

Company No.

3926	U
------	---

**SHELL REFINING COMPANY (FEDERATION OF MALAYA) BERHAD**

(Incorporated in Malaysia)

**Interim report for the three months ended 31 December 2008**

Following the Shell Refining Company (Federation Of Malaya) Berhad ("the Company") Board of Directors' Meeting on 17 February 2009, the Company is pleased to announce its financial results for the three months ended 31 December 2008.

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 2007.

Company No.

3926	U
------	---

**SHELL REFINING COMPANY (FEDERATION OF MALAYA) BERHAD**  
(Incorporated in Malaysia)

Interim report for the three months ended 31 December 2008

**Condensed Income Statements**

*Unaudited*

	Note	Individual Quarter 3 months ended		Cumulative Quarters 12 months ended	
		31.12.2008 RM'000	31.12.2007 RM'000	31.12.2008 RM'000	31.12.2007 RM'000
Revenue		2,493,558	3,336,441	13,086,128	11,415,110
Cost of sales		(3,179,822)	(3,121,773)	(13,429,577)	(10,620,898)
Gross Profit		(686,264)	214,668	(343,449)	794,212
Other operating income		6,294	9,003	33,763	26,740
Administrative expenses		(16,219)	(5,973)	(42,561)	(22,770)
Other operating expenses		(5,348)	8,275	(54,922)	30,060
Finance cost		(1,896)	(11,727)	(33,192)	(20,035)
(Loss)/profit before taxation		(703,433)	214,246	(440,361)	808,207
Taxation	14	180,321	(55,608)	110,344	(214,989)
(Loss)/profit for the year		(523,112)	158,638	(330,017)	593,218
Estimated average annual effective tax rate		25.63%	25.96%	25.06%	26.60%
Earning per share:		sen	sen	sen	sen
- basic	19	(174.37)	52.88	(110.01)	197.74
- 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.

Company No.

3926	U
------	---

**SHELL REFINING COMPANY (FEDERATION OF MALAYA) BERHAD**  
(Incorporated in Malaysia)

Interim report for the three months ended 31 December 2008

**Condensed Balance Sheet**

Unaudited

	Note	As at 31.12.2008 RM'000	As at 31.12.2007 RM'000
<b>Non-current assets</b>			
Property, plant and equipment		1,172,327	1,167,995
Prepaid lease payments		1,989	2,011
<b>Current assets</b>			
Inventories		569,045	1,362,973
Trade receivables		16,762	39,779
Other receivables and prepayments		10,346	6,498
Tax recoverable		188,632	0
Amounts receivable from related companies		855,616	1,262,314
Bank balances		41,131	1,006
Deposit with licensed banks		233,855	169,195
Derivative financial asset	18	0	2,260
<b>Total current assets</b>		<b>1,915,387</b>	<b>2,844,025</b>
<b>Total assets</b>		<b>3,089,703</b>	<b>4,014,031</b>
<b>Capital and reserves attributable to equity holders of the company</b>			
Share capital		300,000	300,000
Revaluation reserve		15,738	15,738
Retained earnings		1,604,850	2,090,267
Shareholders' equity		1,920,588	2,406,005
<b>Current liabilities</b>			
Trade and other payables		57,944	80,488
Tax payable		0	52,639
Amounts payable to related companies		507,649	771,089
Derivative financial liability	18	6,141	0
<b>Total current liabilities</b>		<b>571,734</b>	<b>904,216</b>
<b>Non current liabilities</b>			
Deferred taxation		101,207	211,585
Long term borrowings	18	484,890	463,316
Derivative financial liability	18	11,284	28,909
<b>Total non current liabilities</b>		<b>597,381</b>	<b>703,810</b>
<b>Total Equity &amp; Liabilities</b>		<b>3,089,703</b>	<b>4,014,031</b>

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.

Company No.

3926

U

**SHELL REFINING COMPANY (FEDERATION OF MALAYA) BERHAD**  
(Incorporated in Malaysia)

Interim report for the three months ended 31 December 2008

**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 2007	300,000	300,000	15,738	1,624,069	1,939,807
Profit for the year ended 31 December 2007			-	593,218	593,218
Dividend for the year ended:					
- 31 December 2006			-	(83,220)	(83,220)
- 31 December 2007			-	(43,800)	(43,800)
<b>At 31 December 2007</b>	<b>300,000</b>	<b>300,000</b>	<b>15,738</b>	<b>2,090,267</b>	<b>2,406,005</b>
At 1 January 2008	300,000	300,000	15,738	2,090,267	2,406,005
Profit for the period ended 31 December 2008			-	(330,017)	(330,017)
Dividend for the period ended:					
- 31 December 2007			-	(111,000)	(111,000)
- 31 December 2008			-	(44,400)	(44,400)
<b>At 31 December 2008</b>	<b>300,000</b>	<b>300,000</b>	<b>15,738</b>	<b>1,604,850</b>	<b>1,920,588</b>

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.

