

Company No.

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SHELL REFINING COMPANY (FEDERATION OF MALAYA) BERHAD

(Incorporated in Malaysia)

Interim report for the three months ended 30 June 2007

Following the Shell Refining Company (Federation Of Malaya) Berhad ("the Company") Board of Directors' Meeting on 13 August 2007, the Company is pleased to announce its financial results for the three months ended 30 June 2007.

This interim report is prepared in accordance with the requirements of Financial Reporting Standard (FRS) 134 "Interim Financial Reporting" and paragraph 9.22 of the Bursa Malaysia Securities Berhad ("BMSB") Listing Requirements, and should be read in conjunction with the Company's financial statements for the year ended 31 December 2006.

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SHELL REFINING COMPANY (FEDERATION OF MALAYA) BERHAD

(Incorporated in Malaysia)

Interim report for the three months ended 30 June 2007

Condensed Income Statements

Unaudited

	Note	Individual Quarter 3 months ended		Cumulative Quarters 6 months ended	
		30.06.2007 RM'000	30.06.2006 RM'000	30.06.2007 RM'000	30.06.2006 RM'000
Sales		2,884,718	2,898,567	5,075,767	5,381,067
Cost of sales		(2,642,308)	(2,678,765)	(4,650,439)	(5,106,472)
Other operating income		5,540	4,221	9,622	11,930
Administrative expenses		(11,639)	(13,956)	(9,788)	(18,707)
Other operating expenses		4,098	5,570	14,087	14,196
Profit from operations		240,409	215,637	439,249	282,014
Finance cost		(8,471)	(8,167)	(16,759)	(15,036)
Profit from ordinary activities before tax		231,938	207,470	422,490	266,978
Taxation	13	(63,554)	(61,647)	(116,740)	(75,350)
Profit from ordinary activities after tax		168,384	145,823	305,750	191,628
Minority interest		-	-	-	-
Net profit for the period		168,384	145,823	305,750	191,628
Estimated average annual effective tax rate		27.40%	29.71%	27.63%	28.22%
		sen	sen	sen	sen
Earning per share:					
- basic	18	56.13	48.61	101.92	63.88
- diluted	18	N/A	N/A	N/A	N/A

The notes set out on pages 6 to 10 form an integral part of, and should be read in conjunction with this interim financial report.

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SHELL REFINING COMPANY (FEDERATION OF MALAYA) BERHAD

(Incorporated in Malaysia)

Interim report for the three months ended 30 June 2007

Condensed Balance Sheet

Unaudited

	Note	As at 30.06.2007 RM'000	As at 31.12.2006 RM'000
Non-current assets			
Property, plant and equipment		1,205,684	1,247,716
Deferred charges		2,000	2,031
Current assets			
Inventories		1,232,487	829,706
Trade receivables		19,698	128,685
Other receivables and prepayments		6,913	30,311
Amounts receivable from related companies		1,111,165	1,127,598
Bank balances		57,970	43,009
Deposit with a licensed bank		373,895	0
Total current assets		2,802,128	2,159,309
Total assets		4,009,812	3,409,056
Capital and reserves			
Share capital		300,000	300,000
Revaluation reserve		15,738	15,738
Retained profit		1,846,599	1,624,069
Shareholders' equity		2,162,337	1,939,807
Current liabilities			
Trade and other payables		84,326	92,943
Amounts payable to related companies		1,055,228	569,076
Short term debt		0	83,880
Total current liabilities		1,139,554	745,899
Non current liabilities			
Deferred tax liabilities		222,810	227,387
Long term borrowings	19	483,574	493,780
Provision for Liabilities		1,537	2,183
Total non-current liabilities		707,921	723,350
Total Equity & Liabilities		4,009,812	3,409,056

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SHELL REFINING COMPANY (FEDERATION OF MALAYA) BERHAD

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Condensed Statement of Changes in Equity

Unaudited

	Issued and fully paid ordinary shares of RM 1 each		Non - distributable	Distri-butable	Total RM'000
	Numbers of Shares ' 000	Nominal Value RM'000	Revaluation reserves RM'000	Retained earnings RM'000	
At 1 January 2006	300,000	300,000	15,738	1,603,452	1,919,190
Profit after taxation for the year ended 31 December 2006			-	258,217	258,217
Dividend for the period ended:					
- 31 December 2005			-	(125,280)	(125,280)
- 31 December 2006			-	(112,320)	(112,320)
At 31 December 2006	300,000	300,000	15,738	1,624,069	1,939,807
At 1 January 2007	300,000	300,000	15,738	1,624,069	1,939,807
Profit after taxation for the year ended 30 June 2007			-	305,750	305,750
Dividend for the period ended:					
- 30 June 2007			-	(83,220)	(83,220)
At 30 June 2007	300,000	300,000	15,738	1,846,599	2,162,337

The notes set out on pages 6 to 10 form an integral part of, and should be read in conjunction with this interim financial report.

