred mortgage over the vessels held by Zorina Navigation Corp., Heroic Marine Corp. and Courage Marine Co. Ltd., named "ZORINA", "HEROIC" and "COURAGE", respectively; and
- (iii) Assignment of insurance proceeds in respect of ZORINA, HEROIC and COURAGE.

The proceeds arising from the loans were used to finance the acquisition of vessels included in property, plant and equipment.

## 16 SHARE CAPITAL

	Number of ordinary shares	US\$'000
<b>Authorised:</b>		
As at 1 January 2014 and 31 December 2014 (US\$0.018 per share)	10,000,000,000	180,000
Share consolidation ( <i>Note</i> )	<u>(9,000,000,000)</u>	<u>–</u>
As at 30 June 2015 (US\$0.18 per share)	<u>1,000,000,000</u>	<u>180,000</u>
<b>Issued and fully paid:</b>		
As at 1 January 2014 and 31 December 2014 (US\$0.018 per share)	1,058,829,308	19,059
Share consolidation ( <i>Note</i> )	(952,946,378)	–
Share repurchased and cancelled	<u>(2)</u>	<u>–</u>
As at 30 June 2015 (US\$0.18 per share)	<u>105,882,928</u>	<u>19,059</u>

Fully paid ordinary shares, which have a par value of US\$0.18 each (31 December 2014: US\$0.018 each), carry one vote per share and carry right to dividends as and when declared by the Company.

*Note:* At the special general meeting of the Company held on 29 April 2015, shareholders approved the share consolidation on the basis that every ten issued and unissued ordinary shares of par value of US\$0.018 each to be consolidated into one ordinary share of par value of US\$0.18 each effective from 7 May 2015.

## 17 PLEDGE OF ASSETS

At the end of the reporting period, the Group pledged the following assets to banks and third parties to secure against the loan facilities granted to the Group:

	<b>30 June 2015 (Unaudited) US\$'000</b>	31 December 2014 (Audited) US\$'000
Property, plant and equipment	43,731	60,240
Pledged bank deposits	<u>251</u>	<u>4,361</u>
	<u>43,982</u>	<u>64,601</u>



## 18 RELATED PARTY TRANSACTIONS

### a) Trading transactions

The Group has the following transactions with related parties who are not members of the Group:

Nature of transaction	Six months ended	
	30 June	30 June
	2015	2014
	(Unaudited)	(Unaudited)
	US\$'000	US\$'000
Rental expense paid (i)	<u>14</u>	<u>14</u>
Commission on disposal of vessel paid (ii)	<u>-</u>	<u>44</u>

- (i) Ms. Chou Hsiu-Ma is the spouse of Mr. Chang Shun-Chi, whom was a non-executive Director. In the opinion of the Directors, the monthly rental was renegotiated between Ms. Chou Hsiu-Ma and the Group by reference to the market rent.

At the end of the reporting period, the Group had commitments of US\$13,803 (31 December 2014: US\$27,606) for future minimum lease payments under non-cancellable operating leases which fall due within one year (31 December 2014: one year).

- (ii) Mr. Chang Shun-Chi, who had resigned as a non-executive Director on 29 April 2014, is the sole director and a controlling shareholder of Maxmart Shipping & Trading Co. Ltd (“Maxmart”). The related party transaction was conducted in accordance with the terms of an agreement entered into between the Group and Maxmart.

### b) Remuneration of key management personnel

The remuneration of the Directors, who are the key management personnel of the Group, is disclosed in Note 9.

### c) Guarantees

Details of the guarantees provided by the Company for security of the borrowings granted to the Group are disclosed in Note 15.

The Company also provided corporate guarantee in favour of a bank in relation to general banking facilities granted to the Group.

## 19 CAPITAL COMMITMENTS

	<b>30 June 2015 (Unaudited) US\$'000</b>	31 December 2014 (Audited) US\$'000
Capital expenditure in respect of contracted commitments		
for addition of dry docking	–	70
for acquisition of investment properties	<b>698</b>	889
for acquisition of property, plant and equipment	<b>724</b>	927

## 20 CONTINGENT LIABILITIES

As at 30 June 2015, the Group has contingent liabilities under an indemnity provided by CM Overseas (together with the other shareholders of Santarli Realty) to parties affiliated to the major shareholder of Santarli Realty in respect of a joint and several guarantee provided by such parties in favour of the bank providing a loan to Santarli Realty. The liability of parties under the indemnity is several, in proportion to their respective equity holdings in Santarli Realty.

