

Company No.

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SHELL REFINING COMPANY (FEDERATION OF MALAYA) BERHAD

(Incorporated in Malaysia)

Interim report for the three months ended 30 September 2007

Following the Shell Refining Company (Federation Of Malaya) Berhad (“the Company”) Board of Directors’ Meeting on 1 November 2007, the Company is pleased to announce its financial results for the three months ended 30 September 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 September 2007

Condensed Income Statements*Unaudited*

	Note	Individual Quarter 3 months ended		Cumulative Quarters 9 months ended	
		30.09.2007 RM'000	30.09.2006 RM'000	30.09.2007 RM'000	30.09.2006 RM'000
Sales		3,002,902	3,040,246	8,078,670	8,421,313
Cost of sales		(2,842,905)	(2,932,509)	(7,484,977)	(8,036,912)
Gross Profit		159,997	107,737	593,693	384,401
Other operating income		8,116	4,520	17,737	16,450
Administrative expenses		(7,830)	(8,575)	(30,945)	(34,821)
Other operating expenses		19,042	(1,765)	38,091	17,901
Profit from operations		179,325	101,917	618,574	383,930
Finance cost		(7,854)	(8,050)	(24,613)	(23,086)
Profit from ordinary activities before tax		171,471	93,866	593,961	360,844
Taxation	14	(42,642)	(26,335)	(159,382)	(101,685)
Profit from ordinary activities after tax		128,829	67,531	434,579	259,159
Minority interest		-	-	-	-
Net profit for the period		128,829	67,531	434,579	259,159
Estimated average annual effective tax rate		24.87%	28.06%	26.83%	28.18%
		sen	sen	sen	sen
Earning per share:					
- basic	19	42.94	22.51	144.86	86.39
- diluted	19	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 September 2007

Condensed Balance Sheet

Unaudited

	Note	As at 30.09.2007 RM'000	As at 31.12.2006 RM'000
Non-current assets			
Property, plant and equipment		1,182,811	1,247,716
Prepaid land lease payments		1,985	2,031
Current assets			
Inventories		1,259,593	829,706
Trade receivables		38,067	128,685
Other receivables and prepayments		6,686	30,311
Amounts receivable from related companies		1,026,597	1,127,598
Bank balances		40,518	43,009
Deposit with a licensed bank		331,072	0
Total current assets		<u>2,702,533</u>	<u>2,159,309</u>
Total assets		<u>3,887,329</u>	<u>3,409,056</u>
Capital and reserves			
Share capital		300,000	300,000
Revaluation reserve		15,738	15,738
Retained profit		1,931,628	1,624,069
Shareholders' equity		<u>2,247,366</u>	<u>1,939,807</u>
Current liabilities			
Trade and other payables		135,304	92,943
Amounts payable to related companies		795,064	569,076
Short term borrowings	20	11,078	83,880
Total current liabilities		<u>941,446</u>	<u>745,899</u>
Non-current liabilities			
Deferred taxation		220,753	227,387
Long term borrowings	20	477,764	493,780
Provision for liabilities		0	2,183
Total non-current liabilities		<u>698,517</u>	<u>723,350</u>
Total Equity & Liabilities		<u>3,887,329</u>	<u>3,409,056</u>

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 September 2007

Condensed Statement of Changes in Equity

Unaudited

	Issued and fully paid ordinary shares of RM 1 each		Non - distributable	Distri-butable	<u>Total</u> RM'000
	<u>Numbers of Shares</u> ' 000	<u>Nominal Value</u> RM'000	<u>Revaluation reserves</u> RM'000	<u>Retained earnings</u> 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 September 2007				434,579	434,579
Dividend for the period ended:					
- 30 September 2007			-	(127,020)	(127,020)
At 30 September 2007	300,000	300,000	15,738	1,931,628	2,247,366

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 September 2007

Condensed Cash Flow Statement

Unaudited

	9 months ended	
	30.09.2007	30.09.2006
	RM'000	RM'000
Cash flows from operating activities		
Profit after taxation	434,579	259,159
Adjustment for:		
Depreciation of property, plant and equipment	80,335	82,918
Loss on disposal of property, plant and equipment	144	105
Taxation	159,381	101,685
Exchange gain on foreign currency translation	(35,368)	(10,514)
Interest income	(8,709)	(7,725)
Interest expense	21,318	21,344
	651,680	446,972
Changes in working capital		
Increase in inventories	(429,887)	(501,433)
Decrease/(increase) in trade and other debtors	62,033	(106,900)
Decrease in trade and other creditors	(59,909)	(40,339)
Decrease/(increase) in amounts receivable from related companies	101,001	(205,962)
Increase in amounts payable to related companies	225,988	206,682
Cash generated from/ (used in) operations	550,906	(200,980)
Interest received	8,709	7,725
Interest paid	(21,318)	(21,361)
Taxation paid	(64,986)	(140,038)
Net cash generated from/(used in) operating activities	473,311	(354,654)
Cash flows from investing activities		
Decommissioning and restoration costs	(2,183)	-
Purchase of property, plant and equipment	(15,527)	(9,737)
Net cash used in investing activities	(17,710)	(9,737)
Cash flow from financing activities		
Dividends paid	(127,020)	(237,600)
Net cash flow used in investing activities	(127,020)	(237,600)
Net increase/(decrease) in cash and cash equivalent	328,581	(601,991)
Cash and cash equivalent at the beginning of the period	43,009	662,876
Cash and cash equivalent at the end of the period	371,590	60,885

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 September 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 Reclassification of prior year comparative

The reclassification of prior year comparative did not affect the recognition and measurement of the Company's net assets. Expenses previously included in cost of sales of RM12.9 mil are now presented within administrative expenses and expenses previously included under other operating expenses of RM7.7 mil are now presented within cost of sales for the cumulative year.