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Interim report for the three months ended 30 June 2007

Condensed Cash Flow Statement

Unaudited

	6 months ended	
	30.06.2007 RM'000	30.06.2006 RM'000
Cash flows from operating activities		
Profit after taxation	305,750	191,628
Adjustment for:		
Depreciation	53,592	56,998
Gain on disposal of property, plant and equipment	-	105
Taxation	116,740	75,350
Exchanges gain on foreign currency translation	(26,539)	(13,821)
Interest income	(4,578)	(6,138)
Interest expense	14,290	13,472
	459,255	317,594
Changes in working capital		
Increase in inventories	(402,781)	(552,338)
(Increase)/decrease in trade and other debtors	71,346	(34,529)
Increase/(decrease) in trade and other creditors	(80,741)	16,216
(Increase)/decrease in amounts receivable from related companies	16,433	(201,565)
Increase in amounts payable to related companies	486,152	92,716
Cash generated from/(used in) operations	549,664	(361,906)
Interest received	4,578	6,138
Interest paid	(14,290)	(13,472)
Taxation paid	(55,702)	(91,741)
Net cash generated from/(used in) operating activities	484,250	(460,981)
Cash flows from investing activities		
Decommissioning and Restoration costs	(646)	-
Purchase of property, plant and equipment	(11,528)	(6,233)
Net cash used in investing activities	(12,174)	(6,233)
Cash flow from financing activities		
Dividends paid	(83,220)	(168,480)
Net cash flow used in investing activities	(83,220)	(168,480)
Net increase/(decrease) in cash and cash equivalent	388,856	(635,694)
Cash and cash equivalent at the beginning of the period	43,009	662,876
Cash and cash equivalent at the end of the period	431,865	27,182

The notes set out on pages 6 to 10 form an integral part of, and should be read in conjunction with this interim financial report.

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SHELL REFINING COMPANY (FEDERATION OF MALAYA) BERHAD

(Incorporated in Malaysia)

Interim report for the three months ended 30 June 2007

Notes to the Financial Information

1 Basis of preparation

This interim report is prepared in accordance with the requirements of Financial Reporting Standard (FRS) 134 "Interim Financial Reporting" and paragraph 9.22 of the Bursa Malaysia Securities Berhad ("BMSB") Listing Requirements, and should be read in conjunction with the Company's financial statements for the year ended 31 December 2006.

The explanatory notes to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Company since the financial year ended 31 December 2006.

The same accounting policies and methods of computation are followed in the interim financial statements as for the financial statements for the year ended 31 December 2006.

2 Audit report

The audit report of the Company's preceding annual financial statement was not subjected to any qualification.

3 Comments about Seasonal or Cyclical Factors

The Company's operation is not affected by any seasonal or cyclical factors.

4 Individually significant items

The Company has nothing to disclose as regards significant items in the quarterly financial statements under review.

5 Changes in Estimates

There were no changes in estimates that have had a material effect in the current quarter.

6 Debt and equity securities

The Company has nothing to disclose with respect to issuance and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current financial period to date.

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Interim report for the three months ended 30 June 2007

Notes to the Financial Information

7 Dividend

	6 months ended 30 June 2007		6 months ended 30 June 2006	
	Gross dividend per share Sen	Amount of dividend net of 27% tax RM '000	Gross dividend per share Sen	Amount of dividend net of 28% tax RM '000
Special interim gross dividend approved by shareholders in respect of the quarter ended 31 December 2005, paid on 26 April 2006.	-	-	20	43,200
Final dividend approved by shareholders in respect of the year ended 31 December 2006, paid on 15 June 2007 (2005: paid on 9 June 2006)	38	83,220	38	82,080
Special interim dividend approved in respect of the quarter ended 31 March 2006 paid on 23 June 2006	-	-	20	43,200

8 Segmental Reporting

The Company is principally engaged in the oil and gas industry namely refining and manufacturing of petroleum products. Accordingly, no segmental information is considered necessary for analysis by industry segments.

9 Carrying amount of revalued assets

The Company has nothing to disclose as regards valuations of property, plant and equipment in the quarterly financial statements under review.

10 Significant post balance sheet event

There were no material events subsequent to the end of the current quarter.

11 Changes in Composition of the Company

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Interim report for the three months ended 30 June 2007

There were no changes in the composition of the Company during the current quarter.

Notes to the Financial Information

12 Changes in Contingent Liabilities

There were no significant changes in contingent liabilities or assets since the last annual financial statements as at 31 December 2006.