The Group's portion of this guarantee was S\$12,250,000 (equivalent to US\$9,094,000) (31 December 2014: S\$12,250,000 (equivalent to US\$9,252,000)).

## MANAGEMENT DISCUSSION AND ANALYSIS

### (I) Business Review

#### *Revenue*

The Group turnover decreased by 70% from approximately US\$9.8 million in the six months ended 30 June 2014 to approximately US\$3 million in the six months ended 30 June 2015. The dry bulk market was under intense pressure and the BDI was at the 500 - 700 level during 1H2015.

#### *Profitability*

The Group's cost of sales decreased by 44% from approximately US\$10.8 million in 1H14 to approximately US\$6 million in 1H15. It was mainly due to less variable cost consumed with less fleet utilisation. The Group recorded a gross loss of US\$3.1 million in 1H15 compared to a gross loss of US\$0.9 million in 1H14.

#### *Other income*

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\$0.2 million in 1H15, an increase of 8% compared to 1H14. This was largely due to a one-off interest income received in 1H15.

#### *Other gains and losses*

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 losses of approximately US\$1.4 million in 1H15 due to the disposal loss of MV Cape Pioneer. The Group recorded other gains of approximately US\$1.4 million in 1H14 due to the disposal gain of MV Cape Warrior.

#### *Administrative expenses*

Administrative expenses decreased by 16% from approximately US\$1.4 million in 1H14 to approximately US\$1.1 million in 1H15 as the Group had less legal and professional expenses during the period.

### ***Other expenses***

The Group conducted a review of the Group's vessels and other receivables and determined that a number of those assets were impaired. The Group recorded other expenses of approximately US\$11.1 million in 1H15 as there were impairment loss on deposits paid and impairment loss in respect of the vessels in light of decrease in revenue, utilisation rate, and market value of the vessels and scrap materials. The recoverable amount of the vessels has been determined on the basis of their value in use. The Group recorded other expenses of US\$0.5 million in 1H14 due to the impairment loss on deposit paid and discount effect on the long-term loan advanced.

### ***Finance costs***

The Group recorded finance costs of approximately US\$0.6 million in 1H15 compared to US\$0.7 million in 1H14 mainly due to the bank borrowings.

### ***Income tax credit***

The Group's subsidiaries recorded an income tax credit of US\$41,000 during 1H15 compared to approximately US\$21,000 in 1H14. It was due mainly to the over provision of the deferred tax liability in the previous year.

### ***Net loss***

Overall, the Group recorded a higher net loss of approximately US\$16.8 million in 1H15 compared to US\$1.7 million in 1H14 due to lower turnover with lower freight rate, disposal loss of MV Cape Pioneer, and the impairment loss of the vessels' value in use and deposits paid.

### ***Other comprehensive income***

The Group recorded a gain on revaluation of owner-occupied property for approximately US\$0.3 million in 1H15 compared to a gain of US\$0.2 million in 1H14.

The Group recorded a deferred tax charge on revaluation of leasehold land and building for approximately US\$43,000 in 1H15 compared to a deferred tax charge of approximately US\$17,000 in 1H14.

## (II) Financial Review

### *Gearing ratios*

The Group's gearing ratios (being calculated as the Group's total liabilities divided by the Group's total equity) for the first half of 2015 and 2014 were approximately 85% and 66.3% respectively. The increase of the Group's gearing ratio was mainly due to less total equity, which attributed to larger accumulated loss during the period.

	<b>As at June 30, 2015 (Unaudited) US\$'000</b>	As at Dec 31, 2014 (Audited) US\$'000
Other payables and accruals	<b>842</b>	2,193
Borrowings – due within one year	<b>11,024</b>	4,024
Borrowings – due after one year	<b>23,144</b>	32,156
Deferred tax liabilities	<b>311</b>	311
	<hr/>	<hr/>
Total liabilities	<b>35,321</b>	38,684
	<hr/>	<hr/>
Total equity	<b>41,532</b>	58,322
Gearing ratio	<b>85.0%</b>	66.3%

### *Bank borrowings*

	<b>June 30, 2015 US\$'000</b>	Dec 31, 2014 US\$'000
Secured bank overdraft	–	–
Secured other loans	<b>34,168</b>	36,180
	<hr/>	<hr/>
	<b>34,168</b>	36,180
Carrying amount repayable:		
Within one year	<b>11,024</b>	4,024
More than one year, but not exceeding two years	<b>2,691</b>	4,024
More than two years, but not exceeding five years	<b>8,072</b>	21,054
More than five years	<b>12,381</b>	7,078
	<hr/>	<hr/>
	<b>34,168</b>	36,180

### **(III) Prospects**

The dry bulk market remains poor during the recent months. The BDI, which has a close correlation to freight rates, was around the 500 - 700 level during the first half of 2015. Low demand of commodities in the Greater China Region, and over-supply of vessels led to more pressure on the freight rates of the dry bulk market. Although the BDI climbed up gradually to 1,200 level in July and August, the Group remains cautious on the outlook for the next 12 months.

