



**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 Second Quarter And First Six Months Ended 30 June 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 Second Quarter and First Six Months Ended 30 June 2013:**

	US\$'000		%	US\$'000		%
	Q2 2013	Q2 2012		Change	6 months 2013	
Turnover	5,250	4,274	23	10,256	9,956	3
Cost of sales	(5,200)	(4,998)	4	(10,018)	(11,320)	(12)
Gross profit (loss)	50	(724)	NM	238	(1,364)	NM
Other income	167	108	55	350	146	140
Other (losses)	(55)	(3,507)	(98)	(62)	(3,260)	(98)
Administrative expenses	(846)	(824)	3	(1,517)	(1,472)	3
Impairment loss on property, plant and equipment	-	(3,464)	NM	-	(3,464)	NM
Finance cost	(310)	(305)	2	(625)	(448)	40
Loss before income tax	(994)	(8,716)	(89)	(1,616)	(9,862)	(84)
Income tax	56	(7)	NM	56	(20)	NM
Loss for the period	(938)	(8,723)	(89)	(1,560)	(9,882)	(84)
Other comprehensive income						
Gain on revaluation of leasehold land and building	2	190	(99)	2	190	(99)
Deferred tax credit arising on revaluation of leasehold land and building	6	-	NM	6	-	NM
Total comprehensive expense for the period attributable to owners of the Company	(930)	(8,533)	(89)	(1,552)	(9,692)	(84)

**1(a)(ii) Additional Information**

	US\$'000		%	US\$'000		%
	Q2 2013	Q2 2012		Change	6 months 2013	
Profit before tax is arrived after (charging) / crediting:						
Other income including interest income	167	108	55	350	146	140
Interest on borrowings	(310)	(305)	2	(625)	(448)	40
Depreciation and amortisation	(414)	(653)	(37)	(814)	(1,438)	(43)
Loss on disposal of property, plant and equipment	-	(3,469)	NM	-	(3,409)	NM
(Loss) gain on held-for-trading investment	(73)	(20)	265	(77)	40	NM
(Loss) gain on foreign exchange (net)	2	(4)	NM	(1)	3	NM

**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**

	<b>Group</b>		<b>Company</b>	
	US\$'000	US\$'000	US\$'000	US\$'000
	30/06/2013	31/12/2012	30/06/2013	31/12/2012
<b>ASSETS</b>				
<b>Current assets</b>				
Trade receivables	139	891	-	-
Other receivables and prepayments	4,907	3,652	45	43
Amount due from a joint venture	412	412	-	-
Tax recoverable	58	58	-	-
Held-for-trading investments	314	391	-	-
Pledged bank deposits	4,317	4,298	-	-
Structured deposit	-	962	-	-
Cash and cash equivalents	16,560	21,872	107	112
<b>Total current assets</b>	<b>26,707</b>	<b>32,536</b>	<b>152</b>	<b>155</b>
<b>Non-current assets</b>				
Property, plant and equipment	69,062	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	-	-	54,212	55,304
Long-term receivables and deposits	4,601	7,679	-	-
<b>Total non-current assets</b>	<b>81,325</b>	<b>72,095</b>	<b>72,173</b>	<b>73,265</b>
<b>Total assets</b>	<b>108,032</b>	<b>104,631</b>	<b>72,325</b>	<b>73,420</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
<b>Current liabilities</b>				
Other payables and accruals	2,688	1,775	80	978
Bank borrowings - due within one year	5,614	5,098	-	-
<b>Total current liabilities</b>	<b>8,302</b>	<b>6,873</b>	<b>80</b>	<b>978</b>
<b>Non-current liabilities</b>				
Deferred tax liabilities	152	214	-	-
Bank borrowings - due after one year	31,926	29,871	-	-
<b>Total non-current liabilities</b>	<b>32,078</b>	<b>30,085</b>	<b>-</b>	<b>-</b>
<b>Capital and reserves</b>				
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	17,910	19,470	25,159	25,356
<b>Total</b>	<b>67,652</b>	<b>67,673</b>	<b>72,245</b>	<b>72,442</b>
<b>Total liabilities and equity</b>	<b>108,032</b>	<b>104,631</b>	<b>72,325</b>	<b>73,420</b>
<b>Net current assets / (liabilities)</b>	<b>18,405</b>	<b>25,663</b>	<b>72</b>	<b>(823)</b>
<b>Total assets less current liabilities</b>	<b>99,730</b>	<b>97,758</b>	<b>72,245</b>	<b>72,442</b>

