

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 2009

Following the Shell Refining Company (Federation Of Malaya) Berhad ("the Company") Board of Directors' Meeting on 27 August 2009, the Company is pleased to announce its financial results for the three months ended 30 June 2009.

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 2008.

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

Interim report for the three months ended 30 June 2009

Condensed Income Statements

Unaudited

	Individual Quarter 3 months ended		Cumulative Quarters 6 months ended	
	30.06.2009 RM'000	30.06.2008 RM'000	30.06.2009 RM'000	30.06.2008 RM'000
Revenue	2,306,806	3,935,422	4,137,027	7,362,122
Cost of sales	(2,020,777)	(3,424,580)	(3,674,583)	(6,692,943)
Gross Profit	286,029	510,842	462,444	669,179
Other operating income	5,882	8,186	13,864	15,943
Administrative expenses	(9,946)	(8,339)	(19,043)	(17,613)
Other operating expenses	13,000	(21,926)	(13,967)	425
Finance cost	(2,374)	(4,167)	292	(19,828)
Profit before taxation	292,591	484,596	443,590	648,106
Taxation	(71,644)	(127,507)	(109,953)	(168,467)
Profit for the period	220,947	357,089	333,637	479,639
Estimated average annual effective tax rate	24.49%	26.31%	24.79%	25.99%
	sen	sen	sen	sen
Earning per share:				
- basic	73.65	119.03	111.21	159.88
- diluted	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 2009

Condensed Balance Sheet

Unaudited

	Note	As at 30.06.2009 RM'000	As at 31.12.2008 RM'000
Non-current assets			
Property, plant and equipment		1,119,778	1,172,327
Prepaid lease payments		1,979	1,989
Long term receivables		3,919	4,519
		<u>1,125,676</u>	<u>1,178,835</u>
Current assets			
Inventories		970,906	569,045
Trade receivables		13,704	16,762
Other receivables and prepayments		6,466	5,827
Tax recoverable		249,729	188,632
Amounts receivable from related companies		1,094,456	855,616
Deposit with licensed banks		290,870	233,855
Bank balances		11,278	41,131
Total current assets		<u>2,637,409</u>	<u>1,910,868</u>
Total assets		<u>3,763,085</u>	<u>3,089,703</u>
Capital and reserves attributable to equity holders of the company			
Share capital		300,000	300,000
Revaluation reserve		15,738	15,738
Retained earnings		1,870,987	1,604,850
Shareholders' equity		<u>2,186,725</u>	<u>1,920,588</u>
Current liabilities			
Trade and other payables		47,393	57,944
Amounts payable to related companies		835,742	507,649
Short term borrowings	17	492,548	-
Derivative financial liability	17	1,938	6,141
Total current liabilities		<u>1,377,621</u>	<u>571,734</u>
Non current liabilities			
Long term borrowings	17	-	484,890
Derivative financial liability	17	-	11,284
Deferred tax liabilities		198,739	101,207
Total non current liabilities		<u>198,739</u>	<u>597,381</u>
Total Equity & Liabilities		<u>3,763,085</u>	<u>3,089,703</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
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Interim report for the three months ended 30 June 2009

Condensed Statement of Changes in Equity

Unaudited

	<u>Issued and fully paid ordinary shares of RM 1 each</u>	<u>Non - distributable</u>	<u>Distributable</u>		
	<u>Numbers of Shares</u> RM'000	<u>Nominal Value</u> RM'000	<u>Revaluation reserves</u> RM'000	<u>Retained earnings</u> RM'000	<u>Total</u> RM'000
At 1 January 2009	300,000	300,000	15,739	1,604,850	1,920,589
Profit for the period ended 30 June 2009			-	333,637	333,637
Dividend for the period ended: - 30 June 2009			-	(67,500)	(67,500)
At 30 June 2009	300,000	300,000	15,738	1,870,987	2,186,725
At 1 January 2008	300,000	300,000	15,738	2,090,267	2,406,005
Profit for the year ended 31 December 2008			-	(330,017)	(330,017)
Dividend for the year ended: - 31 December 2007 - 31 December 2008			-	(111,000) (44,400)	(111,000) (44,400)
At 31 December 2008	300,000	300,000	15,738	1,604,850	1,920,588

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 2009

Condensed Cash Flow Statement

Unaudited

	6 months ended	
	30.06.2009 RM'000	30.06.2008 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	443,590	648,106
Adjustments for:		
Property, plant and equipment		
- depreciation	57,561	54,109
- loss/(gain) on disposals	372	(70)
Interest expense	6,266	8,281
Interest income	(5,939)	(9,134)
Net exchange loss/(gain) - unrealised	18,492	(1,066)
(Gain)/loss on derivative financial instrument - unrealised	(15,487)	16,279
Amortisation of prepaid lease payments	10	11
	504,865	716,516
Changes in working capital		
Increase in inventories	(401,861)	(268,055)
(Increase)/decrease in trade and other receivables	(15,475)	8,227
Decrease in trade and other payables	(2,893)	(30,128)
Increase in amounts receivable from related companies	(260,540)	(98,752)
Increase in amounts payable to related companies	328,093	171,131
	152,189	498,939
Net cash generated from operations		
Interest received	5,939	9,134
Taxation paid	(73,517)	(74,530)
Net cash flow generated from operating activities	84,611	433,543
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(5,384)	(59,011)
Proceeds from disposal of property, plant and equipment	-	90
Deposit placed with related company	21,700	(111,215)
Net cash flow generated from/(used in) investing activities	16,316	(170,136)
CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(6,266)	(8,281)
Dividends paid	(67,500)	(111,000)
Net cash flow used in financing activities	(73,766)	(119,281)
NET INCREASE IN CASH AND CASH EQUIVALENTS	27,161	144,126
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	274,986	170,201
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	302,147	314,327

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 2009

Notes to the Financial Statements

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 2008.

