



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 First Quarter Ended 31 March 2015

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENT 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 First Quarter Ended 31 March 2015

	Group		
	US\$'000		%
	Q1 2015	Q1 2014	Change
Turnover	1,227	5,315	(77)
Cost of sales	(2,868)	(5,371)	(47)
Gross (loss) profit	(1,641)	(56)	2830
Other income	55	29	90
Other gains and losses	11	(54)	NM
Administrative expenses	(513)	(643)	(20)
Finance cost	(294)	(286)	3
(Loss) before income tax	(2,382)	(1,010)	136
Income tax	(2)	(2)	0
(Loss) for the period	(2,384)	(1,012)	136
Other comprehensive income - Gain on revaluation of leasehold and building	-	-	NM
Total comprehensive (expense) - attributable to owners of the Company	(2,384)	(1,012)	136

1(a)(ii) Additional Information

	Group		
	US\$'000		%
	Q1 2015	Q1 2014	Change
Profit before tax is arrived after (charging) / crediting:			
Other incomes including interest income	55	29	90
Interest on borrowings	(294)	(286)	3
Depreciation and amortisation	(612)	(573)	7
Gain (loss) on held-for-trading investment	9	(28)	NM
Foreign exchange gain (loss) (net)	2	(26)	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
	31/3/2015	31/12/2014	31/3/2015	31/12/2014
ASSETS				
Current assets				
Cash and cash equivalents	4,262	8,883	138	65
Trade receivables	350	156	-	-
Other receivables and prepayments	2,894	3,160	66	28
Amounts due from a joint venture	611	553	-	-
Held-for-trading investment	453	444	-	-
Pledged bank deposits	4,369	4,361	-	-
Total current assets	12,939	17,557	204	93
Non-current assets				
Property, plant and equipment	68,240	68,711	-	-
Interest in a joint venture	5,330	5,330	-	-
Interests in subsidiaries	-	-	8,023	8,023
Amounts due from subsidiaries	-	-	30,059	31,055
Long-term receivables and deposits	5,380	5,329	-	-
Available-for-sale investment	79	79	-	-
Total non-current assets	79,029	79,449	38,082	39,078
Total assets	91,968	97,006	38,286	39,171
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Other payables and accruals	545	2,193	83	860
Bank borrowings - due within one year	4,024	4,024	-	-
Total current liabilities	4,569	6,217	83	860
Non-current liabilities				
Deferred taxation	311	311	-	-
Bank borrowings - due after one year	31,150	32,156	-	-
Total non-current liabilities	31,461	32,467	-	-
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	1,734	1,734	-	-
Other reserve	1,531	1,531	-	-
Retained profits (accumulated loss)	5,587	7,971	(8,883)	(8,775)
Total	55,938	58,322	38,203	38,311
Total liabilities and equity	91,968	97,006	38,286	39,171
Net current assets / (liabilities)	8,370	11,340	121	(767)
Total assets less current liabilities	87,399	90,789	38,203	38,311

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 31/03/2015		As at 31/12/2014	
Secured	Unsecured	Secured	Unsecured
US\$4,024,000	-	US\$4,024,000	-

Amount repayable after one year

As at 31/03/2015		As at 31/12/2014	
Secured	Unsecured	Secured	Unsecured
US\$31,150,000	-	US\$32,156,000	-

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 Courage Marine Co. Ltd., Heroic Marine S.A., Sea Pioneer Marine Corp. and Zorina Navigation Corp., named, "MV Courage", "MV Heroic", "MV Cape Pioneer" and "MV Zorina", respectively, and
- 3 Assignment of insurance in respect of MV Courage, MV Heroic, MV Cape Pioneer 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	
	Q1 2015	Q1 2014
Operating activities		
Loss before income tax	(2,382)	(1,012)
Adjustments for		
Interest income	(55)	(15)
Interest expense	294	584
Change in fair value of held-for-trading investment	(9)	28
Depreciation of property, plant and equipment	612	573
Operating cash flows before movements in working capital	(1,540)	158
(Increase) decrease in trade receivables	(194)	404
Decrease (increase) in other receivable and prepayments	215	(685)
(Decrease) in other payable and accruals	(1,648)	(666)
Cash (used in) operations	(3,167)	(789)
Income tax paid	(2)	(2)
Interest income received	55	15
Interest expense paid	(294)	(584)
Net cash (used in) operating activities	(3,408)	(1,360)
Investing activities		
Purchase of property, plant and equipment	(141)	(7,740)
Placement of pledged bank deposits	(8)	(8)
Advance to a joint venture	(58)	(1)
Net cash (used in) investing activities	(207)	(7,749)
Financing activities		
New loans raised	-	10,000
Repayment of loans	(1,006)	(793)
Increase in bank overdraft	-	20
Net cash (used in) generated from financing activities	(1,006)	9,227
Net (decrease) increase in cash and cash equivalents	(4,621)	118
Cash and cash equivalents at beginning of the period	8,883	13,152
Cash and cash equivalents at end of the period	4,262	13,270

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 2014	19,059	28,027	1,073	1,531	17,695	67,385
Loss for the period	-	-	-	-	(1,012)	(1,012)
Balance at 31 March 2014	19,059	28,027	1,073	1,531	16,683	66,373
Balance at 1 January 2015	19,059	28,027	1,734	1,531	7,971	58,322
Loss for the period	-	-	-	-	(2,384)	(2,384)
Balance at 31 March 2015	19,059	28,027	1,734	1,531	5,587	55,938

	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 2014	19,059	28,027	25,788	72,874
Loss for the period	-	-	(108)	(108)
Balance at 31 March 2014	19,059	28,027	25,680	72,766
Balance at 1 January 2015	19,059	28,027	(8,775)	38,311
Loss for the period	-	-	(108)	(108)
Balance at 31 March 2015	19,059	28,027	(8,883)	38,203

1(d)(ii) Save as provided below, there has been no change in the Company's share capital since the end of the previous period reported on.

