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: E91.SI)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2012

The board (the "**Board**") of directors (the "**Directors**") of Courage Marine Group Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2012 together with the comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2012

	Notes	**2012** ***US$'000***	2011 *US$'000* (Restated)
Revenue	*5*	**18,758**	21,691
Cost of sales		**(18,499)**	(32,593)
Gross profit (loss)		**259**	(10,902)
Other income	*6*	**354**	517
Other gains and losses	*7*	**(3,816)**	(3,526)
Administrative expenses		**(3,685)**	(3,466)
Other expenses	*8*	**(1,057)**	(2,227)
Impairment loss on property, plant and equipment		**(1,664)**	(9,492)
Finance costs	*9*	**(1,062)**	(392)
Loss before income tax		**(10,671)**	(29,488)
Income tax expense	*10*	**(6)**	(26)
Loss for the year	*11*	**(10,677)**	(29,514)
Other comprehensive income (expense):			
Surplus on revaluation of leasehold land and building		**528**	650
Deferred tax liability arising on revaluation of leasehold land and building		**(213)**	–
		315	650
Total comprehensive expense for the year – attributable to owners of the Company		**(10,362)**	(28,864)
Loss per share (US cents)	*12*		
– basic		**(1.01)**	(2.79)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2012

	Note	**2012** *US$'000*	2011 *US$'000* (Restated)
Non-current assets			
Property, plant and equipment		**62,029**	60,692
Investment property		**2,355**	2,059
Interest in a jointly controlled entity		**32**	–
Long-term receivables		**7,679**	3,767
Deposit paid for acquisition of a vessel		**–**	5,320
Structured deposit		**–**	1,000
Total non-current assets		**72,095**	72,838
Current assets			
Trade receivables	*14*	**891**	67
Other receivables and prepayments		**3,652**	1,594
Amount due from a jointly controlled entity		**412**	–
Tax recoverable		**58**	58
Held-for-trading investments		**391**	352
Pledged bank deposits		**4,298**	4,267
Structured deposit		**962**	–
Certificate of deposit		**–**	1,074
Cash and cash equivalents		**21,872**	16,671
Total current assets		**32,536**	24,083
Total assets		**104,631**	96,921

	Notes	2012	2011
		US$'000	*US$'000*
			(Restated)
Current liabilities			
Other payables and accruals		**1,775**	17,889
Borrowings – due within one year		**5,098**	996
Total current liabilities		**6,873**	18,885
Capital and reserves			
Share capital		**19,059**	19,059
Share premium		**28,027**	28,027
Revaluation reserve		**1,117**	802
Retained profits		**19,470**	30,147
Total equity		**67,673**	78,035
Non-current liabilities			
Deferred taxation		**214**	1
Borrowings – due more than one year		**29,871**	–
Total non-current liabilities		**30,085**	1
Total liabilities and equity		**104,631**	96,921
Net current assets		**25,663**	5,198
Total assets less current liabilities		**97,758**	78,036

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 Main Board of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and the Main Board of The Stock Exchange of Hong Kong Limited ("**HKSE**"). The 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 Company acts as an investment holding company and the principal activities of its principal subsidiaries are mainly engaged in provision of marine transportation services.

There are no significant changes to the principal activities of the Company and the Group during the year ended 31 December 2012.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied, the following amendments to International Financial Reporting Standards ("**IFRSs**").

Amendments to IFRS 7	Financial Instruments: Disclosures – Transfers of Financial Assets
Amendments to IAS 1	As part of the Annual Improvements to IFRSs 2009 – 2011 Cycle issued in 2012
Amendments to IAS 12	Deferred Tax: Recovery of Underlying Assets

Except as discussed below, the application of the amendments to IFRSs in the current year has had no material impact on the Group's financial performance and the Group's financial position for the current and prior years and/or on disclosures set out in these consolidated financial statements.

Amendments to IAS 12 "Deferred Tax: Recovery of Underlying Assets"

The application of the amendments to IAS 12 has resulted in the Group not recognising any deferred taxes on changes in fair value of the investment property as the Group is not subject to any income taxes on disposal of its investment property. Previously, the Group recognised deferred taxes on change in fair value of investment property on the basis that the entire carrying amount of the property would be recovered through use.

The amendments to IAS 12 have been applied retrospectively, resulting in the Group's deferred tax liabilities being decreased by US$90,000 as at 31 December 2011, with the corresponding credit being recognised in retained profits. The application of the amendments to IAS 12 has no material impact on the results as at 1 January 2011 as the investment property of the Group was acquired in late 2010 that there was no material change in fair value on 31 December 2010.

