

Company No.

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SHELL REFINING COMPANY (FEDERATION OF MALAYA) BERHAD

(Incorporated in Malaysia)

Interim report for the three months ended 31 March 2011

Following the Shell Refining Company (Federation of Malaya) Berhad (“the Company”) Board of Directors’ Meeting on 10 May 2011, the Company is pleased to announce its financial results for the three months ended 31 March 2011.

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 2010.

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SHELL REFINING COMPANY (FEDERATION OF MALAYA) BERHAD

(Incorporated in Malaysia)

Interim report for the three months ended 31 March 2011

Condensed Statement of Comprehensive Income

Unaudited

| | Note | Individual Quarter 3 months ended | | Cumulative Quarters 3 months ended | |
|---|------|--------------------------------------|----------------------|---------------------------------------|----------------------|
| | | 31.03.2011 RM'000 | 31.03.2010 RM'000 | 31.03.2011 RM'000 | 31.03.2010 RM'000 |
| Revenue | | 3,203,257 | 2,483,966 | 3,203,257 | 2,483,966 |
| Cost of sales | | (3,013,577) | (2,414,094) | (3,013,577) | (2,414,094) |
| Gross profit | | 189,680 | 69,872 | 189,680 | 69,872 |
| Other operating income | | 6,509 | 6,968 | 6,509 | 6,968 |
| Administrative expenses | | (12,844) | (17,559) | (12,844) | (17,559) |
| Other operating expenses | | 11,551 | 20,132 | 11,551 | 20,132 |
| Finance cost | | (6,623) | (2,335) | (6,623) | (2,335) |
| Profit before taxation | | 188,273 | 77,078 | 188,273 | 77,078 |
| Taxation | 13 | (52,732) | (18,462) | (52,732) | (18,462) |
| Profit for the year/total comprehensive income for the year | | 135,541 | 58,616 | 135,541 | 58,616 |
| Estimated average effective tax rate | | 28.01% | 23.95% | 28.01% | 23.95% |
| Earning per share: | | | | | |
| - basic (sen) | 18 | 45.18 | 19.54 | 45.18 | 19.54 |
| - diluted (sen) | 18 | N/A | N/A | N/A | N/A |

The notes set out on pages 6 to 11 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 31 March 2011

Condensed Statement of Financial Position

Unaudited

| | Note | As at 31.03.2011 RM'000 | As at 31.12.2010 RM'000 |
|---|------|-------------------------------|-------------------------------|
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | | 1,189,320 | 1,153,515 |
| Prepaid lease payments | | 1,943 | 1,948 |
| Long term receivables | | 1,647 | 2,134 |
| | | <u>1,192,910</u> | <u>1,157,597</u> |
| CURRENT ASSETS | | | |
| Inventories | | 1,207,822 | 1,001,195 |
| Trade receivables | | 7,733 | 6,596 |
| Other receivables and prepayments | | 1,868 | 1,083 |
| Tax recoverable | | - | 7,567 |
| Amounts receivable from related companies | | 1,363,413 | 1,220,616 |
| Deposit with licensed banks | | 76,710 | 83,045 |
| Bank balances | | 18,824 | 68,466 |
| | | <u>2,676,370</u> | <u>2,388,568</u> |
| TOTAL ASSETS | | <u>3,869,280</u> | <u>3,546,165</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 | | 1,911,706 | 1,776,165 |
| | | <u>2,227,444</u> | <u>2,091,903</u> |
| CURRENT LIABILITIES | | | |
| Trade and other payables | | 151,372 | 151,783 |
| Tax payable | | 57,244 | - |
| Amounts payable to related companies | | 819,256 | 686,435 |
| | | <u>1,027,872</u> | <u>838,218</u> |
| NON-CURRENT LIABILITIES | | | |
| Long term borrowings | 17 | 450,000 | 450,000 |
| Deferred tax liabilities | | 163,964 | 166,044 |
| | | <u>613,964</u> | <u>616,044</u> |
| TOTAL EQUITY AND LIABILITIES | | <u>3,869,280</u> | <u>3,546,165</u> |