13 Tax

Taxation for the quarter ending 30 June 2007 amounting to RM 63,554,000 comprises:

	3 months ended		6 months ended	
	30.06.2007	30.06.2006	30.06.2007	30.06.2006
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Income tax for current period	(67,875)	(62,338)	(121,317)	(83,875)
Transfer from deferred tax	4,321	691	4,577	8,525
	(63,554)	(61,647)	(116,740)	(75,350)

The difference between the statutory tax rate and the effective tax rate is mainly due to the depreciation expense of non-qualifying assets and expenses.

14 Unquoted investments and/or properties

The Company has nothing to disclose with respect to sale of investments and/or properties (other than fixed assets in the normal course of business) in the quarterly financial statements under review.

15 Quoted Securities

There were no purchases or disposal of quoted securities during the current quarter.

16 Corporate proposal

The Company does not have anything to report as regards the status of corporate proposals.

17 Financial instruments

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Interim report for the three months ended 30 June 2007

The Company does not have any financial instruments to disclose.

Notes to the Financial Information

18 Earnings per share

		3 months ended		6 months ended	
		30.06.2007	30.06.2006	30.06.2007	30.06.2006
(a) Basic earnings per share					
Net profit for the period	(RM'000)	168,384	145,823	305,750	191,628
Weighted average number of ordinary shares in issue	('000)	300,000	300,000	300,000	300,000
Basic earnings per share	(sen)	56.13	48.61	101.92	63.88
(b) Diluted earnings per share					
	(sen)	N/A	N/A	N/A	N/A

19 Bank borrowings

Details of the Company's bank borrowings as at end of the period are as follows:

Term loan (unsecured) less current portion	RM'000 483,574
Restated in loan's original currency:	USD'000
Bank borrowings denominated in foreign currency (USD)	140,000

20 Capital commitments

Capital commitments not provided for in the financial statements as at 30 June 2007 are as follows:

	RM'000
Authorised by the Directors and contracted	3,347
Authorised by the Directors and not contracted	15,125
	<u>18,472</u>
Analysed as follows:	
- Property, plant and equipment	<u>18,472</u>

21 Profit Before Taxation

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The profit before taxation for the second quarter was higher compared to the same period of the previous year. The Company recorded a profit before tax of RM 232 million for the three months ended 30 June 2007 compared to RM 207 million in the same period of 2006 (also see accompanying Management Commentary).

Notes to the Financial Information

22 Company Performance

A review of the Company's performance in the reporting period is provided for in the accompanying Management Commentary.

23 Current Year Prospect

A commentary on the Company's current year prospects is provided for in the accompanying Management Commentary.

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SHELL REFINING COMPANY (FEDERATION OF MALAYA) BERHAD

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Interim report for the three months ended 30 June 2007

Management Commentary

DIVIDEND

The Directors are pleased to declare an interim dividend of 20 sen per unit of share of RM1.00 each, less 27% Malaysian Income Tax in respect of the financial year ending 31 December 2007, payable on 21 September 2007 to shareholders registered in either the Record of Depositors or the Register of Members at the close of business on 5 September 2007.

COMPANY PERFORMANCE

- **Quarterly net profit after tax of RM 168 million**
- **Over 7 million manhours without “Lost-Time-Injury” since May 2001**
- **Zero TRCF (Total Reportable Case Frequency) incidents for Q2 2007**
- **Received the Best Environmental Reporting Award from the ACCA Malaysia Environmental and Social Reporting Awards 2006.**

The Company posted an after-tax net profit of RM 168 million for the second quarter of 2007. The increase of 15% as compared to the net income after tax of RM 145 million recorded in the same quarter last year was mainly due to higher refining margin. The stockholding gain net of tax decreased in Q2 2007 to RM 40 million from RM 78 million in Q2 2006.

The Company's net profit after tax for the second quarter of 2007 recorded an increase of RM 31 million or 23% over that of first quarter of 2007.

The refinery successfully processed 9.7 million barrels of crude oil and sold 10.5 million barrels of products during the quarter in spite of slowdowns due to the spill over effect from the statutory shutdown in the first quarter of 2007. The Company's continued strong focus on safety has allowed it to sustain zero Lost Time Injury (LTI) up to 30 June 2007, resulting in 7.2 million man-hours without any LTI since 21 May 2001.

CURRENT YEAR PROSPECTS

Oil prices are expected to remain at current levels in the second half of 2007, and refining margins will be volatile. Any changes in oil prices will have an impact on the Company's financial results, given the stock accounting practice adopted by the Company.

The Company will continue to pursue operational excellence, proactive margin improvement and cost reduction, whilst maintaining strong Health, Safety and Environment performance.