

Company No.

3926	U
------	---

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

(Incorporated in Malaysia)

**Interim report for the three months ended 30 September 2009**

Following the Shell Refining Company (Federation Of Malaya) Berhad ("the Company") Board of Directors' Meeting on 12 November 2009, the Company is pleased to announce its financial results for the three months ended 30 September 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.

Company No.

3926	U
------	---

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

Interim report for the three months ended 30 September 2009

**Condensed Income Statements**

*Unaudited*

	Note	Individual Quarter 3 months ended		Cumulative Quarters 9 months ended	
		30.09.2009 RM'000	30.09.2008 RM'000	30.09.2009 RM'000	30.09.2008 RM'000
Revenue		2,350,160	3,230,447	6,487,187	10,592,570
Cost of sales		(2,359,836)	(3,556,811)	(6,034,419)	(10,249,755)
Gross (Loss)/Profit		<u>(9,676)</u>	<u>(326,364)</u>	<u>452,768</u>	<u>342,815</u>
Other operating income		6,925	11,527	20,789	27,470
Administrative expenses		(10,209)	(8,729)	(29,252)	(26,342)
Other operating expenses		(2,508)	(49,999)	(16,475)	(49,574)
Finance cost		(2,791)	(11,467)	(2,499)	(31,296)
(Loss)/Profit before taxation		<u>(18,259)</u>	<u>(385,032)</u>	<u>425,331</u>	<u>263,073</u>
Taxation	13	(17,092)	98,490	(127,045)	(69,977)
(Loss)/Profit for the period		<u>(35,351)</u>	<u>(286,542)</u>	<u>298,286</u>	<u>193,096</u>
Estimated average effective tax rate		-93.61%	25.58%	29.87%	26.60%
		sen	sen	sen	sen
Earning per share:					
- basic	18	(11.78)	(95.51)	99.43	64.37
- 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.

Company No.

3926	U
------	---

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

Interim report for the three months ended 30 September 2009

**Condensed Balance Sheet**

*Unaudited*

	Note	As at 30.09.2009 RM'000	As at 31.12.2008 RM'000
<b>Non-current assets</b>			
Property, plant and equipment		1,123,313	1,172,327
Prepaid lease payments		1,974	1,989
Long term receivables		3,581	4,519
		<u>1,128,868</u>	<u>1,178,835</u>
<b>Current assets</b>			
Inventories		968,395	569,045
Trade receivables		18,194	16,762
Other receivables and prepayments		5,552	5,827
Tax recoverable		225,592	188,632
Amounts receivable from related companies		972,878	855,616
Deposit with licensed banks		219,406	233,855
Bank balances		486	41,131
<b>Total current assets</b>		<u>2,410,503</u>	<u>1,910,868</u>
<b>Total assets</b>		<u>3,539,371</u>	<u>3,089,703</u>
<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		1,835,636	1,604,850
<b>Shareholders' equity</b>		<u>2,151,374</u>	<u>1,920,588</u>
<b>Current liabilities</b>			
Trade and other payables		59,272	57,944
Amounts payable to related companies		642,930	507,649
Short term borrowings	17	486,150	-
Derivative financial liability	17	7,951	6,141
<b>Total current liabilities</b>		<u>1,196,303</u>	<u>571,734</u>
<b>Non current liabilities</b>			
Long term borrowings	17	-	484,890
Derivative financial liability	17	-	11,284
Deferred tax liabilities		191,694	101,207
<b>Total non current liabilities</b>		<u>191,694</u>	<u>597,381</u>
<b>Total Equity &amp; Liabilities</b>		<u>3,539,371</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.

Company No.

3926	U
------	---

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

Interim report for the three months ended 30 September 2009

**Condensed Statement of Changes in Equity**

Unaudited

	Issued and fully paid ordinary shares of RM 1 each		Non - distributable	Distributable	<u>Total</u> RM'000
	<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	
<b>At 1 January 2009</b>	300,000	300,000	15,738	1,604,850	1,920,588
Profit for the period ended 30 September 2009			-	298,286	298,286
Dividend for the year ended: - 31 December 2009			-	(67,500)	(67,500)
<b>At 30 September 2009</b>	<u>300,000</u>	<u>300,000</u>	<u>15,738</u>	<u>1,835,636</u>	<u>2,151,374</u>
<b>At 1 January 2008</b>	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			-	(111,000)	(111,000)
- 31 December 2008			-	(44,400)	(44,400)
<b>At 31 December 2008</b>	<u>300,000</u>	<u>300,000</u>	<u>15,738</u>	<u>1,604,850</u>	<u>1,920,588</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.

Company No.

3926	U
------	---

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

Interim report for the three months ended 30 September 2009

**Condensed Cash Flow Statement**

*Unaudited*

	9 months ended	
	30.09.2009	30.09.2008
	RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	425,331	263,073
Adjustments for:		
Property, plant and equipment		
- depreciation	86,415	76,664
- Loss/(Gain) on disposals	372	(70)
Interest expense	8,816	13,324
Interest income	(7,815)	(14,226)
Net exchange loss - unrealised	7,145	15,579
Gain on derivative financial instrument - unrealised	(9,474)	(930)
Amortisation of prepaid lease payments	15	16
	<u>510,805</u>	<u>353,430</u>
Changes in working capital		
Increase in inventories	(399,350)	(384,841)
Increase in trade and other receivables	(7,365)	(15,368)
Increase in trade and other payables	2,588	30,021
Increase in amounts receivable from related companies	(237,979)	(214,506)
Increase in amounts payable to related companies	135,281	385,963
Net cash generated from operations	<u>3,980</u>	<u>154,699</u>
Interest received	7,815	14,226
Taxation paid	(73,517)	(183,526)
Net cash flow used in operating activities	<u>(61,722)</u>	<u>(14,601)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(37,773)	(109,309)
Proceeds from disposal of property, plant and equipment	-	90
Deposit placed with related company	120,717	169,195
Net cash flow generated from investing activities	<u>82,944</u>	<u>59,976</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest paid	(8,816)	(13,324)
Dividends paid	(67,500)	(155,400)
Net cash flow used in financing activities	<u>(76,316)</u>	<u>(168,724)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	(55,094)	(123,349)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	274,986	170,201
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<u>219,892</u>	<u>46,852</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.

