



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)

Full Year Financial Statement And Dividend Announcement

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 Fourth Quarter and Year Ended 31 December 2013:

	US\$'000		% Change	US\$'000		% Change
	Q4 2013	Q4 2012		FY 2013	FY 2012	
Turnover	9,570	5,286	81	24,963	18,758	33
Cost of sales	(7,281)	(4,000)	82	(22,313)	(18,499)	21
Gross profit	2,289	1,286	78	2,650	259	923
Other income	133	149	(11)	609	354	72
Other gains and losses	(7)	1,637	NM	80	(3,816)	NM
Administrative expenses	(1,419)	(1,492)	(5)	(3,644)	(3,685)	(1)
Other expenses	(167)	(1,057)	(84)	(167)	(1,057)	(84)
Impairment loss on property, plant and equipment	-	(1,483)	NM	-	(1,664)	NM
Finance cost	(369)	(307)	20	(1,300)	(1,062)	22
Profit (loss) before income tax	460	(1,268)	NM	(1,772)	(10,671)	(83)
Income tax	(59)	17	NM	(3)	(6)	(50)
Profit (loss) for the period	401	(1,251)	NM	(1,775)	(10,677)	(83)
Other comprehensive (expense) income						
(Deficit) surplus on revaluation of leasehold land and building	(70)	338	NM	(68)	528	NM
Deferred tax asset (liability) arising on revaluation of leasehold land and building	18	(213)	NM	24	(213)	NM
Total comprehensive income (expense) for the period						
- attributable to owners of the Company	349	(1,126)	NM	(1,819)	(10,362)	(82)

1(a)(ii) Additional Information

	US\$'000		% Change	US\$'000		% Change
	Q4 2013	Q4 2012		FY 2013	FY 2012	
Profit (loss) before tax is arrived after (charging) / crediting:						
Other income including interest income	133	149	(11)	609	354	72
Interest on borrowings	(369)	(307)	20	(1,300)	(1,062)	22
Depreciation and amortisation	(458)	(397)	15	(1,692)	(2,248)	(25)
Gain (loss) on disposal of plant and equipment	-	1,483	NM	-	(4,172)	NM
Gain (loss) on held-for-trading investment	2	(10)	NM	59	39	51
Gain (loss) on foreign exchange (net)	9	12	(25)	24	59	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

	Group		Company	
	US\$'000	US\$'000	US\$'000	US\$'000
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
ASSETS				
Current assets				
Cash and cash equivalents	13,152	21,872	108	112
Trade receivables	1,329	891	-	-
Other receivables and prepayments	3,775	3,652	27	43
Amounts due from a joint venture	412	412	-	-
Held-for-trading investment	450	391	-	-
Pledged bank deposits	4,330	4,298	-	-
Tax recoverable	-	58	-	-
Structured deposit	-	962	-	-
Total current assets	23,448	32,536	135	155
Non-current assets				
Property, plant and equipment	70,120	62,029	-	-
Investment property	914	2,355	-	-
Interest in a joint venture	5,330	32	-	-
Interests in subsidiaries	-	-	20,047	17,961
Amounts due from subsidiaries	-	-	53,584	55,304
Long-term receivables and deposits	5,015	7,679	-	-
Deposit paid for acquisition of a vessel	860	-	-	-
Available-for-sale investment	79	-	-	-
Total non-current assets	82,318	72,095	73,631	73,265
Total assets	105,766	104,631	73,766	73,420
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Other payables and accruals	2,205	1,775	892	978
Bank borrowings - due within one year	5,646	5,098	-	-
Total current liabilities	7,851	6,873	892	978
Non-current liabilities				
Deferred taxation	190	214	-	-
Bank borrowings - due after one year	30,340	29,871	-	-
Total non-current liabilities	30,530	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	1,073	1,117	-	-
Other reserve	1,531	-	-	-
Retained profits	17,695	19,470	25,788	25,356
Total	67,385	67,673	72,874	72,442
Total liabilities and equity	105,766	104,631	73,766	73,420
Net current assets / (liabilities)	15,597	25,663	(757)	(823)
Total assets less current liabilities	97,915	97,758	72,874	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 31/12/2013		As at 31/12/2012	
Secured	Unsecured	Secured	Unsecured
US\$5,646,000	-	US\$5,098,000	-

Amount repayable after one year

As at 31/12/2013		As at 31/12/2012	
Secured	Unsecured	Secured	Unsecured
US\$30,340,000	-	US\$29,871,000	-

