



SHELL REFINING COMPANY (FEDERATION OF MALAYA) BERHAD
(3926-U)
(Incorporated in Malaysia)

INTERIM REPORT FOR THE THREE MONTHS ENDED 31 DECEMBER 2015

In accordance with the approval of the Board of Directors' of Shell Refining Company (Federation of Malaya) Berhad ("the Company") dated 25 February 2016, the Board hereby announces its financial results for the three months ended 31 December 2015.

This interim report is prepared in accordance with the requirements of Malaysia Financial Reporting Standard (MFRS) 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 2015.



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(3926-U)
(Incorporated in Malaysia)

INTERIM REPORT FOR THE THREE MONTHS ENDED 31 DECEMBER 2015

Condensed Statement of Comprehensive Income
Unaudited

	Note	Individual Quarter 3 months ended		Cumulative Quarters 12 months ended	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Revenue	A8	2,357,490	2,934,389	9,079,637	14,262,773
Purchases		(2,136,182)	(3,270,300)	(8,265,031)	(14,571,039)
Gross profit		221,308	(335,911)	814,606	(308,266)
Other income		5,077	3,482	21,098	14,440
Manufacturing expenses		(68,774)	(56,341)	(204,846)	(191,576)
Administrative expenses		(15,466)	(16,688)	(58,428)	(53,917)
Depreciation and amortisation		(42,694)	(34,603)	(167,577)	(151,435)
Other income/(expenses)		4,295	1,040	5,035	(3,148)
Finance cost		(6,724)	(17,011)	(57,303)	(68,693)
Impairment		-	(460,878)	-	(460,878)
Profit/(loss) before taxation	A10	97,022	(916,910)	352,585	(1,223,473)
Taxation	A11	(525)	-	(797)	34,705
Profit/(loss) for the year / total comprehensive expense for the year		96,497	(916,910)	351,788	(1,188,768)
Estimated average effective tax rate		0.54%	0.00%	0.23%	2.84%
Earnings per share:					
- basic (sen)	A9	32.17	(305.64)	117.26	(396.26)
- diluted (sen)	A9	N/A	N/A	N/A	N/A

The notes set out on pages 6 to 16 form an integral part of, and should be read in conjunction with this interim financial report.



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INTERIM REPORT FOR THE THREE MONTHS ENDED 31 DECEMBER 2015

Condensed Statement of Financial Position

Unaudited

	Note	As at 31.12.2015 RM'000	As at 31.12.2014 RM'000
NON-CURRENT ASSETS			
Property, plant and equipment		1,029,335	1,104,821
Prepaid lease payments		1,843	1,864
Derivative financial asset	A21	-	118,565
		<u>1,031,178</u>	<u>1,225,250</u>
CURRENT ASSETS			
Inventories	A23	695,704	801,183
Trade receivables		24,513	26,971
Other receivables and prepayments		30,264	1,404
Tax recoverable		3,803	4,376
Amounts receivable from related companies	A28	684,043	743,169
Derivative financial asset		305,188	-
Deposit with licensed banks		171,820	-
Bank balances		3,703	8,737
		<u>1,919,038</u>	<u>1,585,840</u>
TOTAL ASSETS		<u>2,950,216</u>	<u>2,811,090</u>
CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY			
Share capital		300,000	300,000
Performance Share Plan from RDS		1,924	1,306
Retained earnings		375,166	23,378
		<u>677,090</u>	<u>324,684</u>
CURRENT LIABILITIES			
Trade and other payables		87,027	75,558
Amounts payable to related companies	A28	705,045	652,573
Borrowings	A22	1,031,054	919,115
		<u>1,823,126</u>	<u>1,647,246</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>95,912</u>	<u>(61,406)</u>
NON-CURRENT LIABILITIES			
Borrowings	A22	450,000	839,160
		<u>450,000</u>	<u>839,160</u>
TOTAL EQUITY AND LIABILITIES		<u>2,950,216</u>	<u>2,811,090</u>

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Condensed Statement of Changes in Equity
Unaudited