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 2008.

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 2008.

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 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 2009

Notes to the Financial Statements

7 Dividend

	6 months ended 30 June 2009		6 months ended 30 June 2008	
	Gross dividend per share Sen	Amount of dividend net of 25% tax RM '000	Gross dividend per share Sen	Amount of dividend net of 26% tax RM '000
Final dividend approved by shareholders in respect of the year ended 31 December 2008, paid on 18 June 2009 (2007: paid on 20 June 2008)	30	67,500	30	66,600
Special interim dividend approved in respect of the financial year ended 31 December 2007, paid on 4 April 2008.	-	-	20	44,400

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 revalue assets

The Company has nothing to disclose as regards to 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

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

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 2008.

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Interim report for the three months ended 30 June 2009

Notes to the Financial Statements

13 Taxation

	3 months ended		6 months ended	
	30.06.2009	30.06.2008	30.06.2009	30.06.2008
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Income tax for current period	(12,420)	(131,545)	(12,420)	(183,643)
Transfer from deferred tax	(59,224)	4,038	(97,532)	15,176
	(71,644)	(127,507)	(109,952)	(168,467)

The difference between the statutory tax rate and the effective tax rate in Q2 2009 is mainly arising from unrealised loss on difference in exchange (DIE) and unidentified movement in NBV arising from assumption used in calculating qualifying NBV in deferred tax. For 2008, the difference between the statutory tax rate and the effective tax rate is mainly due to the difference in the movement of unrealised loss in exchange computed for current tax and deferred tax and effect of change in tax rate applied in the computation of deferred tax.

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.

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SHELL REFINING COMPANY (FEDERATION OF MALAYA) BERHAD

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Interim report for the three months ended 30 June 2009

Notes to the Financial Statements

17 Borrowings

The Company's borrowings and derivative financial instrument have been reclassified as short term in nature as the loan and related derivative instrument will mature in June 2010. Management is pursuing the options for refinancing upon maturity. The details of the loan are as follows :

	30.06.2009 RM'000	31.12.2008 RM'000
Long term - term loan (unsecured)	-	484,890
Short term - term loan (unsecured)	<u>492,548</u>	<u>-</u>
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 30 June 2009, 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
As at 30 June 2009		
- Cross Currency Interest Rate Swap	<u>(1,938)</u>	<u>-</u>
As at 31 December 2008		
- Cross Currency Interest Rate Swap	<u>(6,141)</u>	<u>(11,284)</u>

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.

18 Earnings per share

		3 months ended		6 months ended	
		30.06.2009	30.06.2008	30.06.2009	30.06.2008
(a) Basic earnings per share					
Net profit for the period	(RM'000)	220,947	357,089	333,637	479,639
Weighted average number of ordinary shares in issue	('000)	300,000	300,000	300,000	300,000
Basic earnings per share	(sen)	73.65	119.03	111.21	159.88
(b) Diluted earnings per share					
	(sen)	N/A	N/A	N/A	N/A

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Notes to the Financial Statements

19 Capital commitments

Capital commitments not provided for in the financial statements as at 30 June 2009 are as follows:

	RM'000
Property, plant and equipment	
Authorised by the Directors and contracted	2,223
Authorised by the Directors and not contracted	<u>(5,964)</u>
	<u>(3,741)</u>

20 Profit Before Taxation

The profit before taxation for the first quarter is lower compared to the same period of the previous year. The company recorded a profit before tax of RM292 million for the three months ended 30 June 2009 compared to a profit before tax of RM485 million in the same period of 2008 (also see accompanying Management Commentary).

21 Company Performance

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

22 Current Year Prospect

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

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Management Commentary

COMPANY PERFORMANCE

- **Net profit after tax on a First In First Out (FIFO) basis of RM 221 million after accounting for stockholding gains.**
- **Over 10 million man-hours without “Lost-Time-Injury” since May 2001**

The Company posted an after tax earnings of RM221 million on a FIFO basis for the second quarter of 2009, bringing the year to date results to RM334 million. For 2008, comparable earnings for the quarter and year to date were RM357 million and RM480 million respectively.

The Company reported an after-tax stockholding gain of RM162 million for the second quarter of 2009, compared to a gain of RM281 million for the same quarter in 2008. Year to date stockholding gains amounted to RM229 million for 2009 and RM308 million for 2008.

In the second quarter of 2009, the refinery processed 9.3 million barrels of crude oil and sold 10.0 million barrels of product.

The Company's continued strong focus on safety has allowed it to sustain zero Lost Time Injury (LTI) up to 30 June 2009, resulting in more than 10 million hours worked without any LTI since 21 May 2001.

CURRENT YEAR PROSPECTS

Weak product demand and strengthening crude prices will impact refining margins in Q3 2009.

Any changes in oil prices will have an effect on the Company's financial results.