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COURAGE MARINE GROUP LIMITED
勇利航業集團有限公司*

(Incorporated in Bermuda with limited liability)
(Hong Kong Stock Code: 1145)
(Singapore Stock Code: E91)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2014

The Board (the "Board") of directors (the "Directors") of Courage Marine Group Limited (the "Company") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively referred as to the "Group") for the six months ended 30 June 2014 as follows:

* *for identification purposes only*

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2014

	Notes	Six months ended 30 June 2014 (Unaudited) US$'000	30 June 2013 (Unaudited) US$'000
Revenue	5	**9,845**	10,256
Cost of sales		**(10,786)**	(10,018)
Gross (loss) profit		**(941)**	238
Other income		**189**	350
Other gains and losses	6	**1,427**	(62)
Administrative expenses		**(1,363)**	(1,517)
Other expenses	7	**(500)**	–
Finance costs		**(716)**	(625)
Loss before tax		**(1,904)**	(1,616)
Income tax credit	8	**21**	56
Loss for the period	9	**(1,883)**	(1,560)
Other comprehensive income:			
Item that will not be reclassified subsequently to profit or loss:			
Gain on revaluation of owner-occupied property		**151**	2
Deferred tax (charge) credit arising on revaluation of leasehold land and building		**(17)**	6
		134	8
Total comprehensive expense for the period attributable to owners of the Company		**(1,749)**	(1,552)
Loss per share (US cents)	11		
– basic		**(0.18)**	(0.15)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2014

	Notes	30 June 2014 (Unaudited) US$'000	31 December 2013 (Audited) US$'000
ASSETS			
Non-current assets			
Property, plant and equipment	12	**70,823**	70,120
Investment property	12	**929**	914
Interest in a joint venture		**5,330**	5,330
Long-term receivables and deposits	13	**5,141**	5,015
Deposit paid for acquisition of a vessel		**–**	860
Available-for-sale investment		**79**	79
Total non-current assets		**82,302**	82,318
Current assets			
Trade receivables	14	**351**	1,329
Other receivables and prepayments	13	**3,892**	3,775
Amount due from a joint venture		**412**	412
Held-for-trading investments		**428**	450
Pledged bank deposits		**4,344**	4,330
Cash and cash equivalents		**13,809**	13,152
Total current assets		**23,236**	23,448
Total assets		**105,538**	105,766

	Notes	**30 June 2014 (Unaudited)** ***US$'000***	31 December 2013 (Audited) *US$'000*
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Other payables and accruals		**1,515**	2,205
Borrowings	*15*	**4,042**	5,646
Total current liabilities		**5,557**	7,851
Capital and reserves			
Share capital	*16*	**19,059**	19,059
Share premium		**28,027**	28,027
Revaluation reserve		**1,207**	1,073
Other reserve		**1,531**	1,531
Retained profits		**15,812**	17,695
Total equity		**65,636**	67,385
Non-current liabilities			
Borrowings	*15*	**34,168**	30,340
Deferred tax liabilities		**177**	190
Total non-current liabilities		**34,345**	30,530
Total liabilities and equity		**105,538**	105,766
Net current assets		**17,679**	15,597
Total assets less current liabilities		**99,981**	97,915

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SIX MONTHS PERIOD ENDED 30 JUNE 2014

	Share capital *US$'000*	Share premium *US$'000*	Property revaluation reserve *US$'000*	Other reserve *US$'000*	Retained profits *US$'000*	Total *US$'000*
Balance at 1 January 2013 (Audited)	19,059	28,027	1,117	–	19,470	67,673
Loss for the period	–	–	–	–	(1,560)	(1,560)
Gain on revaluation of owner-occupied property	–	–	2	–	–	2
Deferred tax credit arising on revaluation of leasehold of leasehold land and building	–	–	6	–	–	6
Total comprehensive income (expense) for the period	–	–	8	–	(1,560)	(1,552)
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 30 June 2013 (Unaudited)	19,059	28,027	1,125	1,531	17,910	67,652
Balance at 1 January 2014 (Audited)	19,059	28,027	1,073	1,531	17,695	67,385
Loss for the period	–	–	–	–	(1,883)	(1,883)
Gain on revaluation of owner-occupied property	–	–	151	–	–	151
Deferred tax charge arising on revaluation of leasehold of leasehold land and building	–	–	(17)	–	–	(17)
Total comprehensive income (expense) for the period	–	–	134	–	(1,883)	(1,749)
Balance at 30 June 2014 (Unaudited)	19,059	28,027	1,207	1,531	15,812	65,636

