



CEFC INTERNATIONAL LIMITED
(Incorporated in Bermuda)
(Company Registration No. 35733)
(the “Company”)

UNAUDITED FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012

**PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3),
HALF-YEAR AND FULL YEAR ANNOUNCEMENTS**

1a An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

<u>The Group</u>	Three months ended 30 Sept 2012 US\$'000	Three months ended 30 Sept 2011 US\$'000	Increase (Decrease) %	Nine months ended 30 Sept 2012 US\$'000	Nine months ended 30 Sept 2011 US\$'000	Increase (Decrease) %
Revenue	9,749	1	1266333%	9,749	2	446528%
Cost of goods sold	(9,614)	(0)	7493275%	(9,614)	(0)	2495746%
Gross profit	135	1	20944%	135	2	7410%
Other operating income	1	12,533	-100%	1	12,540	-100%
Administrative expenses	(343)	(213)	61%	(770)	(544)	41%
Other Expense	(40)	-	NM	(42)	(13,213)	-100%
Finance Cost	-	-	0%	(1)	138	-101%
Loss before taxation	(247)	12,321	-102%	(677)	(1,077)	-37%
Loss for the year	(247)	12,321	-102%	(677)	(1,077)	-37%
Total comprehensive loss	(247)	12,321	-102%	(677)	(1,077)	-37%

NM: Not
meaningful

The Group's loss before taxation is arrived at after (charging) / crediting:

	Three Months Ended 30th Sep 2012 US\$'000	Three Months Ended 30th Sep 2011 US\$'000	Nine Months Ended 30th Sep 2012 US\$'000	Nine Months Ended 30th Sep 2011 US\$'000
Revenue				
Operating Income	9,749	-	9,749	-
Change in derivative financial instruments fair value	-	12,533	-	12,533
Administrative Expenses				
Depreciation of Property Plant and Equipment	(21)	-	(32)	-
Director's Remuneration and Director's Fee	(36)	(113)	(103)	(359)
Legal and Professional Fees	(49)	-	(156)	(35)
Registration Fees	(14)	-	(33)	-
Staff Salary and Staff Rrelated Expenses	(68)	-	(187)	-
Travelling and Meeting Related Expenses	(49)	(1)	(95)	(1)
Other Expenses				
Fair Value of Deravative Financial Instruments	-	-	-	(12,635)
Impairment On Intangible Assets	-	-	-	(64)
Exchange Gain /(Loss)	(40)	-	(42)	(513)

1b(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	<u>The Group</u>		<u>The Company</u>	
	30 Sep	31 Dec	30 Sep	31 Dec
	2012	2011	2012	2011
	US\$'000	US\$'000	US\$'000	US\$'000
<u>ASSETS</u>				
Current assets:				
Cash and cash equivalents	2,395	17	477	15
Trade Receivables	9,749	-	-	-
Deposit and Prepayment	255	-	34	-
Advance to Subsidiaries	-	-	1,358	-
Total current assets	12,399	17	1,869	15
Non-current assets:				
Plant and equipment	272	1	11	-
Investment in subsidiary	-	-	160	-
Total non-current assets	272	1	171	-
Total assets	12,671	18	2,040	15
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>				
Current liabilities:				
Other payables	215	200	187	178
Advance from holding company	13,353	38	2,538	38
Total current liabilities	13,568	238	2,725	216
Total liabilities	13,568	238	2,725	216
Capital and reserves:				
Share capital	454	454	454	454
Share premium	18,116	18,116	18,116	18,116
Foreign currency translation reserve	-	43	-	49
Accumulated losses	(19,467)	(18,833)	(19,255)	(18,820)
Total equity	(897)	(220)	(685)	(201)
Total liabilities and equity	12,671	18	2,040	15

1b(ii) Aggregate amount of the Group's borrowings and debt securities

	<u>Unsecured</u> 30 September 2012	31 December 2011	<u>Secured</u> 30 September 2012	31 December 2011
	US\$'000	US\$'000	US\$'000	US\$'000
Amount payable in one year or less or on demand	13,353	38	-	-

The Company's Controlling Shareholder, Singapore Petrochemical & Energy Development Pte. Ltd. (formerly known as Singapore Petrol Development Co Pte Ltd), has provided advances to the Group of an aggregate amount of approximately US\$ 13.353 million as at the period ended 30 September 2012 as continuing financial support to enable the Group to commence its the new petrochemical trading businesses and to meet its liabilities as and when they fall due.