Company No.

3926

U

## SHELL REFINING COMPANY (FEDERATION OF MALAYA) BERHAD

(Incorporated in Malaysia)

Interim report for the three months ended 31 December 2008

### Condensed Cash Flow Statement

Unaudited

	12 months ended	
	31.12.2008 RM'000	31.12.2007 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss)/profit for the year	(330,017)	593,218
Adjustments for:		
Taxation	(110,344)	214,989
Depreciation of property, plant and equipment	105,153	107,636
Loss on disposal of property, plant and equipment	155	143
Interest income	(16,204)	(13,218)
Interest expense	18,511	20,165
Net exchange gains-unrealised	15,785	(46,820)
Unrealised loss on derivative financial instrument	(9,224)	26,649
	<b>(326,185)</b>	<b>902,762</b>
Changes in working capital		
Decrease/(Increase) in inventories	793,929	(533,267)
Decrease in trade and other debtors	113,783	87,716
Increase in trade and other creditors	(111,351)	(17,151)
Decrease in amounts receivable from related companies	457,214	53,866
(Decrease)/Increase in amounts payable to related companies	(263,440)	202,013
Net cash generated from operations	<b>663,950</b>	<b>695,939</b>
Interest received	16,204	13,218
Taxation paid	(241,304)	(153,129)
Net cash flow generated from operating activities	<b>438,850</b>	<b>556,028</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(109,764)	(26,673)
Proceeds from disposal of property, plant and equipment	125	-
Deposit placed with related company	(50,515)	(169,195)
Decommissioning and restoration costs paid	-	(2,183)
Net cash flow used in investing activities	<b>(160,154)</b>	<b>(198,051)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest paid	(18,511)	(19,885)
Repayment of borrowings	-	(83,880)
Dividends paid	(155,400)	(127,020)
Net cash flow used in financing activities	<b>(173,911)</b>	<b>(230,785)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>104,785</b>	<b>127,192</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>170,201</b>	<b>43,009</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>274,986</b>	<b>170,201</b>

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.

Company No.

3926

U

**SHELL REFINING COMPANY (FEDERATION OF MALAYA) BERHAD**  
(Incorporated in Malaysia)

**Interim report for the three months ended 31 December 2008**

## **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 2007.

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 2007.

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 2007.

### **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 to 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 RM1.1 million are now presented within administrative costs.

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

Company No.

3926	U
------	---

**SHELL REFINING COMPANY (FEDERATION OF MALAYA) BERHAD**  
(Incorporated in Malaysia)

Interim report for the three months ended 31 December 2008

**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**

	12 months ended 31 December 2008		12 months ended 31 December 2007	
	Gross dividend per share Sen	Amount of dividend net of 26% tax RM '000	Gross dividend per share Sen	Amount of dividend net of 27% tax RM '000
Special interim dividend approved in respect of the financial year ended 31 December 2007, paid on 4 April 2008	20	44,400	-	-
Final dividend approved by shareholders in respect of the year ended 31 December 2007, paid on 20 June 2008 (2006: paid on 15 June 2007)	30	66,600	38	83,220
Interim dividend approved in respect of the quarter ended 30 June 2008, paid on 22 September 2008 (2007: paid on 21 September 2007)	20	44,400	20	43,800

**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.

**10 Carrying amount of revalue assets**

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

Company No.

3926

U

**SHELL REFINING COMPANY (FEDERATION OF MALAYA) BERHAD**  
(Incorporated in Malaysia)

Interim report for the three months ended 31 December 2008

**Notes to the Financial Information**

**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 2007.

**14 Taxation**

Taxation for the quarter ending 31 December 2008 amounting to RM 180,321,000 comprises:

	3 months ended		12 months ended	
	31.12.2008	31.12.2007	31.12.2008	31.12.2007
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Income tax for current period	72,280	(64,775)	0	(230,791)
Income tax for prior period	0	0	(34)	0
Transfer from deferred tax	108,041	9,167	110,378	15,802
	<b>180,321</b>	<b>(55,608)</b>	<b>110,344</b>	<b>(214,989)</b>

The difference between the statutory tax rate and the effective tax rate in 2008 is mainly arising from unrealised gain on difference in exchange (DIE) and 1% difference in tax rate applied in the recognition of deferred tax asset on unabsorbed losses and capital allowance. For 2007, the difference between the statutory tax rate and the effective tax rate is mainly due to the unrealised DIE gain on capital and the effect of change in tax rate applied in the computation of deferred tax.