In the current year, no deferred taxes have been provided for changes in fair value of the Group's investment property. The change in accounting policy has resulted in the Group's income tax expense for the years ended 31 December 2012 and 31 December 2011 being reduced by US$49,000 and US$90,000 respectively and hence resulted in the loss for the years ended 31 December 2012 and 31 December 2011 being decreased by US$49,000 and US$90,000 respectively.

Amendments to IAS 1 "Presentation of Financial Statements
(as part of the Annual Improvements to IFRSs 2009-2011 Cycle issued in 2012)"

IAS 1 requires an entity that changes accounting policies retrospectively, or makes a retrospective restatement or reclassification to present a statement of financial position as at the beginning of the preceding period (third statement of financial position). The amendments to IAS 1 clarify that an entity is required to present a third statement of financial position only when the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position and that related notes are not required to accompany the third statement of financial position.

In the current year, the Group has applied the amendments to IAS 12 "Deferred Tax: Recovery of Underlying Assets" for the first time, which has not resulted in a material effect on the information in the consolidated statement of financial position as at 1 January 2011. In accordance with the amendments to IAS 1, the Group has not presented a third statement of financial position and the related notes as at 1 January 2011.

The Group and the Company have not early applied the following new and revised IFRSs that have been issued but are not yet effective:

Amendments to IFRSs	Annual Improvements to IFRSs 2009 – 2011 Cycle except for the amendments to IAS 1[1]
Amendments to IFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities[1]
Amendments to IFRS 9 and IFRS 7	Mandatory Effective Date of IFRS 9 and Transition Disclosures[2]
Amendments to IFRS 10, IFRS 11 and IFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[1]
Amendments to IFRS 10, IFRS 12 and IFRS 27	Investment Entities[4]
IFRS 9	Financial Instruments[2]
IFRS 10	Consolidated Financial Statements[1]
IFRS 11	Joint Arrangements[1]
IFRS 12	Disclosure of Interests in Other Entities[1]
IFRS 13	Fair Value Measurement[1]
IAS 19 (Revised 2011)	Employee Benefits[1]
IAS 27 (Revised 2011)	Separate Financial Statements[1]
IAS 28 (Revised 2011)	Investments in Associates and Joint Ventures[1]
Amendments to IAS 1	Presentation of Items of Other Comprehensive Income[3]
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities[4]
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine[1]

[1] Effective for annual periods beginning on or after 1 January 2013
[2] Effective for annual periods beginning on or after 1 January 2015
[3] Effective for annual periods beginning on or after 1 July 2012
[4] Effective for annual periods beginning on or after 1 January 2014

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting – The consolidated financial statements have been prepared in accordance with IFRSs. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the HKSE and the disclosure requirements by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, leasehold land and building and investment property that are measured at revalued amounts or fair values and are drawn up in accordance with the provision of IFRSs. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

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 and time 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 results of ship management service activities are insignificant to the Group and were not regularly reviewed by the chief operating decision maker (the executive Directors).

The Board of Directors reviews the loss for the year of the Group prepared in accordance with accounting policies set out in note 3 as a whole for performance assessment. No analysis of segment assets or segment liabilities is presented as they are not regularly provided to the Board of Directors.

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

For the year ended 31 December 2012

	Voyage charter *US$'000*	**Time charter** *US$'000*	**Total** *US$'000*
Dry bulk carriers			
– Capesize	**4,882**	**–**	**4,882**
– Handysize	**203**	**–**	**203**
– Supermax	**11,897**	**255**	**12,152**
– Panamax	**1,431**	**–**	**1,431**
	18,413	**255**	**18,668**

For the year ended 31 December 2011

	Voyage charter *US$'000*	Time charter *US$'000*	Total *US$'000*
Dry bulk carriers			
– Capesize	3,975	634	4,609
– Handysize	3,146	156	3,302
– Handymax	3,022	471	3,493
– Panamax	9,700	587	10,287
	19,843	1,848	21,691

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

	2012	2011
	US$'000	*US$'000*
Marine transportation services income:		
– Vessel voyage charter	**18,413**	19,843
– Time charter	**255**	1,848
	18,668	21,691
Ship management service income	**90**	–
	18,758	21,691

6. OTHER INCOME

	2012	2011
	US$'000	*US$'000*
Dividend income from listed investments	**22**	18
Rental income	**43**	43
Interest income from banks	**114**	90
Interest income from certificate of deposit	**16**	23
Insurance compensation	**50**	281
Imputed interest income on long-term receivable	**96**	–
Sundry income	**13**	62
	354	517

7. OTHER GAINS AND LOSSES

	2012	2011
	US$'000	*US$'000*
Loss on disposal of property, plant and equipment	**(4,172)**	(3,595)
Change in fair value of held-for-trading investments	**39**	(308)
Change in fair value of investment property	**296**	388
Change in fair value of structured deposit	**(38)**	–
Net foreign exchange gains (losses)	**59**	(11)
	(3,816)	(3,526)