Company No.

3926	U
------	---

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

Interim report for the three months ended 30 September 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.

Company No.

3926	U
------	---

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

Interim report for the three months ended 30 September 2009

## Notes to the Financial Statements

### 7 Dividend

	9 months ended 30 September 2009		9 months ended 30 September 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.

Company No.

3926	U
------	---

## SHELL REFINING COMPANY (FEDERATION OF MALAYA) BERHAD

(Incorporated in Malaysia)

Interim report for the three months ended 30 September 2009

### Notes to the Financial Statements

#### 13 Taxation

Taxation for the quarter ending 30 September 2009 amounting to RM 17,092 comprises:

	3 months ended		9 months ended	
	30.09.2009	30.09.2008	30.09.2009	30.09.2008
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
<b>Current Period</b>				
Income tax	(24,137)	111,362	(36,557)	(72,281)
Movement in deferred tax	31,972	(12,838)	(65,561)	2,338
	<u>7,835</u>	<u>98,524</u>	<u>(102,118)</u>	<u>(69,943)</u>
<b>Prior Period</b>				
Income tax	-	(34)	-	(34)
Movement in deferred tax	(24,927)	-	(24,927)	-
	<u>(17,092)</u>	<u>98,490</u>	<u>(127,045)</u>	<u>(69,977)</u>

The difference between the statutory tax rate and the effective tax rate for the quarter ending 30 September 2009 is mainly due to a prior period adjustment in deferred tax from inventories provisions in prior periods. For 2008, the difference between the statutory and 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.

Company No.

3926	U
------	---

## SHELL REFINING COMPANY (FEDERATION OF MALAYA) BERHAD

(Incorporated in Malaysia)

Interim report for the three months ended 30 September 2009

### Notes to the Financial Statements

#### 17 Borrowings

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

	30.09.2009 RM'000	31.12.2008 RM'000
Term loan (unsecured)		
- Long term	-	484,890
- Short term	486,150	-
	<u>486,150</u>	<u>484,890</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 September 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
<b>As at 30 September 2009</b>		
- Cross Currency Interest Rate Swap	<u>(7,951)</u>	<u>-</u>
<b>As at 31 December 2008</b>		
- 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		9 months ended	
		30.09.2009	30.09.2008	30.09.2009	30.09.2008
<b>(a) Basic earnings per share</b>					
Net (loss)/profit for the period	(RM'000)	<b>(35,351)</b>	(286,542)	<b>298,286</b>	193,096
Weighted average number of ordinary shares in issue	('000)	<b>300,000</b>	300,000	<b>300,000</b>	300,000
Basic earnings per share	(sen)	<b>(11.78)</b>	(95.51)	<b>99.43</b>	64.37
<b>(b) Diluted earnings per share</b>	(sen)	<b>N/A</b>	N/A	<b>N/A</b>	N/A

Company No.

3926

U

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

Interim report for the three months ended 30 September 2009

## Notes to the Financial Statements

### 19 Capital commitments

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

	RM'000
<b>Property, plant and equipment</b>	
Authorised by the Directors and contracted	8,982
Authorised by the Directors and not contracted	25,854
	<u>34,836</u>

### 20 Loss Before Taxation

The company recorded a loss before tax of RM18 million for the three months ended 30 September 2009 compared to a loss before tax of RM385 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.

Company No.

3926

U

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

(Incorporated in Malaysia)

Interim report for the three months ended 30 September 2009

### **Management Commentary**

#### **COMPANY PERFORMANCE**

- **Year to date earnings of RM298 million**
- **Net loss after tax for the quarter of RM 35 million**
- **Over 10 million man-hours without “Lost-Time-Injury” since May 2001**

Year to date after tax earnings improved to RM298 million compared to 2008 earnings of RM193 million. The Company posted a lower after-tax loss of RM35 million for the third quarter of 2009, compared to losses of RM287million in the corresponding period in 2008.

The Company posted an after tax loss this quarter mainly due to the steep drop in refining margins, attributed by weak product prices and low demand globally.

In the third quarter of 2009, the refinery processed 8.0 million barrels of crude oil and sold 8.8 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 September 2009, resulting in more than 10 million hours worked without any LTI since 21 May 2001.

The Company received the Grand Award from Malaysian Society for Occupational Safety and Health (MSOSH) under the Petroleum, Gas, Petrochemical and Allied Sectors 2008 in August 2009 in recognising its superior occupational, safety and health performance.

#### **CURRENT YEAR PROSPECTS**

Refining margins will continue to be under pressure in Q4 2009 due to low global demand coupled with increased refining capacity from the emergence of large refineries in the region. Any changes in oil prices will have an impact on the Company's financial results, given the stock accounting practice adopted by the Company.