Details of any collaterals

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 flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	Group	
	US\$'000	
	Q4 2013	Q4 2012
Operating activities		
Profit (loss) before income tax	460	(1,267)
Adjustments for		
Interest income	(16)	(30)
Interest expense	369	307
Loss on disposal of property, plant and equipment	-	(1,483)
Change in fair value of held-for-trading investment	(2)	10
Change in fair value of investment property	19	(190)
Change in fair value of structured deposit	-	38
Depreciation	458	397
Discount effect on long-term loan receivable	-	557
Imputed interest income on long-term receivable	(113)	(96)
Impairment loss on deposits paid	167	-
Impairment loss on property, plant and equipment	-	1,483
Operating profit (loss) before movements in working capital	1,342	(274)
Decrease (increase) in trade receivables	1,622	(629)
Decrease in other receivable and prepayments	1	2,126
(Decrease) in amounts due to an associate	-	(30)
Increase in other payable and accruals	414	388
Cash (used in) operations	3,379	1,581
Income tax paid	(3)	17
Income tax refund	58	-
Interest income received	16	30
Interest expense paid	(369)	(307)
Net cash (used in) operating activities	3,081	1,321
Investing activities		
Deposits for acquisition of property, plant and equipment and investment properties	(1)	-
Deposit paid for acquisition of a vessel	(860)	-
Purchase of property, plant and equipment	(601)	4
Placement of pledged bank deposits	(8)	(10)
Advance to a joint venture	-	(357)
Net cash (used in) investing activities	(1,470)	(363)
Financing activities		
Repayment of loans	(793)	(673)
Increase in bank overdraft	16	(275)
Net cash (used in) financing activities	(777)	(948)
Net increase in cash and cash equivalents	834	10
Cash and cash equivalents at beginning of the period	12,318	21,862
Cash and cash equivalents at end of the period	13,152	21,872

	Group	
	US\$'000	
	FY 2013	FY 2012
Operating activities		
(Loss) before income tax	(1,772)	(10,671)
Adjustments for		
Dividend income from listed investments	(20)	(22)
Interest income	(85)	(130)
Interest expense	1,300	1,062
Loss on disposal of property, plant and equipment	-	4,172
Change in fair value of held-for-trading investment	(59)	(39)
Change in fair value of investment property	41	(296)
Change in fair value of structured deposit	(38)	38
Depreciation	1,692	2,248
Discount effect on long-term loan receivable	-	557
Imputed interest income on long-term receivable	(225)	(96)
Impairment loss on deposits paid	167	-
Impairment loss on property, plant and equipment	-	1,664
Operating profit (loss) before movements in working capital	1,001	(1,513)
(Increase) in trade receivables	(438)	(824)
(Increase) in other receivable and prepayments	(290)	(2,058)
Increase (decrease) in other payable and accruals	430	(217)
Cash from (used in) operations	703	(4,612)
Income tax paid	(3)	(6)
Income tax refund	58	-
Interest income received	85	130
Interest expense paid	(1,300)	(999)
Dividends received from listed investments	20	22
Net cash (used in) operating activities	(437)	(5,465)
Investing activities		
Deposits for acquisition of property, plant and equipment and investment properties	(957)	-
Deposit paid for acquisition of a vessel	(860)	-
Purchase of property, plant and equipment	(8,451)	(28,122)
Payment of payable for the acquisition of a vessel	-	(15,960)
Proceeds on disposal of plant and equipment	-	24,549
Placement of pledged bank deposits	(32)	(31)
Withdrawal of structured deposits	1,000	-
Withdrawal of certification of deposit	-	1,074
Loan advance and deposit paid to Santarli Corporation Pte. Ltd.	-	(4,373)
Advance to a joint venture	-	(412)
Acquisition of investment in a joint venture	-	(32)
Net cash (used in) generated from investing activities	(9,300)	(23,307)
Financing activities		
New loans raised	4,000	34,580
Repayment of loans	(3,051)	(2,018)
Increase in bank overdraft	68	1,411
Net cash from financing activities	1,017	33,973
Net (decrease) increase in cash and cash equivalents	(8,720)	5,201
Cash and cash equivalents at beginning of the year	21,872	16,671
Cash and cash equivalents at end of the year	13,152	21,872