The Directors are of the opinion that this classification better reflects the operating activities of the Company.

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SHELL REFINING COMPANY (FEDERATION OF MALAYA) BERHAD

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Interim report for the three months ended 30 September 2007

Notes to the Financial Information

7 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.

8 Dividend

	9 months ended 30 Sept 2007		9 months ended 30 Sept 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
Interim dividend approved in respect of the quarter ended 30 June 2007, paid on 21 September 2007 (2006: paid on 29 September 2006)	20	43,800	12	25,920
Special interim dividend approved in respect of the quarter ended 30 June 2006 paid on 29 September 2006	-	-	20	43,200

9 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.

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SHELL REFINING COMPANY (FEDERATION OF MALAYA) BERHAD

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Interim report for the three months ended 30 September 2007

Notes to the Financial Information

10 Carrying amount of revalue assets

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

11 Significant post balance sheet event

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

12 Changes in Composition of the Company

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

13 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.

14 Tax

Taxation for the quarter ending 30 September 2007 amounting to RM 42,641,000 comprises:

	3 months ended		9 months ended	
	30.09.2007	30.09.2006	30.09.2007	30.09.2006
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Income tax for current period	(44,699)	(34,480)	(166,015)	(118,355)
Transfer from deferred tax	2,058	8,145	6,634	16,670
	<u>(42,641)</u>	<u>(26,335)</u>	<u>(159,381)</u>	<u>(101,685)</u>

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

15 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.

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Interim report for the three months ended 30 September 2007

Notes to the Financial Information

16 Quoted Securities

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

17 Corporate proposal

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

18 Financial instruments

The Company does not have any financial instruments to disclose.

19 Earnings per share

		3 months ended		9 months ended	
		30.09.2007	30.09.2006	30.09.2007	30.09.2006
(a) Basic earnings per share					
Net profit for the period	(RM'000)	128,829	67,531	434,579	259,159
Weighted average number of ordinary shares in issue	('000)	300,000	300,000	300,000	300,000
Basic earnings per share	(sen)	42.94	22.51	144.86	86.39
(b) Diluted earnings per share					
	(sen)	N/A	N/A	N/A	N/A

20 Borrowings

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

Short term – revolving credit	RM'000 <u>11,078</u>
Long term - term loan (unsecured) less current portion	<u>477,764</u>
Restated in loan's original currency:	USD'000
Bank borrowings denominated in foreign currency (USD)	140,000

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Notes to the Financial Information

21 Capital commitments

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

	RM'000
Authorised by the Directors and contracted	2,961
Authorised by the Directors and not contracted	19,319
	<u>22,280</u>
Analysed as follows:	
- Property, plant and equipment	<u>22,280</u>

22 Profit/(Loss) Before Taxation

The profit before taxation for the third quarter is higher compared to the same period of the previous year. The Company recorded a profit before tax of RM 171 million for the three months ended 30 September 2007 compared to RM 94 million in the same period of 2006 (also see accompanying Management Commentary).

23 Company Performance

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

24 Current Year Prospect

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

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Interim report for the three months ended 30 September 2007

Management Commentary

COMPANY PERFORMANCE

- **Quarterly net profit after tax of RM 129 million**
- **Over 7.5 million manhours without “Lost-Time-Injury” since May 2001**
- **Received the MSOSH (Malaysian Society for Occupational Safety and Health) Grand Award for 2006**

The Company posted an after-tax net profit of RM 129 million for the third quarter of 2007. The increase of 90% as compared to the net income after tax of RM 68 million recorded in the same quarter last year was mainly due to higher stockholding gain. The stockholding gain net of tax for Q3 2007 was RM 49 million as compared to stockholding loss of RM 41 million for Q3 2006.

Net profit after tax for the third quarter of 2007 recorded a decrease of RM40 million or 23% over that of second quarter of 2007. This was primarily due to the relatively lower refining margin in Q3 2007.

The refinery processed 9.9 million barrels of crude oil and sold 10.4 million barrels of products during the quarter. The Company's continued strong focus on safety has allowed it to sustain zero Lost Time Injury (LTI) up to 30 September 2007, resulting in 7.5 million hours worked without any LTI since 21 May 2001.

The Company received the prestigious MSOSH (Malaysian Society for Occupational Safety and Health) Grand Award for 2006.

CURRENT YEAR PROSPECTS

Refining margins are expected to be under pressure in the fourth quarter of 2007. 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.