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2014

	Six months ended	
	30 June	30 June
	2014	2013
	(Unaudited)	(Unaudited)
	US$'000	*US$'000*
Operating activities		
Loss before tax	**(1,904)**	(1,616)
Adjustments for:		
Dividends from held-for-trading investments	**(20)**	(20)
Depreciation of property, plant and equipment	**1,132**	814
Change in fair value of investment property	**(15)**	23
Change in fair value of held-for-trading investments	**22**	77
Change in fair value of structured deposit	**–**	(38)
Gain on disposal of property, plant and equipment	**(1,475)**	–
Discount effect on long-term loan receivable	**246**	–
Interest income	**(30)**	(50)
Finance costs	**716**	625
Impairment loss on deposits paid	**254**	–
Imputed interest income on long-term receivable	**(118)**	(112)
Operating cash flows before movements in working capital	**(1,192)**	(297)
Decrease in trade receivables	**978**	752
Increase in other receivables and prepayments	**(371)**	(1,255)
(Decrease) increase in other payables and accruals	**(690)**	913
Cash (used in) generated from operating activities	**(1,275)**	113
Interest expense paid	**(716)**	(625)
Interest income received	**30**	50
Income tax paid	**(9)**	–
Dividend received from held-for-trading investment	**20**	20
Net cash used in operating activities	**(1,950)**	(442)

	Six months ended 30 June 2014 (Unaudited) US$'000	30 June 2013 (Unaudited) US$'000
Investing activities		
Deposits for acquisition of property, plant and equipment and investment properties	**(254)**	(577)
Purchase of property, plant and equipment	**(7,742)**	(7,845)
Proceeds on disposal of property, plant and equipment	**8,393**	–
Placement of pledged bank deposits	**(14)**	(19)
Withdrawal of structured deposit	**–**	1,000
Net cash from (used in) investing activities	**383**	(7,441)
Financing activities		
Repayment of loans	**(5,319)**	(1,465)
New loans raised	**10,000**	4,000
(Decrease) increase in bank overdraft	**(2,457)**	36
Net cash from financing activities	**2,224**	2,571
Net increase (decrease) in cash and cash equivalents	**657**	(5,312)
Cash and cash equivalents at the beginning of the period	**13,152**	21,872
Cash and cash equivalents at the end of the period, represented by Bank balances and cash	**13,809**	16,560

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2014

1 GENERAL

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

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

There are no significant changes to the principal activities of the Company and the Group for the six months ended 30 June 2014.

2 PRINCIPAL ACCOUNTING POLICIES

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

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

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2014 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2013.

In the current interim period, the Group has applied, for the first time, the following new or revised International Financial Reporting Standards ("IFRSs") that are effective for the Group's accounting periods beginning on 1 January 2014:

Amendments to IFRS 10, IFRS 12 and IFRS 27	Investment Entities
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to IAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to IAS 39	Novation of Derivatives and Contribution of Hedge Accounting
IFRIC – Int 21	Levies

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

The Group has not early applied the new and revised IFRSs that have been issued but are not yet effective. The following amendments and interpretation have been issued after the date the consolidated financial statements for the year ended 31 December 2013 were authorised for issuance but are not yet effective:

Amendments to IFRS 11	Accounting for Acquisition of Interests in Joint Operations[1]
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
IFRS 15	Revenue from Contracts with Customers[2]

[1] Effective for annual periods beginning on or after 1 January 2016
[2] Effective for annual periods beginning on or after 1 January 2017

The Directors anticipate that the application of the above amendments and interpretation will have no material impact on the results and the financial position of the Group.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty are the same as those applied to the preparation of the Group's annual financial statements for the year ended 31 December 2013.