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 January 2012	19,059	28,027	802	-	30,147	78,035
Loss for the year	-	-	-	-	(10,677)	(10,677)
Surplus on revaluation of leasehold land and building	-	-	528	-	-	528
Deferred tax liability arising on revaluation of leasehold land and building	-	-	(213)	-	-	(213)
Total comprehensive income (expense) for the year	-	-	315	-	(10,677)	(10,362)
Balance at 31 December 2012	19,059	28,027	1,117	-	19,470	67,673
Loss for the year	-	-	-	-	(1,775)	(1,775)
Deficit on revaluation of leasehold land and building	-	-	(68)	-	-	(68)
Deferred tax asset arising on revaluation of leasehold land and building	-	-	24	-	-	24
Total comprehensive expense for the year	-	-	(44)	-	(1,775)	(1,819)
Reserve arising from the settlement of deferred consideration by way of transfer of property interest to a joint venture	-	-	-	1,531	-	1,531
Balance at 31 December 2013	19,059	28,027	1,073	1,531	17,695	67,385

	Share Capital	Share Premium	Retained profits attributable to the shareholders	Total
	US\$'000	US\$'000	US\$'000	US\$'000
The Company				
Balance at 1 January 2012	19,059	28,027	24,859	71,945
Total comprehensive income for the year	-	-	497	497
Balance at 31 December 2012	19,059	28,027	25,356	72,442
Total comprehensive income for the year	-	-	432	432
Balance at 31 December 2013	19,059	28,027	25,788	72,874

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 for 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 31 December 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 31/12/2013	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			
	Q4 2013	Q4 2012	FY 2013	FY 2012
	US Cents	US Cents	US Cents	US Cents
a Based on the weighted average number of ordinary shares in issue	0.04	(0.12)	(0.17)	(1.01)
b On a fully diluted basis	0.04	(0.12)	(0.17)	(1.01)

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	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	US Cents	US Cents	US Cents	US Cents
Net asset value per ordinary share	6.36	6.39	6.88	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

4Q2013

The Group's turnover increased by 81% from approximately US\$5.3 million in 4Q12 to US\$9.6 million in 4Q13 due to the Group's higher utilisation rate in 4Q13 compared to 4Q12. The Baltic Dry Index (the "BDI") was around the 2,000 level most of the time during 4Q13.

FY2013

The Group's turnover increased by 33% from approximately US\$18.8 million in FY2012 to approximately US\$25.0 million in FY2013. The dry bulk market improved during the second half of 2013 in which the BDI gradually increased from the 1000 level in July 2013 to the 2000 level at the end of 2013.

Profitability

4Q2013

Due to the increase in turnover by 81%, the Group's cost of sales increased by 82% from approximately US\$4.0 million in 4Q12 to approximately US\$7.2 million in 4Q13. The Group recorded a gross profit of approximately US\$2.3 million in 4Q13 compared to US\$1.3 million in 4Q12.

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\$133,000 in 4Q13, a decrease of approximately 11% compared to 4Q12 due to less interest income.

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\$7,000 in 4Q13 compared to other gains of approximately US\$1.6 million in 4Q12 due to the Group recording a loss in the change in fair value of investment property.

Administrative expenses decreased by 5% from approximately US\$1.5 million in 4Q12 to approximately US\$1.4 million in 4Q13 as the Group maintained a relatively stable administrative cost.

The Group had recorded other expenses of approximately US\$167,000 in 4Q13 compared to US\$1.1 million in 4Q12 as the Group recorded an impairment loss on deposits paid in 4Q13.

The Group conducted a review of the Group's vessels and determined that a number of those assets were impaired, due to the decrease in utilisation rate and corresponding fall in revenue. Accordingly, the Group had recorded an impairment loss of approximately US\$1.5 million in 4Q12 and did not record such expense in 4Q13. The recoverable amount of the vessels has been determined on the basis of their value-in-use.

The Group recorded finance costs of approximately US\$369,000 in 4Q13 compared to US\$307,000 in 4Q12 mainly due to bank borrowings.

The Group's subsidiaries recorded an income tax expense of approximately US\$59,000 in 4Q13 compared to a revised income tax expense of US\$17,000 during 4Q12.

The Group recorded other comprehensive expenses of approximately US\$52,000 in 4Q13 due to the deficit on revaluation of the Group's leasehold and building. The Group recorded other comprehensive income for approximately US\$0.1 million in 4Q12.