Details of any collateral

NIL.

Contingent liabilities

As at 30 September 2012, the Group has no contingent liabilities.

1(c) A cash flow statement (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	Three months ended 30 September 2012 US \$'000	Three months ended 30 September 2011 US \$'000	Nine months ended 30 September 2012 US \$'000	Nine months ended 30 September 2011 US \$'000
OPERATING ACTIVITIES				
Profit/(Loss) before taxation	(247)	12,321	(677)	(1,077)
Adjustments for:				
Depreciation and amortisation	21	-	32	-
Impairment loss on intangible asset	-	-	-	64
Change in derivative financial instruments fair value	-	(12,533)	-	93
Finance cost	-	-	-	(138)
Exchange Difference	32	64	33	544
Operating cash flows before movements in working capital	(194)	(148)	(612)	(514)
Trade Receivables	(9,749)	(1)	(9,749)	-
Other receivables, deposits and prepayments	(75)	(111)	(255)	-
Other payables and accrued charges	30	-	15	35
NET CASH GENERATED (USED IN) OPERATING ACTIVITIES	(9,988)	(260)	(10,601)	(479)
INVESTING ACTIVITIES				
Purchase of Fixed asset	(15)	-	(303)	-
NET CASH (USED IN) INVESTING ACTIVITIES	(15)	-	(303)	-
FINANCING ACTIVITIES				
Advance from Director	-	327	-	-
Advance from FRN Holders	-	-	-	572
Advances from holding company	9,701	-	13,282	-
NET CASH GENERATED FROM FINANCING ACTIVITIES	9,701	327	13,282	572
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(302)	67	2,378	93
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	2,697	27	17	3
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	-	3	-	1
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	2,395	97	2,395	97

1d(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.

<u>Group</u>	Share capital	Share premium	Foreign Currency Translation Reserves	Accumulated losses	Total
	US\$'000	US\$'000		US\$'000	US\$'000
	At 1 Jan 2012	454	18,116	-	(18,790)
Total comprehensive loss for the period	-	-	-	(677)	(677)
At 30 Sep 2012	454	18,116	-	(19,467)	(897)
At 1 January 2011	15,737	13,143	-	(46,569)	(17,689)
Capital Reorganisation	(15,673.86)	(13,143)	-	28,750	(67)
Debt Conversion	283	12,696	-	-	12,979
Total comprehensive loss for the period	-	-	-	(1,077)	(1,077)
Exercise share option	108	5,420	-	-	5,528
Translation reserve for the period	-	-	65	-	65
At 30 Sep 2011	454	18,116	65	(18,896)	(261)

<u>Company</u>	Share capital	Share premium	Foreign Currency Translation Reserves	Accumulated losses	Total
	US\$'000	US\$'000		US\$'000	US\$'000
	At 1 Jan 2012	454	18,116	-	(18,770)
Total comprehensive loss for the period	-	-	-	(485)	(485)
At 30 Sep 2012	454	18,116	-	(19,255)	(685)
At 1 January 2011	15,737	13,143	-	(50,087)	(21,207)
Capital Reorganisation	(15,674)	(13,143)	-	28,750	(67)
Debt Conversion	283	12,696	-	-	12,979
Total comprehensive loss for the period	-	-	-	(920)	(920)
Exercise share option	108	5,420	-	-	5,528
Translation reserve for the period	-	-	65	-	65
At 30 Sep 2011	454	18,116	65	(22,257)	(3,622)

- 1d(ii) Details of any changes in the Company's share capital arising from right 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 were no changes in the Company's share capital during the current financial period reported on.

- 1d(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.**

The total number of issued shares was 3,527,654,875 shares as at 30 September 2012 and as at 31 December 2011. The Company did not have any treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

- 1d(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.**

At the end of the current financial period, there were no sales, transfer, disposal, cancellation and/or use of treasury shares.

- 2. Whether the figures has been audited or reviewed and in accordance with which auditing standard or practice.**

These figures have neither been reviewed nor audited by the Company's auditors.