8. OTHER EXPENSES

	2012	2011
	US$'000	*US$'000*
Discount effect on long-term loan advanced to Santarli Corporation Pte Ltd.	**557**	–
Listing expenses	**–**	2,227
Other	**500**	–
	1,057	2,227

9. FINANCE COSTS

	2012	2011
	US$'000	*US$'000*
Interest expenses from borrowings wholly repayable within five years:		
– Bank loan	**–**	41
– Bank overdraft	**56**	5
Interest expenses from borrowings not wholly repayable within five years:		
– Other borrowings	**978**	–
Bank charges	**28**	346
	1,062	392

10. INCOME TAX EXPENSE

	2012	2011
	US$'000	*US$'000*
		(Restated)
Current tax:		
Enterprise income tax of the People's Republic of China ("**PRC**")	**6**	10
Republic of China income tax	**–**	15
	6	25
Deferred tax		
Current year	**–**	1
	6	26

Enterprise income tax of the PRC is calculated at 25% of the assessable profit of a representative office in Shanghai, PRC for both years.

Income tax in Republic of China is calculated at 25% of the assessable profit of a subsidiary for both years.

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

11. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging:

	2012	2011
	US$'000	*US$'000*
Auditor's remuneration:		
– paid to auditors of the Company	**263**	263
Non audit assurance services fees:		
– paid to other auditors	**1**	105
Employee benefits expense (including Directors' emoluments):		
– Contributions to retirement benefits scheme	**35**	29
– Salaries and other benefits	**1,529**	1,205
Total employee benefits expense	**1,564**	1,234
Marine crew expenses	**2,945**	5,256
Fuel expenses	**8,744**	12,396
Depreciation for property, plant and equipment	**2,248**	7,399

12. LOSS PER SHARE

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

	2012	2011
	US$'000	*US$'000*
		(Restated)
Loss		
Loss for the year attributable to owners of the Company, for the purpose of calculation of basic loss per share	**(10,677)**	(29,514)

	2012	2011
	'000	*'000*
Number of shares		
Number of ordinary shares in issue during the year, for the purpose of calculation of basic loss per share	**1,058,829**	1,058,829

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

13. DIVIDEND

No dividends were paid, declared or proposed during the year ended 31 December 2012, nor has any dividend been proposed since the end of the reporting period (2011: nil).

In 2011, a final dividend of US$0.71 cent per ordinary share was declared and paid in respect of the financial year ended 31 December 2010. The total dividend paid was approximately US$7,518,000.

14. TRADE RECEIVABLES

The credit period granted by the Group to certain customers of voyage charter is within 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:

	2012	2011
	US$'000	*US$'000*
0 to 30 days	**891**	67

Included in the Group's trade receivables balance are debtors with aggregate carrying amount of US$891,000 (2011: US$67,000) which are past due as at the end of the reporting period for which the Group has not provided for impairment loss.

Aging of trade receivables which are past due but not impaired:

	2012	2011
	US$'000	*US$'000*
0 to 30 days	**891**	67

The Group has not provided for the trade receivables which are past due but not impaired because the management of the Group considers that those receivables are recoverable based on the good settlement track record of the customers. No interest is charged on the outstanding trade receivables. The Group does not hold any collateral over these balances.

There is no movement in allowance for doubtful debts during the year. Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of US$133,000 (2011: US$133,000) which are overdue over one year. The impairment recognised represents the difference between the carrying amount of these trade receivables and the present value of the expected proceeds. The Group does not hold any collateral over these balances.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the reporting date. In addition, the Group reviews the recoverable amount of each individual trade receivable at the end of the reporting period and considers to make impairment losses for irrecoverable amount, if necessary.

The Group's trade receivables are mainly denominated in the United States dollars which are also the functional currency of the respective entities in the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

(I) Business Review

Revenue

The Group's turnover decreased by 14% from approximately US$21.7 million in FY2011 to approximately US$18.8 million in FY2012. The dry bulk market is still poor. The demand for commodities, especially in the Greater China region, slowed down in 2012. These factors led to the low demand for trading and adversely affected the freight rates.

Profitability

Despite the decrease in turnover by 14%, the Group's cost of sales decreased by 43% from approximately US$32.6 million in FY2011 to approximately US$18.5 million in FY2012. It was mainly due to lower fixed costs, including insurance, crew fees and depreciation arising from the disposal of aged vessels during the past eighteen months. The Group recorded a gross profit of approximately US$0.3 million in FY2012 compared to a gross loss of US$11 million in FY2011.

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$0.4 million in FY2012, a decrease of 32% compared to FY2011. This was largely due to a one-off insurance claim received in FY2011.