Save as provided below, there has been no change in the Company's share capital since the end of the previous period reported on.

On 7 May 2015, the Company completed its share consolidation ("Share Consolidation") of every 10 ordinary shares of par value US\$0.018 each in the issued and unissued capital of the Company ("Shares") into 1 ordinary share of par value US\$0.18 in the capital of the Company (each, a "Consolidated Share"), fractional entitlements to be disregarded. Under the Share Consolidation, the Company is entitled to, *inter alia*, aggregate and sell and/or repurchase any fractional entitlements, and pursuant thereto, the Company has purchased at par and cancelled 2.8 Consolidated Shares in aggregate arising from fractions of Consolidated Shares from, *inter alia*, the securities accounts maintained with the Central Depository (Pte) Limited (the "Fractional Cancellation"). As a result of the Share Consolidation and the Fractional Cancellation, the Company's issued share capital comprised 105,882,928 Consolidated Shares.

The Company does not have any outstanding convertibles as at 31 March 2015 and 31 December 2014.

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 31/03/2015	As at 31/12/2014
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

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 2014.

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	
	Q1 2015	Q1 2014
	US Cents	US Cents
a Based on the weighted average number of ordinary shares on issue	(0.23)	(0.10)
b On a fully diluted basis	(0.23)	(0.10)

NOTES:

The earnings (loss) per ordinary share is calculated by dividing the consolidated profit (loss) 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 (loss) per ordinary share is the same as the earnings (loss) 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	
	31/03/2015	31/12/2014	31/03/2015	31/12/2014
	US Cents	US Cents	US Cents	US Cents
Net asset value per ordinary share	5.28	5.51	3.61	3.62

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

1Q2015

The Group's turnover decreased by 77% from US\$5.3 million in 1Q14 to approximately US\$1.2 million in 1Q15, reflecting the poor dry bulk market and low freight rate. The Baltic Dry Index (the "BDI") remained low at the 500 level during most of 1Q15.

Profitability

1Q2015

The Group's cost of sales decreased by 47% from US\$5.4 million in 1Q14 to approximately US\$2.9 million in 1Q15. It was mainly due to fewer vessels operated and less variable cost consumed due to less fleet utilisation. The Group recorded a gross loss of approximately US\$1.6 million in 1Q15 compared to US\$56,000 in 1Q14.

Other income consists of interest income from bank and certificates of deposit, sundry income, and other one-off income. The Group recorded other income of approximately US\$55,000 in 1Q15, an increase of 90% compared to 1Q14 mainly due to a one-off interest income received in 1Q15.

Other gains and losses consist of changes in the fair value of investment property, changes in fair value of held-for-trading investments, gains and losses on the disposal of fixed assets and foreign exchange gains and losses. The Group recorded gain of approximately US\$11,000 in 1Q15 compared to loss of approximately US\$54,000 in 1Q14. It was due mainly to the gain from changes in fair value of held-for-trading investment and foreign exchange gain.

Administrative expenses decreased by 20% from approximately US\$0.6 million in 1Q14 to approximately US\$0.5 million in 1Q15 as the Group had less legal and professional expenses during the quarter.

The Group recorded finance costs of approximately US\$294,000 in 1Q15 compared to US\$286,000 in 1Q14 mainly due to the bank borrowings.

The Group's subsidiaries recorded an income tax expense of US\$2,000 during 1Q15, and recorded about the same in 1Q14.

Overall, the Group recorded a higher net loss of approximately US\$2.4 million in 1Q15 due to lower turnover with lower freight rate.

Cashflow

There was a net decrease in cash and cash equivalents of approximately US\$4.6 million in 1Q15. The Group had cash and bank balances of approximately US\$4.3 million as at 31 March 2015.

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 bad during the recent months. The BDI, which has a close correlation to freight rates, reached an all-time low of 500 level during the first quarter of 2015 and continues to remain low. Low demand of 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 in the dry bulk market.

The updated tonnage of the Group's fleet is approximately 335,000 dwt and fleet utilisation is expected to remain low for the rest of the year. Due to the poor operating environment, the Group is exploring 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.

11. Dividend

(a) Whether an interim (final) ordinary dividend has been declared (recommended)

No.

(b)(i) Amount per share in cents

Not applicable.

(b)(ii) Previous corresponding period in cents

Not applicable.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated)

Not applicable.

(d) The date the dividend is payable

Not applicable.

(e) The date on which Registrable Transfers received by the company (up to 5.00pm) will be registered before entitlements to the dividend are determined

Not applicable.

12. If no dividend has been declared / (recommended), a statement to that effect

No dividend was declared or recommended for the current financial period reported on.

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 FY2014 (excluding transactions less than \$100,000)
Ms. Chou (Spouse of Mr Chang Shun-Chi)*	Rental expenses for lease of Shanghai office - US\$7,000

*Mr Chang Shun-Chi has retired as a director of the Company with effect from the conclusion of the annual general meeting of the Company held on 29 April 2014.

14. Negative Confirmation By The Board Pursuant To Rule 705(5)

We, Hsu Chih-Chien and Wu Chao Huan being two directors of Courage Marine Group Limited (the "Company") do hereby confirm on behalf of the directors of the Company that, to the best of our knowledge, nothing has come to the attention of the board of directors of the Company which may render the financial statements for the first quarter ended 31 March 2015 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Hsu Chih-Chien
Chairman and Director

Wu Chao-Huan
Managing Director

By Order of the Board

WU CHAO-HUAN
Managing Director
14 May 2015