- 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 accounting policies and method of computation applied by the Group are consistent with those used in its most recent audited financial statements as well as all the applicable new/revised International Financial Reporting Standards (IFRS) and IFRS interpretations which became effective for the financial years beginning on or after 1 January 2012, with exceptions to item No 5 below.

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.

The adoption of the new/revised IFRS and IFRS interpretations did not result in any substantial changes to the Group's accounting policies or any material impact on the Group's results except as disclosed below:

Prior to 1 July 2012, management had considered the Hong Kong dollars (HK\$) as the currency of the primary economic environment in which the entity operates. On 1 July 2012, the management has reassessed and decided in accordance with IAS 21 ("The Effect of Changes in Foreign Exchange Rates") to change the functional currency of the Company from HK\$ to United States dollars ("USD") as this is the currency of the primary economic environment in which the entity operates. Following the change in functional currency, the Group has elected to change its presentation currency to USD. The Company applied the translation procedures applicable to the new functional currency prospectively from 1 July 2012, the date of change.

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:

	Group			
	Three Months Ended		Nine Months Ended	
	30 September 2012	30 September 2011	30 September 2012	30 September 2011
Net Loss attributable to shareholders	(247,350)	12,321,162	(677,355)	(1,077,762)
	USD cents	USD cents	USD cents	USD cents
Earnings per ordinary share				
(a) Based on the weighted average number of ordinary shares in issue; and	(0.00007)	0.00391	(0.00019)	(0.00034)
(b) Weighted average number of ordinary shares in issue	3,527,654,875	3,154,421,179	3,527,654,875	3,154,421,179
(c) On a fully diluted basis	(0.00007)	0.0045	(0.00019)	(0.00039)
(d) Weighted average number of ordinary shares in issue	3,527,654,875	2,696,632,407	3,527,654,875	2,696,632,407

7. **Net assets 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.**

	<u>The Group</u>		<u>The Company</u>	
	30 September 2012	31 Dec 2011	30 September 2012	31 Dec 2011
	US\$ cents	US\$ cents	US\$ cents	US\$ cents
Net asset value per ordinary share	(0.00025)	(0.00007)	(0.00019)	(0.00006)

The calculation of net asset value per ordinary share is based on the Group's net assets as at 30 September 2012 of approximately US\$(897,027) (31 December 2011: US\$(219,860)) and the Company's net asset value as at 30 September 2012 of approximately US\$(685,199) (31 December 2011: US\$(200,309) and share capital of 3,527,654,875 shares (31 December 2011: share capital of 3,527,654,875 shares).

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.**

Review of the Group's performance for the financial period ended 30 September 2012 ("3QFY2012") as compared to the financial period ended 30 September 2011

Revenue

As per the Company's 2Q2012 announcement which was released on 6 August 2012, the Group has focused its strategy on its new businesses on trading in petroleum and petrochemical products which the shareholders of the Company had approved at the Special General Meeting held on 31 May 2012.

For the 3Q2012 period under review, the Group has begun its new trading businesses in petrochemical products and invoiced the customers in USD. Quarter on Quarter ("QoQ") and Year on Year ("YoY") performance comparatives are not meaningful due to the differences in businesses and industries.

In line with the management's objective to generate new revenue streams to improve the financial position of the Company, the management is continuing to assess the sustainability and viability of its existing beauty products.

Gross Margin

Gross profit margin was 1.38% or US\$135,000 for 3QFY2012 and it was largely contributed by the Group's new petrochemical trading businesses. YoY comparative is not meaningful due to the distinctively different industries and business segments.

Other Operating Income

Other income derived in 3Q2011 was due to changes in fair value of derivatives and reduction of share options as announced on 14 November 2011.

Administrative expenses

Administrative expenses in 3Q2012 were mainly due to legal and professional fees, staff related expenses and meeting related expenses. A comparison with prior year's figures recorded an increase of 61% which was mainly due to the increase in office rental and staff related expenses. The Group started to pay the office lease bill for office space within the prime Central Business District area. In view of possible increase in operations, a recruitment of professional staffs was initiated and such recruitment and staff related cost drove the increase over the prior quarter.

Taxation

No taxation was provided for 3QFY2012 as well as for the nine months ended 30 September 2012.

