



**UNAUDITED FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2014**

**PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2, Q3 & Q4), 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>Group</u>	<b>Three Months ended 30 June 2014 US\$'000</b>	<b>Three Months ended 30 June 2013 US\$'000</b>	<b>Increase /(Decrease)  %</b>	<b>Six Months ended 30 June 2014 US\$'000</b>	<b>Six Months ended 30 June 2013 US\$'000</b>	<b>Increase /(Decrease)  %</b>
Revenue	48,207	468,702	(90%)	198,348	536,287	(63%)
Cost of Sales	(47,703)	(467,316)	(90%)	(197,053)	(534,724)	(63%)
<b>Gross Profit</b>	504	1,386	(64%)	1,295	1,563	(17%)
Other Operating Income	10	69	(86%)	5	111	(95%)
Administrative Expenses	(924)	(600)	54%	(1,604)	(1,154)	39%
Other Operating Expenses	-	-	N.M	(6)	-	N.M
Finance Expenses	(6)	(241)	(98%)	(99)	(265)	(63%)
<b>(Loss) / Profit Before Income Tax</b>	(416)	614	(168%)	(409)	255	(260%)
Income Tax Expense	-	(86)	N.M	-	(91)	N.M
<b>(Loss) / Profit for the Period</b>	(416)	528	(179%)	(409)	164	(349%)
<b>Total Comprehensive (Loss) /Income for the Period</b>	(416)	528	(179%)	(409)	164	(349%)

N.M : Not Meaningful

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

<b>Group</b>	<b>Three Months ended 30 June 2014 US\$'000</b>	<b>Three Months ended 30 June 2013 US\$'000</b>	<b>Increase /(Decrease) %</b>	<b>Six Months ended 30 June 2014 US\$'000</b>	<b>Six Months ended 30 June 2013 US\$'000</b>	<b>Increase /(Decrease) %</b>
<b>Other Income</b>						
Disposal of Subsidiaries	-	(2)	N.M	-	(2)	N.M
Government Credit	-	-	N.M	(3)	(13)	-77%
Interest Income	(1)	(1)	N.M	(2)	(2)	N.M
<b>Other Operating (Income) / Expenses</b>						
Foreign Currency Exchange(Gain)/Loss	(9)	(66)	(86%)	6	(94)	(106%)
Finance Expenses	6	241	(98%)	99	265	(63%)
<b>Administrative Expenses</b>						
Depreciation and Amortisation	21	20	5%	41	39	5%
Directors' Remuneration	66	43	53%	131	82	60%
Directors' Fees	65	54	20%	118	108	9%
Professional and Listing Fees	176	50	252%	204	73	179%
Staff Salary and Staff Related Expenses	344	209	65%	645	394	64%

**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**

	<b>Group</b>		<b>Company</b>	
	<b>30 June 2014 US\$'000</b>	<b>31 December 2013 US\$'000</b>	<b>30 June 2014 US\$'000</b>	<b>31 December 2013 US\$'000</b>
<b><u>ASSETS</u></b>				
<b>Current Assets:</b>				
Cash and Cash Equivalents	3,145	8,308	399	34
Other Receivables	228	505	8	19
Trade Receivables	13,140	22,486	-	-
Amount due from a Subsidiary	-	-	-	928
<b>Total Current Assets</b>	<b>16,513</b>	<b>31,299</b>	<b>407</b>	<b>981</b>
<b>Non-current Assets:</b>				
Intangible Assets	4	6	4	6
Plant and Equipment	186	225	-	-
Investments in Subsidiaries	-	-	160	160
<b>Total Non-current Assets</b>	<b>190</b>	<b>231</b>	<b>164</b>	<b>166</b>
<b>Total Assets</b>	<b>16,703</b>	<b>31,530</b>	<b>571</b>	<b>1,147</b>
<b><u>LIABILITIES AND EQUITY</u></b>				
<b>Current Liabilities</b>				
Other Payables	217	598	170	152
Income Tax Payables	35	251	-	-
Amount due to Holding Company	16,221	16,232	2,459	2,467
Trade Payables	-	13,810	-	-
<b>Total Current Liabilities</b>	<b>16,473</b>	<b>30,891</b>	<b>2,629</b>	<b>2,619</b>
<b>Non-current Liabilities</b>				
Provision	30	30	-	-
<b>Total Non-current Liabilities</b>	<b>30</b>	<b>30</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities</b>	<b>16,503</b>	<b>30,921</b>	<b>2,629</b>	<b>2,619</b>
<b>Capital and Reserves</b>				
Share Capital	454	454	454	454
Share Premium	18,116	18,116	18,116	18,116
Accumulated Losses	(18,370)	(17,961)	(20,628)	(20,042)
<b>Total Equity</b>	<b>200</b>	<b>609</b>	<b>(2,058)</b>	<b>(1,472)</b>
<b>Total Liabilities and Equity</b>	<b>16,703</b>	<b>31,530</b>	<b>571</b>	<b>1,147</b>