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

Interim report for the three months ended 31 March 2011

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> '000 | <u>Nominal Value</u> RM'000 | <u>Revaluation reserves</u> RM'000 | <u>Retained earnings</u> RM'000 | |
| At 1 January 2011 | 300,000 | 300,000 | 15,738 | 1,776,165 | 2,091,903 |
| Profit for the year ended 31 March 2011 | - | - | - | 135,541 | 135,541 |
| Dividend for the year ended: | | | | | |
| - 31 December 2009 | - | - | - | - | - |
| - 31 December 2010 | - | - | - | - | - |
| At 31 March 2011 | 300,000 | 300,000 | 15,738 | 1,911,706 | 2,227,444 |
| At 1 January 2010 | 300,000 | 300,000 | 15,738 | 1,782,279 | 2,098,017 |
| Profit for the year ended 31 December 2010 | - | - | - | 106,386 | 106,386 |
| Dividend for the year ended: | | | | | |
| - 31 December 2008 | - | - | - | (67,500) | (67,500) |
| - 31 December 2009 | - | - | - | (45,000) | (45,000) |
| At 31 December 2010 | 300,000 | 300,000 | 15,738 | 1,776,165 | 2,091,903 |

The notes set out on pages 6 to 11 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 31 March 2011

Condensed Cash Flow Statement

Unaudited

| | 3 months ended | |
|---|----------------------|-----------------------|
| | 31.03.2011 | 31.03.2010 |
| | RM'000 | RM'000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 188,273 | 77,078 |
| Adjustments for: | | |
| Property, plant and equipment | | |
| - depreciation | 29,587 | 29,999 |
| Interest expense | 3,839 | 2,703 |
| Interest income | (2,358) | (1,858) |
| Net foreign exchange loss/(gain) - unrealised | 2,782 | (23,301) |
| Fair value (gain)/loss on derivative financial instrument | - | 21,618 |
| Allowance for inventories write down | 741 | 558 |
| Amortisation of prepaid lease payments | 5 | 5 |
| Write back of allowance for doubtful debts | - | 19 |
| | <u>222,869</u> | <u>106,821</u> |
| Changes in working capital | | |
| Inventories | (207,368) | 30,224 |
| Trade and other receivables | (4,217) | (10,988) |
| Trade and other payables | (411) | (25,203) |
| Related companies | (16,311) | (252,629) |
| Cash generated from operations | <u>(5,438)</u> | <u>(151,775)</u> |
| Interest received | 2,358 | 1,858 |
| Tax paid | - | (16,175) |
| Tax refund | 9,999 | - |
| Net cash flow from operating activities | <u>6,919</u> | <u>(166,092)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment | (65,392) | (23,475) |
| Net withdrawals with a related company | 6,335 | 36,118 |
| Net cash flow from investing activities | <u>(59,057)</u> | <u>12,643</u> |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Interest paid | (3,839) | (2,703) |
| Net cash flow from financing activities | <u>(3,839)</u> | <u>(2,703)</u> |
| NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS | (55,977) | (156,152) |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD | 151,511 | 271,974 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD | <u>95,534</u> | <u>115,822</u> |

The notes set out on pages 6 to 11 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 31 March 2011

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 2010.

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 2010.

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 2010.

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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SHELL REFINING COMPANY (FEDERATION OF MALAYA) BERHAD

(Incorporated in Malaysia)

Interim report for the three months ended 31 March 2011

Notes to the Financial Statements

7 Dividend

The Company has not declared any dividend for the 3 months period ended 31 March 2011.

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 2010.

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SHELL REFINING COMPANY (FEDERATION OF MALAYA) BERHAD

(Incorporated in Malaysia)

Interim report for the three months ended 31 March 2011

Notes to the Financial Statements

13 Taxation

Taxation for the quarter ending 31 March 2011 amounting to RM 52,732,000 comprises:

| | 3 months ended | | 3 months ended | |
|--------------------------|------------------------|------------------------|------------------------|------------------------|
| | 31.03.2011 | 31.03.2010 | 31.03.2011 | 31.03.2010 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Current Period | | | | |
| Income tax | (54,811) | (20,570) | (54,811) | (20,570) |
| Movement in deferred tax | 2,079 | 2,108 | 2,079 | 2,108 |
| | <u>(52,732)</u> | <u>(18,462)</u> | <u>(52,732)</u> | <u>(18,462)</u> |

The effective tax rate for quarter ending 31 March 2011 is 28% attributed by the expenses that are not deductible for tax and the reversal of tax on 2010 audit adjustments. Expenses that are not deductible for tax include unrealised DIE due to material USD movements and non-qualified depreciation.