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

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

Vessel voyage charter

	Six months ended	
	30 June	30 June
	2014	2013
	(Unaudited)	(Unaudited)
	US$'000	*US$'000*
Dry bulk carriers		
– Capsize	**2,048**	4,215
– Supermax	**5,476**	5,996
– Panamax	**2,321**	–
	9,845	10,211

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

	Six months ended	
	30 June	30 June
	2014	2013
	(Unaudited)	(Unaudited)
	US$'000	*US$'000*
Marine transportation services income		
– Vessel voyage charter	**9,845**	10,211
Ship management income	**–**	45
	9,845	10,256

6 OTHER GAINS AND LOSSES

	Six months ended 30 June 2014 (Unaudited) *US$'000*	30 June 2013 (Unaudited) *US$'000*
Gain on disposal of property, plant and equipment	**1,475**	–
Change in fair value of structured deposit	**–**	38
Change in fair value of held-for-trading investments	**(22)**	(77)
Change in fair value of investment property	**15**	(23)
Net foreign exchange loss	**(41)**	–
	1,427	(62)

7 OTHER EXPENSES

	Six months ended 30 June 2014 (Unaudited) *US$'000*	30 June 2013 (Unaudited) *US$'000*
Impairment loss on deposits paid	**(254)**	–
Discount effect on long-term loan advanced to Santarli Corp *(Note 13(i))*	**(246)**	–
	(500)	–

8 INCOME TAX CREDIT

	Six months ended 30 June 2014 (Unaudited) *US$'000*	30 June 2013 (Unaudited) *US$'000*
Current tax:		
Republic of China income tax	**9**	–
Deferred tax:		
Current year	**(30)**	(56)
	(21)	(56)

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

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

9 LOSS FOR THE PERIOD

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

	Six months ended	
	30 June	30 June
	2014	2013
	(Unaudited)	(Unaudited)
	US$'000	*US$'000*
Interest income	**(30)**	(50)
Imputed interest income on long-term receivable	**(118)**	(112)
Directors' remuneration (including Directors' fee)	**81**	60
Employee benefits expense (including Directors' remuneration):		
– Salaries and other benefits	**549**	505
– Contributions to retirement benefits scheme	**16**	18
Total employee benefits expenses	**565**	523
Marine crew expenses	**1,470**	1,209
Depreciation of property, plant and equipment	**1,132**	814

10 DIVIDEND

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

11 LOSS PER SHARE

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

	Six months ended	
	30 June	30 June
	2014	2013
	(Unaudited)	(Unaudited)
	US$'000	*US$'000*
Loss for the period attributable to owners of the Company for the purpose of basic loss per share	**(1,883)**	(1,560)

	Six months ended	
	30 June	30 June
	2014	2013
	(Unaudited)	(Unaudited)
	'000	*'000*
Number of ordinary shares in issue during the period, 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 periods as there were no potential ordinary shares outstanding during both periods and at the end of each reporting period.

12 MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY

During the current interim period, the Group paid US$7,742,000 (six months ended 30 June 2013: US$7,845,000) for the acquisition of vessels, furniture, fixtures and equipment.

No impairment loss is recognised during the six months ended 30 June 2014 because the recoverable amount of the vessels, which were determined on the basis of their fair value less cost to sell, were higher than their carrying amount at the end of the reporting period.