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

	<u>Unsecured</u>		<u>Secured</u>	
	<b>30 June 2014</b>	<b>31 December 2013</b>	<b>30 June 2013</b>	<b>31 December 2013</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
Amount payable in one year or less or on demand	16,221	16,232	-	-
Amount payable after one year	-	-	-	-

The Company's controlling shareholder, Singapore Petrochemical & Energy Development Pte. Ltd., continues to extend financial support by providing interest-free loan which aggregate loan balance as at the end of the second quarter of FY2014 ("2Q2014") was approximately US\$16 million. The financial support was meant to assist the Group in its oil and petrochemical trading businesses expansion and to meet its liabilities as and when they fall due.

The Group's oil trading transactions are mainly financed through Letter of Credit in line with industry practices. Hence, the management continues to focus on the availability of banking facilities from financial institutions. In 2Q2014, United Overseas Bank has agreed to increase its back-to-back banking facilities from US\$100 million to US\$150 million. In addition, in July 2014, DBS Bank Ltd has agreed to increase the banking facility from US\$70 million to US\$91 million for financing the procurement of goods including crude oil, fuel oil and petrochemical products. DBS Bank also has extended additional trade facilities of US\$30 million for general import Letter of Credit facility. The current aggregate back-to-back banking facilities amount increased from US\$370 million to US\$441 million.

**Details of any collateral**

Nil.

**Contingent liabilities**

As at 30 June 2014, 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**

<b>Group</b>	<b>Three Months ended 30 June 2014 US\$'000</b>	<b>Three Months ended 30 June 2013 US\$'000</b>	<b>Six Months ended 30 June 2014 US\$'000</b>	<b>Six Months ended 30 June 2013 US\$'000</b>
<b>OPERATING ACTIVITIES</b>				
(Loss)/ Profit Before Income Tax	(416)	614	(409)	255
<b>Adjustment for:</b>				
Depreciation and Amortisation	21	20	41	39
Gain on Disposal of Subsidiaries	-	(2)	-	(2)
Unrealised Foreign Currency (Gain)/Loss	(9)	(66)	6	(94)
Interest Expenses	6	241	99	265
Interest Income	(1)	(1)	(2)	(2)
Operating Cash Flows Before Movements in Working Capital	(399)	806	(265)	461
(Increase) / Decrease in Trade Receivables	7,435	15,556	9,346	(28,368)
Increase / (Decrease) in Trade Payables	(26,798)	(15,505)	(13,810)	28,297
(Increase) / Decrease in Other Receivables	7,551	1	276	(5)
Increase / (Decrease) in Other Payables	(1,137)	(85)	(382)	(113)
<b>Cash (used in) / generated from operations</b>	(13,348)	773	(4,835)	272
Income Taxes Paid	(216)	(76)	(216)	(76)
Interest Paid	(6)	(241)	(99)	(265)
Interest Received	1	1	2	2
<b>Net cash (used in) / generated from operating activities</b>	(13,569)	457	(5,148)	(67)
<b>INVESTING ACTIVITY</b>				
Acquisition of Plant and Equipment	-	-	-	(4)
<b>Net cash used in investing activity</b>	-	-	-	(4)
<b>FINANCING ACTIVITIES</b>				
Advance from Holding Company	(32)	-	(11)	-
Release of Pledged Fixed Deposit with financial institutions	229	-	3,205	-
<b>Net cash generated from financing activities</b>	197	-	3,194	-
<b>Net (decrease) / increase in cash and cash equivalents</b>	(13,372)	457	(1,954)	(71)
Cash and cash equivalents at the beginning of the period	15,516	6,725	4,103	7,268
Effect of exchange rates changes on cash and cash equivalents	1	(3)	(4)	(18)
<b>Cash and cash equivalents at the end of the period</b>	2,145	7,179	2,145	7,179