**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.



Company No.

3926	U
------	---

**SHELL REFINING COMPANY (FEDERATION OF MALAYA) BERHAD**  
(Incorporated in Malaysia)

Interim report for the three months ended 31 December 2008

**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 Borrowings**

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

	31.12.2008 RM'000	31.12.2007 RM'000
Long term - term loan (unsecured)	484,890	463,316
Restated in loan's original currency:	USD'000	USD'000
Bank borrowings denominated in foreign currency	140,000	140,000

**Derivative Financial Instrument**

As at 31 December 2008, the Company has a position in the following derivative financial asset/(liability) :

	<u>Less than 1 year</u> RM'000	<u>Between 2 - 3 years</u> RM'000
<b>As at 31 December 2008</b>		
- Cross Currency Interest Rate Swap	(6,141)	(11,284)
<b>As at 31 December 2007</b>		
- Cross Currency Interest Rate Swap	2,260	(28,909)

Swaps are contractual agreements between two parties to exchange exposures in foreign currency or interest rates. The Company uses cross currency interest rate swaps to hedge its long-term borrowings in order to minimise its exposure to movements on foreign currency positions and interest rate volatility.

Company No.

3926	U
------	---

## SHELL REFINING COMPANY (FEDERATION OF MALAYA) BERHAD

(Incorporated in Malaysia)

Interim report for the three months ended 31 December 2008

### Notes to the Financial Information

#### 19 Earnings per share

		3 months ended		12 months ended	
		31.12.2008	31.12.2007	31.12.2008	31.12.2007
<b>(a) Basic earnings per share</b>					
Net (loss)/profit for the period	(RM'000)	(523,112)	158,638	(330,017)	593,218
Weighted average number of ordinary shares in issue	('000)	300,000	300,000	300,000	300,000
Basic earnings per share	(sen)	(174.37)	52.88	(110.01)	197.74
<b>(b) Diluted earnings per share</b>	(sen)	N/A	N/A	N/A	N/A

#### 20 Capital commitments

Capital commitments not provided for in the financial statements as at 31 December 2008 are as follows:

	RM'000
<b>Property, plant and equipment</b>	
Authorised by the Directors and contracted	411
Authorised by the Directors and not contracted	7,920
	<u>8,331</u>

#### 21 (Loss)/Profit Before Taxation

The company recorded a loss before tax of RM703 million for the three months ended 31 December 2008 compared to a profit before tax of RM214 million in the same period of 2007 (also see accompanying Management Commentary).

#### 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.

Company No.

3926

U

## **SHELL REFINING COMPANY (FEDERATION OF MALAYA) BERHAD**

(Incorporated in Malaysia)

Interim report for the three months ended 31 December 2008

### **Management Commentary**

- **Board declares a Final Dividend of 30 sen per share resulting in a full year dividend of 50 sen per share**
- **Net Profit after tax on a Current Cost of Supply basis (CCS) of RM 174 million**
- **Net Loss after tax on a First In First Out basis (FIFO) of RM 523 million after accounting for stockholding losses**
- **Over 9.7 million man-hours without "Lost-Time-Injury" since May 2001**

The Company's Board of Directors declared a final dividend of 30 sen per share resulting in a full year dividend of 50 sen per share.

The Company posted an after tax earnings of RM174 million on a CCS basis for Q4 2008 as compared to a net loss of RM4 million in Q4 2007.

Due to stockholding losses, the Company's results on a FIFO basis was an after tax net loss of RM523 million for the fourth quarter of 2008 as compared to a net gain of RM159 million recorded in the same quarter last year. Due to sharp decline in oil prices, the stockholding loss net of tax for Q4 2008 was RM697 million as compared to stockholding gains of RM163 million in Q4 2007.

The refinery processed 9.3 million barrels of crude oil and sold 9.9 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 31 December 2008, resulting in 9.7 million hours worked without any LTI since 21 May 2001.

The Company received the Best Practice Award (for public listed companies) from NAFMA (National Award for Management Accounting) in December 2008. NAFMA is jointly organised by The Chartered Institute of Management Accountants (CIMA) and Malaysian Institute of Accountants (MIA).

The Company is also one of the recipients of Certificate of Merit from NACRA (National Annual Corporate Report Awards) in November 2008. NACRA is the collaborative effort of Bursa Malaysia Berhad, Malaysian Institute of Accountants, Malaysian Institute of Management and The Malaysian Institute of Certified Public Accountants (MICPA).

### **CURRENT YEAR PROSPECTS**

Refining margins are expected to be under pressure in the first quarter of 2009 due to reducing product demand. Any changes in oil prices will have an impact on the Company's financial results, given the stock accounting practice adopted by the Company.