The Group's leasehold land and building classified as property, plant and equipment was revalued by RHL Appraisal Limited ("RHL"), who has appropriate qualifications and recent experience in the valuation of similar properties in the relevant location. The valuation report on these properties is signed by a director of RHL who is a member of The Hong Kong Institute of Surveyors, and was arrived at by adopting the direct comparison approach making reference to the recent transactions of similar properties in similar location and condition under the prevailing market conditions as at the end of the current interim period. The resulting revaluation gain of US$151,000 (six months ended 30 June 2013: US$2,000) has been recognised in the property revaluation reserve during the six months ended 30 June 2014.

The fair value of the Group's investment property as at 30 June 2014 was determined by RHL. The resulting increase in fair value of investment property of US$15,000 (six months ended 30 June 2013: decrease in fair value of US$23,000) has been recognised in other gains and losses in profit or loss for the six months ended 30 June 2014.

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

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

	30 June 2014 (Unaudited) ***US$'000***	31 December 2013 (Audited) *US$'000*
Interest-free loan to Santarli Corp and deposit for acquisition of investment *(note i)*	**3,930**	4,058
Deposits for acquisition of property, plant and equipment and investment properties	**1,211**	957
Other receivables	**146**	141
Prepayments	**1,777**	1,411
Deposits *(note ii)*	**1,969**	2,223
	9,033	8,790
Less: Non-current portion	**(5,141)**	(5,015)
Amounts due within one year shown under current assets	**3,892**	3,755

(i) On 14 September 2012, Courage Marine Overseas Ltd., ("CM Overseas"), a wholly-owned subsidiary of the Company, entered into a conditional sale and purchase agreement with Santarli Corp, an independent third party, to purchase from Santarli Corp 100,000 shares in Santarli Realty Pte Ltd., (which constitutes 10% of the issued share capital of Santarli Realty Pte Ltd.) at a cash consideration of S$100,000 and shareholder's loans of not exceeding the principal amount of S$5,400,000 (collectively referred to as the "Consideration"). Santarli Realty Pte Ltd. is a subsidiary of Santarli Corp and is engaged in property development business in Singapore. On 30 June 2014, CM Overseas has advanced an interest-free loan amounting to S$5,500,000 (equivalent to US$4,373,000) (31 December 2013: S$5,500,000 (equivalent to US$4,373,000)) to Santarli Corp and this interest-free loan will be used to offset the Consideration. On 14 September 2012, Santarli Holdings Pte Ltd., the holding company of Santarli Corp has executed a guarantee in favour of CM Overseas of all the liabilities due by Santarli Corp to CM Overseas.

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

The interest free loan to Santarli Corp is expected by the Group to be repaid over 1 year from the end of the reporting period, the balance is classified as non-current receivable and is carried at an effective interest rate of 5.73% per annum. Imputed interest income on the long-term receivable of US$118,000 is recognised in profit or loss for the period ended 30 June 2014.

(ii) Deposits included US$1,932,000 (31 December 2013: US$2,186,000) paid to a third party for the purchase of coal.

14 TRADE RECEIVABLES

The credit period granted by the Group to certain customers of voyage charter is within 2 weeks (31 December 2013: 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:

	30 June 2014 (Unaudited) ***US$'000***	31 December 2013 (Audited) *US$'000*
0 – 30 days	**351**	1,329

15 BORROWINGS

During the current interim period, the Group obtained new loans amounting to US$10,000,000 and repaid loans and bank overdrafts of US$5,319,000 and US$2,457,000 respectively. The bank loans carry interest at London Interbank Offered Bank plus certain basis points and are repayable over a period ranging from 7-10 years.

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

(i) Corporate guarantee from the Company on the outstanding loan balance;

(ii) First preferred mortgage over the vessels held by Zorina Navigation Corp., Heroic Marine Corp., Courage Marine Co. Ltd. and Sea Pioneer Marine Corp., named "ZORINA", "HEROIC", "COURAGE" and "CAPE PIONEER", respectively; and

(iii) Assignment of insurance proceeds in respect of ZORINA, HEROIC, COURAGE and CAPE PIONEER.

The proceeds arising from the loans were used to finance the acquisition of vessels included in property, plant and equipment while bank overdrafts were for daily operating use.