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

(Incorporated in Malaysia)

Interim report for the three months ended 31 March 2011

Notes to the Financial Statements

17 Borrowings

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

| | 31.03.2011 | 31.12.2010 |
|-----------------------|-------------------|----------------|
| | RM'000 | RM'000 |
| Term loan (unsecured) | | |
| - Long term | 450,000 | 450,000 |
| | <u>450,000</u> | <u>450,000</u> |

Derivative Financial Instrument

The Company does not have any derivative financial instrument as at the end of the current quarter.

18 Earnings per share

| | | 3 months ended | | 3 months ended | |
|---|----------|-----------------------|------------|-----------------------|------------|
| | | 31.03.2011 | 31.03.2010 | 31.03.2011 | 31.03.2010 |
| (a) Basic earnings per share | | | | | |
| Net (loss)/profit for the period | (RM'000) | 135,541 | 58,616 | 135,541 | 58,616 |
| Weighted average number of ordinary shares in issue | ('000) | 300,000 | 300,000 | 300,000 | 300,000 |
| Basic earnings per share | (sen) | 45.18 | 19.54 | 45.18 | 19.54 |
| (b) Diluted earnings per share | | | | | |
| | (sen) | N/A | N/A | N/A | N/A |

19 Capital commitments

Capital commitments not provided for in the financial statements as at 31 March 2011 are as follows:

| | RM'000 |
|--|----------------|
| Property, plant and equipment | |
| Authorised by the Directors and contracted | 119,434 |
| Authorised by the Directors and not contracted | 735,912 |
| | <u>855,346</u> |

20 Profit Before Taxation

The company recorded a profit before tax of RM 188 million for the three months ended 31 March 2011 compared to a profit before tax of RM 77 million in the same period of 2010 (also see accompanying Management Commentary).

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SHELL REFINING COMPANY (FEDERATION OF MALAYA) BERHAD

(Incorporated in Malaysia)

Interim report for the three months ended 31 March 2011

Notes to the Financial Statements

21 Company Performance

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

22 Financial Instrument

The company has complied with the requirements of FRS 7 and FRS 139. The initial adaptation was initiated from 1 January 2010. The accounts impacted by these standards have been adjusted accordingly wherever necessary.

23 Current Year Prospect

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

24 Retained Earnings

The following analysis of realised and unrealised retained earnings at the legal entity level is prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Total retained earnings of Shell Refining Company (Federation of Malaya) Berhad:

| | |
|--------------|---------------|
| | <u>2011</u> |
| | RM'000 |
| - Realised | 2,072,180 |
| - Unrealised | (160,474) |
| | <hr/> |
| | 1,911,706 |
| | <hr/> <hr/> |

The disclosure of realised and unrealised profits above is solely for compliance with the directive issued by the Bursa Malaysia Securities Berhad and should not be used for any other purpose.

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SHELL REFINING COMPANY (FEDERATION OF MALAYA) BERHAD

(Incorporated in Malaysia)

Interim report for the three months ended 31 March 2011

Management Commentary

COMPANY PERFORMANCE

- **Year to date earnings of RM136 million**
- **Over 12 million man-hours without “Lost-Time-Injury” (LTI) since May 2001**

The Company reported an after tax earnings of RM136 million in Q1 2011, as compared to after tax earnings of RM59 million in Q1 2010. Stockholding gains after tax were recorded at RM153 million attributed to strengthening oil prices, compared to stockholding losses after tax of RM25 million in the corresponding period in 2010.

In the first quarter of 2011, the refinery processed 8.8 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), resulting in more than 12 million hours worked without LTI since 21 May 2001. The refinery maintained its availability performance at top quartile with 99.5% in Q1 2010.

CURRENT YEAR PROSPECTS

Refining margins are expected to be under pressure in Q2 2011 due to growing concerns over oil prices and crude oil availability. The Company continues to take every opportunity to optimise margins.

The Company is on track to deliver the 2011 Statutory Major Turnaround which commenced in May, during which refining activities will be paused for statutory inspections, maintenance activities and plant improvements.

In 2011, the Company will be constructing a new 6,000 tonnes per day diesel processing unit in the refinery. The RM810 million investment will allow the Company to vary feedstock options and improve refining margins.