Other gains and losses

Other gains and losses consist of change in fair value of investment property, change in fair value of held-for-trading investments, loss on the disposal of property, plant and equipment and exchange gains and losses. The Group recorded 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. The Group recorded other losses of approximately US$3.5 million in FY2011 due to the loss on disposal of three vessels, namely MV Bravery, MV Heroic and MV Zorina.

Administrative expenses

Administrative expenses increased by 6% as the Group maintained a relatively stable administrative cost.

Other expenses

The Group recorded other expenses of approximately US$1.1 million in FY2012 compared to approximately US$2.2 million in FY2011. It was due to the imputed interest income attributable to the interest-free long-term loan advanced by the Group in connection with a proposed property investment and a one-off claim against certain subsidiaries in relation to the termination of maintenance arrangements in FY2012 while the Group recorded listing expenses in FY2011.

Impairment loss on property, plant and equipment

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 the corresponding fall in revenue. Accordingly, the Group had recorded an impairment loss of approximately US$1.7 million in FY2012 and US$9.5 million in FY2011. The recoverable amount of the vessels has been determined on the basis of their value in use.

Finance costs

The Group recorded finance costs of approximately US$1.1 million in FY2012 compared to US$0.4 million in FY2011 mainly due to new bank borrowings for the acquisition of the two supermax vessels.

Income tax expense

The Group's subsidiaries recorded an income tax expense of US$6,000 during FY2012 compared to approximately US$26,000 in FY2011.

Net loss

Overall, due to the Group's recorded loss on disposal and impairment loss of vessels, the Group recorded a net loss of approximately US$10.7 million in FY2012 compared to US$29.5 million in FY2011.

Other comprehensive income

The Group recorded other comprehensive income of approximately US$0.5 million in FY2012 due to the surplus on revaluation of the Group's leasehold land and building. The Group recorded such income for approximately US$0.7 million in FY2011.

(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 year of 2011 and 2012 were approximately 24.2% and 54.6% respectively. The increase of the Group's gearing ratio was mainly due to the Group's bank borrowing obtained for the acquisition of two new vessels during such period.

	As at Dec 31, 2012 ***US$'000*** **(Unaudited)**	As at Dec 31, 2011 *US$'000* (Restated)
Other payables and accruals	**1,775**	17,889
Borrowings – due within one year	**5,098**	996
Borrowings – due more than one year	**29,871**	–
Deferred taxation	**214**	1
Total liabilities	**36,958**	18,886
Total equity	**67,673**	78,035
Gearing ratio	**54.6%**	24.2%

Bank borrowings

	2012 ***US$'000***	2011 *US$'000*
Secured bank overdraft	**2,407**	996
Secured other loans	**32,562**	–
	34,969	996
Carrying amount repayable:		
Within one year	**5,098**	996
More than one year, but not exceeding two years	**2,691**	–
More than two years, but not exceeding five years	**8,073**	–
More than five years	**19,107**	–
	34,969	996

(III) Prospects

The dry bulk market remains weak and the BDI, which has a close correlation to freight rates, is low at the current 700 level. Low demand for commodities in the Greater China Region, and the over-supply of vessels has led to pressure on the freight rates in the dry bulk market. The Group remains cautious on the outlook for 2013.

Subsequent to the year ended of 2012, the Group acquired and took delivery of another second hand capesize vessel for a cash consideration of US$7.5 million. The updated tonnage of the Group's fleet is approximately 410,000 dwt. The Group also obtained a bank term loan for the aggregate principal amount of US$4 million for working capital purposes. 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 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.

(IV) Dividend

The Directors do not recommend the payment of any final dividend for the year ended 31 December 2012. (2011: nil)

(V) Supplementary Information

1. Contingent Liabilities

As at 31 December 2012, the Group has no material contingent liabilities (2011: nil).

2. Material Litigation and Arbitration

As at 31 December 2012, the Group was not involved in any 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 final results for the year ended 31 December 2012 has been reviewed by the Audit Committee.

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

The Company devotes the 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 HKSE (the "**Listing Rules**") for the year ended 31 December 2012, 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 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 means have been taken to ensure 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 transactions by the Directors. The Board confirms that, having made specific enquiries with all Directors, during the year ended 31 December 2012, 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 year ended 31 December 2012, 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 31 December 2012, there were 24 (2011: 22) 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 of eligible staff based on their performance and contributions to the Group.

8. Publication of Result Announcement and Annual report

The result announcement shall be published on the website of the HKSE (www.hkex.com.hk), SGX-ST (www.sgx.com) and the Company (www.couragemarine.com). The annual report for the year ended 31 December 2012 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, 28 February 2013

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 non-executive Directors are Mr. Sun Hsien-Long and Mr. Chang Shun-Chi, the independent non-executive Directors are Mr. Lui Chun Kin, Gary, Mr. Sin Boon Ann and Mr. Chu Wen Yuan.