<u>Group</u>	Three Months ended 30 June 2014 US\$'000	Three Months ended 30 June 2013 US\$'000	Six Months ended 30 June 2014 US\$'000	Six Months ended 30 June 2013 US\$'000
Cash and Bank Balance	3,145	7,179	3,145	7,179
Fixed Deposit Pledged	(1,000)	-	(1,000)	-
Cash and Cash Equivalents per Consolidated Statement of Cash Flows	2,145	7,179	2,145	7,179

**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>	Attributable to the owners of the Company				
	Share <u>capital</u> US\$'000	Share <u>premium</u> US\$'000	Foreign currency translation <u>reserve</u> US\$'000	Accumulated <u>losses</u> US\$'000	Total <u>equity</u> US\$'000
Balance at 1 January 2014	454	18,116	-	(17,961)	609
<b>Loss for the period, representing total comprehensive loss for the period</b>	-	-	-	(409)	(409)
Balance at 30 June 2014	454	18,116	-	(18,370)	200
Balance at 1 January 2013	454	18,116	43	(18,632)	(19)
<b>Profit for the period, representing total comprehensive income for the period</b>	-	-	-	164	164
Balance at 30 June 2013	454	18,116	43	(18,468)	145

Attributable to the owners of the Company

<u>Company</u>	<u>Share capital</u> US\$'000	<u>Share premium</u> US\$'000	<u>Foreign currency translation reserve</u> US\$'000	<u>Accumulated losses</u> US\$'000	<u>Total equity</u> US\$'000
Balance at 1 January 2014	454	18,116	-	(20,042)	(1,472)
<b>Loss for the period, representing total comprehensive loss for the period</b>	-	-	-	(586)	(586)
Balance at 30 June 2014	454	18,116	-	(20,628)	(2,058)
Balance at 1 January 2013	454	18,116	49	(19,404)	(785)
<b>Loss for the financial period, representing total comprehensive loss for the financial period</b>	-	-	-	(280)	(280)
Balance at 30 June 2013	454	18,116	49	(19,684)	(1,065)

**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 have been no changes in the Company's share capital since the end of the previous period reported.

**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 as at each of 30 June 2014 and 31 December 2013 was 3,527,654,875 shares. There were no shares held as treasury shares and the Company does not have any shares that may be issued on conversion of any outstanding convertibles as at 30 June 2014 and 31 December 2013.

**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.**

Not applicable as the Company does not have any 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 methods 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 (INT IFRS) which had come into effective for the financial years beginning on or after 1 January 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.**

In the current financial year, the Group has adopted the new and revised IFRS, and INT IFRS that are relevant to its operations and effective for the current financial year. The adoption of these new or revised IFRS or INT IFRS does not result in changes to the Group's accounting policies and has no material effect on the amounts reported for the current or prior financial years.

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:**

	<u>Group</u>			
	Three Months ended		Six Months ended	
	30 June 2014	30 June 2013	30 June 2014	30 June 2013
	US\$		US\$	
<b>Net (Loss)/Profit Attributable to Shareholders</b>	(416,329)	528,648	(409,448)	164,405
	US Cents		US Cents	
<b>Earnings per ordinary share</b>				
(a) Based on the weighted average number of ordinary shares in issue; and	(0.0118)	0.01499	(0.01161)	0.00466
Weighted average number of ordinary shares in issue	3,527,654,875	3,527,654,875	3,527,654,875	3,527,654,875
(b) On a fully diluted basis	(0.0118)	0.01499	(0.01161)	0.00466
Weighted average number of ordinary shares in issue	3,527,654,875	3,527,654,875	3,527,654,875	3,527,654,875



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>Group</u>		<u>Company</u>	
	<b>30 Jun 2014</b> US cents	<b>31 Dec 2013</b> US cents	<b>30 Jun 2014</b> US cents	<b>31 Dec 2013</b> US cents
<b>Net asset / (liabilities) value per ordinary share</b>	0.0057	0.0173	(0.0583)	(0.0417)

The calculation of net asset value per ordinary share is based on the Group's net assets of approximately US\$199,397 as at 30 June 2014 (31 December 2013: US\$608,844) and the Company's net liabilities of approximately US\$2,058,003 as at 30 June 2014 (31 December 2013: US\$1,471,897) and share capital of 3,527,654,875 shares (31 December 2013: 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.**

#### **Revenue**

The Group's trading activities decreased by 90% to US\$48.2 million in 2Q2014 compared to US\$468.7 million in 2Q2013 mainly due to a lack of banking facilities to support the Group's expansion into the more profitable petrochemical trading business, which the Group believes has a higher profit margin than the oil trading business.