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 30/06/2013		As at 31/12/2012	
Secured	Unsecured	Secured	Unsecured
US\$5,614,000	-	US\$5,098,000	-

**Amount repayable after one year**

As at 30/06/2013		As at 31/12/2012	
Secured	Unsecured	Secured	Unsecured
US\$31,926,000	-	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**

	<b>Group</b>	
	US\$'000	
	2Q of 2013	2Q of 2012
<b>Operating activities</b>		
Loss before income tax	(994)	(8,716)
Adjustments for:		
Dividends from held-for-trading investments	(20)	-
Depreciation of property, plant and equipment	414	653
Change in fair value of investment property	23	(106)
Change in fair value of held for trading investment	73	131
Change in fair value of structured deposit	(38)	-
Loss on disposal of property, plant and equipment	-	3,469
Interest income	(21)	(50)
Finance costs	324	305
Impairment loss on property, plant and equipment	-	3,464
Imputed interest income on long-term receivables	(112)	-
Operating profit before movements in working capital	(351)	(850)
Decrease in trade receivables	357	488
Decrease (increase) in other receivables and prepayment	511	(3,106)
Increase in other payables and accruals	1,434	15,898
Increase in amount due to a joint venture	-	30
Cash from operating activities	1,951	12,460
Interest paid	(324)	(305)
Interest received	21	35
Income tax paid	-	(6)
Dividend received from held-for-trading investment	20	-
Net cash from operating activities	1,668	12,185
<b>Investing activities</b>		
Deposit for acquisition of property, plant and equipment and investment properties	(577)	-
Purchase of plant and equipment	(339)	(16,144)
Proceeds on disposal of plant and equipment	-	17,769
Placement of pledged bank deposits	(11)	-
Withdrawal of structured deposit	1,000	-
Net cash from investing activities	74	1,625
<b>Financing activities</b>		
Repayment of loans	(791)	(673)
Increase in bank overdraft	15	1,668
Net cash (used in) from financing activities	(776)	995
Net increase in cash and cash equivalents	966	14,805
Cash and cash equivalents at the beginning of the period	15,594	14,727
<b>Cash and cash equivalents at the end of the period</b>	<b>16,560</b>	<b>29,532</b>