	Issued and fully paid ordinary shares of RM 1 each		Non - distributable	Distributable	Total
	Numbers of Shares '000	Nominal Value RM'000			
At 1 January 2015	300,000	300,000	1,306	23,378	324,684
Profit for the year ended 31 December 2015	-	-	-	351,788	351,788
Performance Share Plan from RDS					
- recharge by the parent	-	-	(1,729)	-	(1,729)
- charge during the year	-	-	2,347	-	2,347
At 31 December 2015	300,000	300,000	1,924	375,166	677,090
At 1 January 2014	300,000	300,000	1,237	1,212,146	1,513,383
Loss for the year ended 31 December 2014	-	-	-	(1,188,768)	(1,188,768)
Performance Share Plan from RDS					
- recharge by the parent	-	-	(1,144)	-	(1,144)
- charge during the year	-	-	1,213	-	1,213
At 31 December 2014	300,000	300,000	1,306	23,378	324,684

The notes set out on pages 6 to 16 form an integral part of, and should be read in conjunction with this interim financial report.



SHELL REFINING COMPANY (FEDERATION OF MALAYA) BERHAD
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INTERIM REPORT FOR THE THREE MONTHS ENDED 31 DECEMBER 2015

Condensed Cash Flow Statement
Unaudited

	12 months ended	
	31.12.2015 RM'000	31.12.2014 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before taxation	352,585	(1,223,473)
Adjustments for:		
Property, plant and equipment		
- depreciation	167,577	151,435
- gain on disposal	(26)	-
- write off	948	134
- impairment	-	460,878
Interest expense	51,022	58,755
Interest income	(2,497)	(92)
Net foreign exchange loss - unrealised	188,517	50,652
Fair value (gain)/loss on derivative financial instruments	(186,623)	(43,236)
(Write back of)/allowance for inventories write-down to net realisable value	(76,260)	80,167
Allowance for slow moving inventories	437	512
Amortisation of prepaid lease payments	21	21
Performance Share Plan from RDS	2,347	1,213
Allowance/(reversal) for doubtful debts	343	(891)
Bad debt written off	110	-
	498,501	(465,650)
Changes in working capital		
Inventories	181,302	504,964
Trade and other receivables	(26,503)	41,574
Trade and other payables	16,154	(8,921)
Related companies	111,771	41,760
	781,225	113,727
Cash generated from operations	781,225	113,727
Interest received	2,497	92
Tax paid	(224)	-
Net cash flow generated from operating activities	783,498	113,819
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(98,165)	(54,827)
Proceeds from disposal of property, plant and equipment	26	-
Net cash flow used in investing activities	(98,139)	(54,827)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of term borrowings		
Interest paid	(52,783)	(57,423)
Repayment of borrowings	(916,740)	(35,730)
Proceeds from borrowings	450,000	-
Net cash used in financing activities	(519,523)	(93,153)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	165,836	(32,436)
CURRENCY TRANSLATION DIFFERENCES		
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	8,737	41,009
EFFECTS OF EXCHANGE RATE CHANGES	950	164
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	175,523	8,737

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INTERIM REPORT FOR THE THREE MONTHS ENDED 31 DECEMBER 2015

Part A – Explanatory Notes Pursuant to Interim Financial Reporting (MFRS 134)

A1 Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 134 Interim Financial Reporting and paragraph 9.22 of the Main Market Listing requirements of Bursa Malaysia (BMSB). These interim financial statements also comply with IAS 134 Interim Financial Reporting issued by the international Accounting Standards Board. This report should be read in conjunction with the Company's audited financial statements for the year ended 31 December 2015.

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 2015.

The financial information presented herein has been prepared in accordance with the accounting policies used in preparing the annual consolidated financial statements for 31 December 2015 under the MFRS framework.

The new accounting standards, amendments and improvements to published standards and interpretations that are effective for the Company's financial year beginning on or after 1 January 2015 are as follows:

- Annual Improvements to MFRSs 2010 – 2012 Cycle
- Annual Improvements to MFRSs 2011 – 2013 Cycle

There is no significant impact on the financial results and position of the Company upon adoption of the above new standards, amendments to published standards and interpretation.

A2 Audit report

The audit report of the Company's preceding annual financial statement was not subjected to any qualification.

A3 Comments about Seasonal or Cyclical Factors

Refinery margins remain uncertain and future profitability will be influenced by international supply and demand for petroleum products.