16 SHARE CAPITAL

	Number of ordinary shares of US$0.018 each	*US$'000*
Authorised:		
At 1 January 2013, 31 December 2013 and 30 June 2014	10,000,000,000	180,000
Issued and fully paid:		
At 1 January 2013, 31 December 2013 and 30 June 2014	1,058,829,308	19,059

Fully paid ordinary shares, which have a par value of US$0.018 each, carry one vote per share and carry a right to dividends as and when declared by the Company.

17 PLEDGE OF ASSETS

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

	30 June 2014 (Unaudited) ***US$'000***	31 December 2013 (Audited) *US$'000*
Property, plant and equipment	**70,324**	61,997
Investment property	**929**	914
Pledged bank deposits	**4,344**	4,330
	75,597	67,241

18 RELATED PARTY TRANSACTIONS

a) Trading transactions

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

	Six months ended	
Nature of transaction	**30 June 2014 (Unaudited)** ***US$'000***	30 June 2013 (Unaudited) *US$'000*
Rental expense paid *(i)*	**14**	14
Commission on disposal of vessel paid *(ii)*	**44**	–

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

At the end of the reporting period, the Group had commitments of US$41,408 (31 December 2013: US$55,211) for future minimum lease payments under non-cancellable operating leases which fall due within two years (31 December 2013: two years).

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

b) Remuneration of key management personnel

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

c) Guarantees

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

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

19 CAPITAL COMMITMENTS

	30 June 2014 (Unaudited) *US$'000*	31 December 2013 (Audited) *US$'000*
Capital expenditure in respect of contracted commitments		
for acquisition of a vessel	**–**	7,740
for acquisition of investment properties	**877**	1,015
for acquisition of property, plant and equipment	**910**	1,054

20 CONTINGENT LIABILITIES

As at 30 June 2014, the Group has contingent liabilities in respect of joint and several back-to-back guarantee with other shareholders of Santarli Realty Pte Ltd. in proportion to their respective equity holdings in favour of bank covering the loan granted to Santarli Realty Pte Ltd..

The Group's portion of this guarantee was S$12,250,000 (equivalent to US$9,628,000) (31 December 2013: S$12,250,000 (equivalent to US$9,678,000)).

MANAGEMENT DISCUSSION AND ANALYSIS

(I) Business Review

Revenue

The Group turnover decreased by 4% from approximately US$10.3 million in the six months ended 30 June 2013 to approximately US$9.8 million in the six months ended 30 June 2014. The dry bulk market remains under intense pressure and the Baltic Dry Index (the "BDI") remains below 1,000 level.

Profitability

The Group's cost of sales increased by 8% from approximately US$10 million in 1H13 to approximately US$10.8 million in 1H14. It was mainly due to higher crew fees and depreciation expenses arising from the operation of more vessels. The Group recorded a gross loss of US$0.9 million in 1H14 compared to a gross profit of US$0.2 million in 1H13.

Other income

Other income consists of interest income from banks and certificate of deposit, sundry income, and other one-off income. The Group recorded other income of US$0.2 million in 1H14, a decrease of 46% compared to 1H13. This was largely due to an one-off insurance claim received in 1H13.

Other gains and losses

Other gains and losses consist of changes in fair value of investment property, changes in fair value of held-for-trading investments, gains and losses on the disposal of fixed assets and exchange gains and losses. The Group recorded other gain of approximately US$1.4 million in 1H14 due to the disposal gain of MV Cape Warrior.

Administrative expenses

Administrative expenses decreased by 10% from approximately US$1.5 million in 1H13 to approximately US$1.4 million in 1H14 as the Group had less legal and professional expenses during the period.

Other expenses

The Group recorded other expenses of approximately US$0.5 million in 1H14 as there was an impairment loss on deposits paid and discount effect on the long-term loan advanced. The Group did not record such expense in 1H13.