	<b>Group</b>	
	US\$'000	
	6 months of 2013	6 months of 2012
<b>Operating activities</b>		
Loss before income tax	(1,616)	(9,862)
Adjustments for:		
Dividends from held-for-trading investments	(20)	-
Depreciation of property, plant and equipment	814	1,438
Change in fair value of investment property	23	(106)
Change in fair value of held for trading investment	77	(40)
Change in fair value of structured deposit	(38)	-
Loss on disposal of property, plant and equipment	-	3,409
Interest income	(50)	(77)
Finance costs	625	448
Impairment loss on property, plant and equipment	-	3,464
Imputed interest income on long-term receivables	(112)	-
Operating profit before movements in working capital	(297)	(1,326)
Decrease (increase) in trade receivables	752	(175)
Increase in other receivables and prepayment	(1,255)	(3,204)
Increase (decrease) in other payables and accruals	913	(958)
Increase in amount due to a joint venture	-	30
Cash from (used in) operating activities	113	(5,633)
Interest paid	(625)	(448)
Interest received	50	62
Income tax paid	-	(20)
Dividend received from held-for-trading investment	20	-
Net cash used in operating activities	(442)	(6,039)
<b>Investing activities</b>		
Deposit for acquisition of property, plant and equipment and investment properties	(577)	-
Purchase of plant and equipment	(7,845)	(37,425)
Proceeds on disposal of plant and equipment	-	20,782
Acquisition of investment in an associate	-	(32)
Placement of pledged bank deposits	(19)	-
Withdrawal of structured deposit	1,000	-
Net cash used in investing activities	(7,441)	(16,675)
<b>Financing activities</b>		
Repayment of loans	(1,465)	(673)
New loans raised	4,000	34,580
Increase in bank overdraft	36	1,668
Net cash from financing activities	2,571	35,575
Net (decrease) increase in cash and cash equivalents	(5,312)	12,861
Cash and cash equivalents at the beginning of the period	21,872	16,671
<b>Cash and cash equivalents at the end of the period</b>	<b>16,560</b>	<b>29,532</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	Property Revaluation Reserve	Other Reserve	Retained profits attributable to the shareholders	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>The Group</b>						
<b>Balance at 1 April 2012</b>	19,059	28,027	802	-	28,988	76,876
Loss for the period	-	-	-	-	(8,723)	(8,723)
Gain on revaluation of leasehold land and building	-	-	190	-	-	190
<b>Balance at 30 June 2012</b>	<b>19,059</b>	<b>28,027</b>	<b>992</b>	<b>-</b>	<b>20,265</b>	<b>68,343</b>
<b>Balance at 1 April 2013</b>	19,059	28,027	1,117	-	18,848	67,051
Loss for the period	-	-	-	-	(938)	(938)
Gain on revaluation of leasehold land and building	-	-	2	-	-	2
Deferred tax credit arising on revaluation of leasehold land and building	-	-	6	-	-	6
Reserve arising from the settlement of deferred consideration by way of transfer of property interest to a joint venture	-	-	-	1,531	-	1,531
<b>Balance at 30 June 2013</b>	<b>19,059</b>	<b>28,027</b>	<b>1,125</b>	<b>1,531</b>	<b>17,910</b>	<b>67,652</b>

	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
<b>The Company</b>						
<b>Balance at 1 April 2012</b>	19,059	28,027	-	-	24,859	71,945
Loss for the period	-	-	-	-	(300)	(300)
<b>Balance at 30 June 2012</b>	<b>19,059</b>	<b>28,027</b>	<b>-</b>	<b>-</b>	<b>24,559</b>	<b>71,645</b>
<b>Balance at 1 April 2013</b>	19,059	28,027	-	-	25,241	72,327
Loss for the period	-	-	-	-	(82)	(82)
<b>Balance at 30 June 2013</b>	<b>19,059</b>	<b>28,027</b>	<b>-</b>	<b>-</b>	<b>25,159</b>	<b>72,245</b>

**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 June 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**

<b>As at 30/06/2013</b>	<b>As at 31/12/2012</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**

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)**

	<b>Group</b>			
	Q2 2013	Q2 2012	6 months 2013	6 months 2012
	US Cents	US Cents	US Cents	US Cents
a Based on the weighted average number of ordinary shares in issue	(0.09)	(0.82)	(0.15)	(0.93)
b On a fully diluted basis	(0.09)	(0.82)	(0.15)	(0.93)

**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**

	<b>Group</b>		<b>Company</b>	
	30/6/2013	31/12/2012	30/6/2013	31/12/2012
	US Cents	US Cents	US Cents	US Cents
Net asset value per ordinary share	6.39	6.39	6.82	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

##### 2Q2013

The Group's turnover increased by 23% from approximately US\$4.3 million in 2Q12 to US\$5.2 million in 2Q13 due to the Group's higher utilisation rate during 2Q13 comparing to 2Q12.

##### 1H2013

The Group's turnover increased by 3% from approximately US\$10 million in the six months ended 30 June 2012 to approximately US\$10.3 million in the six months ended 30 June 2013. The dry bulk market remains under intense pressure although the BDI has gradually increased from the 700 level in January 2013 to the 1000 level currently.

#### Profitability

##### 2Q2013

Although there is an increase in turnover of 23%, the Group's cost of sales increased by only 4% from approximately US\$5 million in 2Q12 to approximately US\$5.3 million in 2Q13. This 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\$50,000 in 2Q13 compared to a gross loss of US\$0.7 million in 2Q12.