As such, the Group has spent 2Q2014 focused on securing banking facilities for the petrochemical trading business, which was granted by DBS Bank in July 2014. With the new financing in place, the Group will be able to secure more petrochemical trading contracts in the following quarters.

#### **Gross Profit**

The Group's gross profit declined 64% to US\$0.5 million in 2Q2014 compared to US\$1.4 million in 2Q2013 due to lesser trading activities.

#### **Other Income**

Other income derived in 2Q2014 comprised bank interest income and wage credit scheme pay-outs.

#### **Administrative Expenses**

Increase in administrative expenses was mainly attributable to increase in headcount and professional fee incurred due to the proposed joint venture with Rizhao Port Oil Terminal Co., Ltd.

## **Other Operating Expenses**

Other operating expenses reported in 2Q2014 were unrealised foreign exchange loss mainly attributable to the controlling shareholder's foreign denomination loan.

## **Loss before Income Tax**

The Group suffered a loss of US\$416,000 for 2Q2014 and US\$409,000 for 6M2014 due to lack of sufficient trading activities to cover fixed administrative cost.

### Review of the Group's Cash Flows in Second Quarter of FY2014

In 2Q2014, the Group reported a negative operating cash flow of US\$5.1 million, due to the loss suffered and the trade receivables of US\$13.1 million extended to a recurring international customer.

The movement found in the financing activities arose from adjustment of unrealised foreign exchange loss and the release of the cash margin previously pledged in view of the import LC issuance.

As at the end of 2Q2014, the balance of cash and cash equivalent was US\$3.1 million, of which US\$1.0 million was pledged as fixed deposit with bank for the Company's trading businesses.

### Review of the Group's Financial Position as at 30 June 2014

As per the abovementioned, the outstanding receivables of US\$13.1 million arose from a credit term granted to a recurring international customer.

The Group recorded a positive net tangible asset of US\$199,397 as at 30 June 2014.

**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.**

As announced on 5 August 2014, the Group has entered into a term contract to supply a total of approximately 200,000 metre-tonne-second system of units of mixed aromatics to its petrochemical customer Jizhong Energy Group International Logistics (Hong Kong) Co., Limited. The Company expects a positive contribution to its earnings from transactions contemplated under the term contracts.

As announced on 31 July 2014, the Group is collaborating with a subsidiary of Rizhao Port Group Co., Ltd ("RPG") a large state-owned enterprise in the People's Republic of China ("PRC") and a major player in port management and operations, to set up a joint venture company to build and operate oil storage facilities with a total storage capacity of 600,000 cubic metres in Rizhao port, Shandong Province, PRC ("Proposed Joint Venture"). This Proposed Joint Venture to own and operate oil storage facilities is in line with the Group's intended expansion plans in relation to its core business of trading in petrol and raw materials used for blending gasoline, petrochemicals and fuel oil. The Group continues to take on a multi-pronged approach to expand vertically and horizontally along the petroleum and petrochemical distribution value chain. While the Group has been expanding its business presence in Southeast Asia and internationally, the PRC remains a core market focus for the Group. The Board believes that the Proposed Joint Venture presents the Group with a commercially attractive investment opportunity in the PRC for the Group to grow and expand its existing business through the

setting up of its own storage facilities. This collaboration with the state-owned Rizhao RPG is expected to increase the Group's profile as well as pave the way for future collaboration opportunities.

Moving forward, the Group intends to continue to develop its core business pursuant to its expansion plans, including exploring opportunities to secure loading facilities to expand and support its global trading operations, as well as actively seeking out strategic partnerships with players in the international oil, petrochemical, energy and logistics related industries.

## **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 in this second quarter of FY2014.

## **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 were no interested person transactions carried out in 2Q2014 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 interested person transactions.

## **BY ORDER OF THE BOARD**

**Zang Jian Jun**  
**Executive Chairman**  
**Date: 12 August 2014**

## **CONFIRMATION BY THE BOARD**

We, Zang Jian Jun and Liu Zhong Qiu, being two director 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 June 2014 to be false or misleading in any material aspect.

On behalf of the board of directors

**Zang Jian Jun**  
**Executive Chairman**

**Liu Zhong Qiu**  
**Executive Director**