Overall, the Group recorded a net profit of approximately US\$0.4 million in 4Q13 due to the higher turnover and higher utilisation of the fleet.

FY2013

Due to the increase in turnover by 33%, the Group's cost of sales increased by 21% from approximately US\$18.5 million in FY2012 to approximately US\$22.3 million in FY2013. It was mainly due to lower fixed costs, including insurance, crew fees and depreciation. The Group recorded a gross profit of approximately US\$2.7 million in FY2013 compared to approximately US\$0.3 million in FY2012.

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\$0.6 million in FY2013, an increase of 72% compared to FY2012. This was largely due to a one-off insurance claim received in FY2013.

Other gains and losses consists of changes in the 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 gains of approximately US\$80,000 in FY2013 compared to other losses of approximately US\$3.8 million in FY2012 due to the disposal losses of aged vessels, namely MV Raffles, MV Valour, MV Cape Warrior, MV Courage and MV Panamax Leader.

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

The Group had recorded other expenses of approximately US\$167,000 in FY2013 compared to US\$1.1 million in FY2012 as the Group recorded an impairment loss on deposits paid in FY2013.

The Group conducted a review of the Group's vessels and determined that a number of those assets were impaired, due to the decrease in utilisation rate and corresponding fall in revenue. Accordingly, the Group had recorded an impairment loss of approximately US\$1.7 million in FY2012 and did not record such expense in FY2013. The recoverable amount of the vessels has been determined on the basis of their value-in-use.

The Group recorded finance costs of approximately US\$1.3 million in FY2013 compared to US\$1.1 million in FY2012 mainly due to bank borrowings.

The Group's subsidiaries recorded an income tax expense of US\$3,000 during FY2013 compared to approximately US\$6,000 in FY2012.

The Group recorded other comprehensive expenses of approximately US\$44,000 in FY2013 due to the deficit on revaluation of the Group's leasehold and building. The Group recorded other comprehensive income for approximately US\$315,000 in FY2012.

Overall, the Group recorded a net loss of approximately US\$1.8 million in FY2013 compared to a net loss of approximately US\$10.7 million in FY2012 due to higher turnover and higher utilisation during the year, and no impairment loss of the Group's vessels.

Cashflow

There was a net decrease in cash and cash equivalents of approximately US\$8.7 million in FY2013 due to the acquisition of MV Cape Pioneer. The Group had cash and bank balances of approximately US\$13.2 million as at 31 December 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 improved during the second half of 2013 but fell during the beginning of 2014. The BDI, which has a close correlation to freight rates, was low at the 1000 level. The low demand for commodities in the Greater China Region, especially during the Chinese New Year period, and over-supply of vessels led to more pressure on the freight rates of the dry bulk market. The Group remains cautious on the outlook for 2014.

Subsequent to the 2013 year end, the Group took delivery of a Panamax-size vessel for a cash consideration of US\$8.6 million. The updated tonnage of the Group's fleet is approximately 487,000 dwt. With the replacement of the vessels, the Group is well-placed to have higher efficiency in the event the dry bulk market recovers in full.

The Group expects the financial performance for 2014 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

Not Applicable

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 FY2013 (excluding transactions less than \$100,000)
Ms. Chou (Spouse of Mr Chang Shun-Chi)	Rental expenses for lease of Shanghai office - US\$28,000

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**(This part is not applicable to Q1, Q2, Q3 or Half Year Results)****14. 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 segment information of the Group is presented as the Group's revenues, expenses, assets, liabilities and capita 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 no meaningful to provide the financial information by geographical segment. Accordingly, geographical segment results for the provision of ship chartering services are not presented.

15. 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

16. A breakdown of sales

	2013	2012	% Change
	US\$'000	US\$'000	
Turnover for the first half of	10,256	9,956	+3
(Loss) after tax for the first half of	(1,560)	(9,882)	-84
Turnover for the second half of	14,707	8,802	+67
(Loss) after tax for the second half of	(215)	(795)	-73

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

Total Annual Dividend

	Latest Year	Previous Year
Ordinary	NIL	NIL
Preference	-	-
Total:	NIL	NIL

18. Disclosure of person Occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13).

Name	Age	Family relationship with any director, CEO and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Wu Chao-Ping	61	Brother of Wu Chao-Huan the Managing Director of the Company	Operations manager from 2012-2013	Resigned on December 2013

By Order of the Board

WU CHAO HUAN
Managing Director
25 February 2014