During 2Q15, the Group had disposed a Capesize vessel and recorded a loss on disposal of approximately US\$1.4 million subject to the audit of FY2015. The updated tonnage of the Group's fleet is approximately 186,000 dwt. Fleet utilisation is expected to remain low for the rest of the year. Due to poor operating environment, the Group will continue to explore various options for reducing costs, including operating costs.

In view of the foregoing, the financial performance of the Group for 2015 will continue to be adversely affected by the current challenging economic conditions.

### **(IV) Supplementary Information**

#### **1. *Contingent Liabilities***

As at 30 June 2015, the Group has contingent liabilities under an indemnity provided by CM Overseas (together with the other shareholders of Santarli Realty) to parties affiliated to the major shareholder of Santarli Realty in respect of a joint and several guarantee provided by such parties in favour of the bank providing a loan to Santarli Realty. The liability of parties under the indemnity is several, in proportion to their respective equity holdings in Santarli Realty.

The Group's portion of this guarantee was S\$12,250,000 (equivalent to US\$9,094,000) (31 December 2014: S\$12,250,000 (equivalent to US\$9,252,000)).

#### **2. *Material Litigation and Arbitration***

As at 30 June 2015, the Group was not involved in any material litigation or arbitration.

#### **3. *Audit Committee***

The audit committee of the Company (the "Audit Committee") has reviewed the accounting principles and standards adopted by the Group, has discussed and reviewed the internal control and reporting matters. The interim results for the six months ended 30 June 2015 have been reviewed by the Audit Committee.

#### **4. *Compliance with the Code on Corporate Governance Practices***

The Company devotes to best practice on corporate governance, and has complied with the code provisions of the Code on Corporate Governance Practices (the “Code”) as set out in Appendix 14 of the Rules Governing the Listing of Securities on HKEx (the “Listing Rules”) for the six months ended 30 June 2015, except for the following deviation:

Under the code provision A.4.1 of the Code, non-executive directors should be appointed for a specific term and subject to re-election. However, all the independent non-executive Directors are not appointed for specific terms but are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provision of the Company’s bye-laws. The Company considers that sufficient measures have been taken to ensure that the Company’s corporate governance practices.

#### **5. *Compliance with the Model Code for Securities Transactions by Directors of Listed Issuer***

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuer (the “Model Code”) as set out in Appendix 10 of Listing Rules and its amendments from time to time as its own code of conduct regarding securities transaction by the Directors. The Board confirms that, having made specific enquiries with all Directors, during the six months ended 30 June 2015, all Directors have complied with the required standards of the Model Code.

#### **6. *Purchase, Sales or Redemption of the Company’s Listed Securities***

For the six months ended 30 June 2015, neither the Company nor its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company.

#### **7. *Employees and Remuneration Policy***

As at 30 June 2015, there were 23 (2014: 23) employees in the Group. Staff remuneration packages are determined in consideration of market conditions and the performance of the individuals concerned, and are subject to review from time to time. The Group also provides other staff benefits including medical and life insurance, and grants discretionary incentive bonuses to eligible staff based on their performance and contributions to the Group.

**8. Publication of Result Announcement and Interim Report**

This result announcement shall be published on the website of the HKEx (www.hkex.com.hk), SGX-ST (www.sgx.com) and the Company (www.couragemarine.com). The interim report for the six months ended 30 June 2015 of the Company containing all information required by the Listing Rules will be despatched to shareholders and available on the same websites in due course.

By order of the Board  
**Courage Marine Group Limited**  
**Hsu Chih-Chien**  
*Chairman*

Hong Kong, 13 August 2015

*As at the date of this announcement, the managing Director is Mr. Wu Chao-Huan, the Chairman and non-executive Director is Mr. Hsu Chih-Chien, the executive Director is Mr. Wu Jian, the non-executive Director is Mr. Tsoi Wai Kwong, the independent non-executive Directors are Mr. Chu Wen Yuan, Mr. Foo Meng Kee, and Mr. Nigam Zee Moey.*