Net Loss

There was a net loss of US\$0.677 million for the nine months ended 30 September 2012. This represents a loss reduction of 37% as compared to a loss of US\$1.077 million for the same period ended 30 September 2011. Due to new business injected of the petrochemical trading businesses in the third quarter, positive margin was offset by on-going staff related expenses and other administration expenses incurred.

Review of the Group's Cash Flow for Q3FY2012 as compared to Q3FY2011

The Group used a net cash of US\$9.988 million in 3Q2012 for operating activities as compared to US\$0.260 million in 3Q2011. This was mainly due to the credit term that was granted to a customer in order to kick start the new petrochemical trading businesses during the period under review.

Net cash from investing activities amounting to US\$0.015 million in 3Q2012 was largely due to purchase of information technology equipment of the Group. No such investments were made in 3Q2011.

The Group generated a net cash of US\$9.701 million in 3Q2012 from financing activities, mainly due to the loans from the Group's Controlling Shareholder, Singapore Petrochemical & Energy Development Pte. Ltd. (formerly known as Singapore Petrol Development Co Pte Ltd). The loans were intended to be used as working capital to run the new petrochemical trading businesses and for the purposes of settling the Group's liabilities as and when they fall due.

As a result of the above, the Group ended in Q32012 with a net decrease in cash and cash equivalent of US\$0.302 million and after accounting for the opening cash and cash equivalents of US\$2.697 million, the Group had an ending cash balance of US\$2.395 million as at 30 September 2012.

Review of the Group's Financial Position as at 30 September 2012 and 31 December 2011

Plant and equipment has increased by US\$0.27 million over the comparative period. This increase was largely due to the purchases of motor vehicle, office equipment, accounting software and computer and peripherals.

The increase in trade receivables of US\$9.749 million was largely due to the 15 days of credit granted to the Group's customer and full funds have been collected from the customer within the credit term.

Advances from holding company increased by US\$13.353 million as at 30 September 2012 reflecting the continuing financial support from the Company's Controlling Shareholder, Singapore Petrochemical & Energy Development Pte. Ltd (formerly known as Singapore Petrol Development Co Pte Ltd.).

The Group's financial position was strengthened in 3Q2012 due to further working capital injections from the Group's controlling shareholder. In conjunction with the start of the new petrochemical trading businesses, the Group continues to explore further business opportunities in Asia. The Group has added and developed its human capital talents to better cope with the challenges faced in the industry. Barring any unforeseen circumstances and given the unpredictable macroeconomic climate, the Group remains cautiously positive about the performance of the Group in FY2012.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

No forecast or prospect statement has been previously disclosed to shareholders.

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 Group remains cautiously optimistic with the injection of new business amid the current economic uncertainty and volatile global market conditions. Sales targets and plans are based primarily on demands of the petrochemical industry in the market of China and other Asia areas, The Group believes that we are well position to benefit from the growing opportunities made available through business contacts that we have established in the past quarters.

11. Dividend

(a) Current Financial Period Reported On

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared or recommended, a statement to that effect.

No dividend has been declared or recommended for the period ended 30 September 2012.

13. If the Group has obtained a general mandate from the Shareholder for IPTs, the aggregate value of such transactions as required under Rule 902 (1)(a) (ii). If no IPT mandate has been obtained, please make a statement to that effect

There are no interested person transactions conducted during the period ended 30 September 2012 except for the interest-free advances made by Singapore Petrochemical & Energy Development Pte. Ltd to the Group.

The Company does not have a general mandate from shareholders for the interested person transactions.

14. Update on Internal Control

The in-house internal auditor has assisted management to enhance the internal control policy and procedures, in particular the processes of trading operations and interested person transactions. The enhanced policy and procedures have been approved and implemented by the Board on 1 November 2012.

The internal auditor will continue to assist the management to enhance and check for compliance to the established policy and procedure going forward.

BY ORDER OF THE BOARD

Ye Jianming
Executive Chairman
Date: 1 November 2012

CONFIRMATION BY THE BOARD

We, Ye Jian Ming and Chen Rong Liang, two directors of CEFC International 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 results for the financial period ended 30 September 2012 to be false or misleading, in any material aspect.

On behalf of the board of directors

Ye Jiang Ming
Executive Chairman

Chen Rong Liang
Executive Director

Date: 1 November 2012