Finance costs

The Group recorded finance costs of approximately US$0.7 million in 1H14 compared to US$0.6 million in 1H13 mainly due to the addition of bank borrowings.

Income tax expenses

The Group's subsidiaries recorded an income tax credit of US$21,000 during 1H14 compared to approximately US$56,000 in 1H13. It was mainly due to the over provision of the deferred tax liability in the previous year.

Net loss

Overall, the Group recorded a higher net loss of approximately US$1.7 million in 1H14 compared to US$1.6 million in 1H13 due to higher cost of sales and impairment loss due to the deposit paid and discount effect of long-term loan advanced.

Other comprehensive income

The Group recorded a gain on revaluation of owner-occupied property for approximately US$151,000 in 1H14 compared to a gain of US$2,000 in 1H13.

The Group recorded a deferred tax charge on revaluation of leasehold land and building for approximately US$17,000 in 1H14 compared to a deferred tax credit of approximately US$6,000 in 1H13.

(II) Financial Review

Gearing ratios

The Group's gearing ratios (being calculated as the Group's total liabilities divided by the Group's total equity) for the first half of 2014 and 2013 were approximately 60.8% and 57.0% respectively. The increase of the Group's gearing ratio was mainly due to the Group's new bank borrowing for the amount of US$10 million obtained for working capital purposes during such period.

	As at June 30, 2014 *US$'000* **(Unaudited)**	As at Dec 31, 2013 *US$'000* (Audited)
Other payables and accruals	**1,515**	2,205
Borrowings – due within one year	**4,042**	5,646
Borrowings – due after one year	**34,168**	30,340
Deferred tax liabilities	**177**	190
Total liabilities	**39,902**	38,381
Total equity	**65,636**	67,385
Gearing ratio	**60.8%**	57.0%

Bank borrowings

	June 30, 2014 *US$'000*	Dec 31, 2013 *US$'000*
Secured bank overdraft	**18**	2,475
Secured other loans	**38,192**	33,511
	38,210	35,986
Carrying amount repayable:		
Within one year	**4,042**	5,646
More than one year, but not exceeding two years	**4,024**	3,171
More than two years, but not exceeding five years	**12,072**	10,752
More than five years	**18,072**	16,417
	38,210	35,986

(III) Prospects

The dry bulk market remains weak and the BDI, which has a close correlation to freight rates, was below the 1,000 level for most of the time during 2Q14. Low demand of commodities in the Greater China Region, and over-supply of vessels led to more pressure on the freight rates of the dry bulk market. The Group remains cautious on the outlook for 2014 and the first half of 2015.

During 1H14, the Group disposed a Capesize vessel and recorded a gain on disposal of approximately US$1.4 million subject to the audit of FY2014. The updated tonnage of the Group's fleet is approximately 335,000 dwt. With the current fleet, the Group is well placed to operate at higher efficiency in the event the dry bulk market recovers fully.

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.

(IV) Supplementary Information

1. Contingent Liabilities

As at 30 June 2014, the Group has contingent liabilities in respect of joint and several back-to-back guarantee with other shareholders of Santarli Realty Pte Ltd. in proportion to their respective equity holdings in favour of bank covering the loan granted to Santarli Realty Pte Ltd..

The Group's portion of this guarantee was S$12,250,000 (equivalent to US$9,628,000) (31 December 2013: S$12,250,000 (equivalent to US$9,678,000)).

2. Material Litigation and Arbitration

As at 30 June 2014, the Group was not involved in any material litigation or arbitration.

3. Audit Committee

The audit committee of the Company (the "Audit Committee") has reviewed the accounting principles and standards adopted by the Group, discussed and reviewed the internal control and reporting matters. The interim results for the six months ended 30 June 2014 have been reviewed by the Audit Committee.