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\$167,000 in 2Q13, an increase of 55% compared to 2Q12. This was mainly due to a one-off insurance claim received in 2Q13.

Other gains and losses consists of changes in fair value of investment property, changes in the 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\$55,000 in 2Q13 due to the change in fair value of held-for-trading investment.

Administrative expenses increased by 3% from approximately US\$0.82 million to approximately US\$0.85 million in 2Q13 as the Group maintained a relatively stable administrative cost.

The Group recorded impairment losses of approximately US\$3.5 million in 2Q12 and did not record such expenses in 2Q13.

The Group recorded finance costs of approximately US\$310,000 in 2Q13 compared to US\$305,000 in 2Q12 due mainly to bank borrowings.

The Group's subsidiaries recorded an income tax credit of US\$56,000 during 2Q13 compared to an income tax expense of approximately US\$7,000 in 2Q12. 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 for approximately US\$2,000 in 2Q13 compared to a gain of US\$190,000 in 2Q12.

The Group recorded a deferred tax credit on revaluation of leasehold land and building for approximately US\$6,000 in 2Q13. The Group did not record such tax credit in 2Q12.

Overall, the Group recorded a lower net loss of approximately US\$0.9 million in 2Q13 compared to a net loss of US\$8.7 million in 2Q12 due to lower fixed costs, including insurance crew fees and depreciation arising from the disposal of aged vessels during FY2012.

### 1H2013

Although there is an increase in turnover of 3%, the Group's cost of sales decreased by 12% from approximately US\$11.3 million in 1H12 to approximately US\$10 million in 1H13. This 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 for approximately US\$238,000 in 1H13 compared to a gross loss of approximately US\$1.4 million in 1H12.

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\$350,000 in 1H13, an increase of 140% compared to 1H12. This was largely due to an one-off insurance claim received in 1H13.

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\$62,000 in 1H13 compared to approximately US\$3.3 million in 1H12 which was due to the disposal losses of aged vessels, namely MV Raffles, MV Valour, MV Cape Warrior and MV Courage.

Administrative expenses increased by about 3% as the Group maintained a relatively stable administrative cost

The Group recorded impairment loss of approximately US\$3.5 million in 1H12 and did not record such expense in 1H13.

The Group recorded finance costs of approximately US\$0.6 million in 1H13 compared to US\$0.4 million in 1H12 due mainly to bank borrowings.

The Group's subsidiaries recorded an income tax credit of US\$56,000 during 1H13 compared to income tax expense of approximately US\$20,000 in 1H12. 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 for approximately US\$2,000 in 1H13 compared to a gain of US\$190,000 in 1H12.

The Group recorded a deferred tax credit on revaluation of leasehold land and building for approximately US\$6,000 in 1H13. The Group did not record such tax credit in 1H12.

Overall, the Group recorded a lower net loss of approximately US\$1.6 million in 1H13 compared to US\$9.9 million in 1H12 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\$5.3 million in 1H13 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\$16.6 million as at 30 June 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 remains weak and the BDI, which has a close correlation to freight rates, is low at around the 1000 level. Low demand of 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.

The Group acquired and took delivery of another vessel in February and the updated tonnage of the Group's fleet is approximately 410,000 dwt. Following the replacement of the older vessels, the Group is well placed to operate more efficiently in the event the dry bulk market recovers in full.

On July 2013, the resolutions for the Group's investment in a 10% equity interest in Santarli Realty Pte. Ltd. and the Group's diversification into the property investment business were approved by the shareholders of the Company at the special general meeting held on 16 July 2013. In light of the weak dry bulk market, the Groups needs and shall continue to adopt a diversification approach in its long-term growth strategy, in order to diversify its income base and reduce its dependence on freight income, with a view to sustaining and enhancing shareholders' value and return.

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 and in the meantime continue to identify any other opportunities under its diversification approach.

## 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 2Q13 (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 August 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 six months and second quarter ended 30 June 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 six months and second quarter ended 30 June 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 August 2013