4. *Compliance with the Code on Corporate Governance Practices and the Listing Rules*

The Company devotes to best practice on corporate governance, and has complied with the code provisions of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules and the Listing Rules for the six months ended 30 June 2014, except for the following deviation:

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

Under Rules 3.10(1) and 3.10A of the Listing Rules, every board of directors of a listed issuer must include at least three independent non-executive directors which must at least represent one-third of the board. Following the resignations of Mr. Lui Chun Kin Gary ("Mr. Lui") and Mr. Sin Boon Ann ("Mr. Sin") on 25 February 2014, the number of independent non-executive Directors fell below the minimum number and proportion required under Rules 3.10(1) and 3.10A of the Listing Rules.

Under Rule 3.10(2) of the Listing Rules, at least one of the independent non-executive directors of a listed issuer must have appropriate professional qualifications or accounting or related financial management expertise. Following the resignations of Mr. Lui and Mr. Sin, Mr. Chu Wen Yuan ("Mr. Chu") was the only independent non-executive Director and he does not have professional qualifications or accounting or financial management expertise or experience within the definition under Rule 3.10(2) of the Listing Rules.

Under Rule 3.21 of the Listing Rules, the audit committee established by a listed issuer must comprise a minimum of three members. Following the resignations of Mr. Sin and Mr. Lui, Mr. Chu was the only member of the Audit Committee, hence the number of members of the Audit Committee fell below the minimum number required under Rule 3.21 of the Listing Rules.

Under Rule 3.25 of the Listing Rules, a remuneration committee of an issuer must comprise a majority of independent non-executive directors. Following the resignations of Mr. Sin and Mr. Lui, the remuneration committee of the Company (the "Remuneration Committee") comprised Mr. Chu and Mr. Hsu Chih-Chien ("Mr. Hsu") who are independent non-executive Director and non-executive Director respectively, hence the Remuneration Committee did not comprise a majority of independent non-executive Directors required under Rule 3.25 of the Listing Rules.

Under the code provision A.5.1 of the Code, a nomination committee of an issuer should comprise a majority of independent non-executive Directors. Following the resignations of Mr. Sin and Mr. Lui, the nomination committee of the Company (the "Nomination Committee") comprised Mr. Chu and Mr. Hsu who are independent non-executive Director and non-executive Director respectively, hence the Nomination Committee did not comprise a majority of independent non-executive Directors required under the code provision A.5.1 of the Code.

The Company appointed Mr. Ngiam Zee Moey ("Mr. Ngiam") and Mr. Foo Meng Kee ("Mr. Foo"), both as independent non-executive Directors to fill in the vacancies on 29 April 2014. Mr. Ngiam was concurrently appointed as the chairman of the Audit Committee, a member of the Remuneration Committee and a member of Nomination Committee. He has the professional qualifications of accounting or related financial management expertise required under Rule 3.10(2) of the Listing Rules. Following the appointment of Mr. Ngiam and Mr. Foo, the Company has complied with Rules 3.10(1), 3.10A, 3.10(2), 3.21, 3.25 of the Listing Rules and code provision A.5.1 of the Code.

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

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuer (the "Model Code") as set out in Appendix 10 of Listing Rules and its amendments from time to time as its own code of conduct regarding securities transaction by the Directors. The Board confirms that, having made specific enquiries with all Directors, during the six months ended 30 June 2014, all Directors have complied with the required standards of the Model Code.

6. Purchase, Sales or Redemption of the Company's Listed Securities

For the six months ended 30 June 2014, neither the Company nor its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company.

7. Employees and Remuneration Policy

As at 30 June 2014, there were 23 (2013: 24) employees in the Group. Staff remuneration packages are determined in consideration of market conditions and the performance of the individuals concerned, and are subject to review from time to time. The Group also provides other staff benefits including medical and life insurance, and grants discretionary incentive bonuses to eligible staff based on their performance and contributions to the Group.

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

This interim result announcement shall be published on the website of the HKEX (www.hkex.com.hk), SGX-ST (www.sgx.com) and the Company (www.couragemarine.com). The interim report for the six months ended 30 June 2014 of the Company containing all information required by the Listing Rules will be despatched to the 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, 12 August 2014

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