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Part A – Explanatory Notes Pursuant to Interim Financial Reporting (MFRS 134)
(continued)

A4 Individually significant items

The Company has nothing to disclose as regards to significant items in the quarterly financial statements under review.

A5 Critical Accounting Estimates and Judgments

Estimates and judgments are continually evaluated by the Directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Directors believe that there are no other critical accounting estimates and judgments being formed for the current financial year.

(i) Property, plant and equipment

The Company reviews the recoverable amount of its property plant and equipment whenever events or changes in circumstances indicate that the impairment loss recognised in prior year may no longer exist or may have decreased based on its accounting policy. The Company's results of operations in any given period are principally driven by the demand for and price of petroleum products relative to the supply and cost of crude oil.

(ii) Change in accounting estimates over estimated useful life of refinery

In 2014, the Board has reviewed the remaining useful lives of the refinery's assets to be at the end of year 2025 as a result of a review performed over the future margin outlook of the Company. No further changes made in current year.



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Part A – Explanatory Notes Pursuant to Interim Financial Reporting (MFRS 134)
(continued)

A6 Debt and equity securities

The Company has nothing to disclose with respect to issuance 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.

On 7 December 2015, the Company obtained a new RM450 million term loan to refinance another term loan. The new loan is repayable over six quarterly interest repayments with a bullet repayment of the loan principal payable on 7 June 2017.

A7 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.

A8 Revenue

	Individual Quarter 3 months ended		Cumulative Quarters 12 months ended	
	31.12.2015 RM'000	31.12.2014 RM'000	31.12.2015 RM'000	31.12.2014 RM'000
Sale of oil products				
- Refined	2,357,250	2,933,537	9,074,869	14,259,287
- Crude oil	240	852	4,768	3,486
	<u>2,357,490</u>	<u>2,934,389</u>	<u>9,079,637</u>	<u>14,262,773</u>



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Part A – Explanatory Notes Pursuant to Interim Financial Reporting (MFRS 134)
(continued)

A9 Earnings per share

		3 months ended		12 months ended	
		31.12.2015	31.12.2014	31.12.2015	31.12.2014
(a) Basic earnings per share					
Net (loss)/profit for the period	(RM'000)	96,497	(916,910)	351,788	(1,188,768)
Weighted average number of ordinary shares in issue	('000)	300,000	300,000	300,000	300,000
Basic earnings per share	(sen)	32.17	(305.64)	117.26	(396.26)
(b) Diluted earnings per share					
	(sen)	N/A	N/A	N/A	N/A

A10 Profit/ (Loss) Before Taxation

The company recorded a profit before tax of RM 97.02 million for the three months ended 31 December 2015 compared to a loss before tax of RM 916.9 million in the same period of 2014 (also see accompanying Management Commentary in Part B).

	Individual Quarter		Cumulative Quarters	
	3 months ended		12 months ended	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	RM'000	RM'000	RM'000	RM'000
<i>The profit before taxation is arrived at after charging/(crediting):</i>				
Interest income	(1,410)	(19)	(2,497)	(92)
Other income	(3,665)	(3,463)	(18,601)	(14,348)
Interest expense	11,246	17,302	51,022	58,755
Property, plant and equipment				
- Depreciation and amortization	42,694	34,603	167,577	151,435
- Impairment	0	460,878	0	460,878
- Write off	948	134	948	134
Amortisation on prepaid lease payments	6	6	21	21
Allowance for inventories write down/(back) to net realisable value (included in purchases)	(152,867)	67,829	76,260	80,167
Allowance for slow moving inventories	437	512	437	512
Provision for impairment write (back)/off of receivables	229	(891)	343	(891)
Bad debts written off	110	0	110	0
Foreign exchange loss on net trade - realized	769	44,908	62,575	17,026
Foreign exchange loss/(gain) on net trade – unrealized	(24,506)	(11,699)	(1,813)	(2,224)
Foreign exchange loss/(gain) on cash and bank balances - realized	(5,513)	3,473	(7,383)	8,104
Foreign exchange loss/(gain) on cash and bank balances - unrealized	127	10	(950)	164
Foreign exchange loss/(gain) on term loan – unrealized	(27,470)	54,240	191,280	53,040
Fair value (gain)/loss on derivative financial instruments – unrealized	22,898	(54,629)	(186,623)	(43,236)



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Part A – Explanatory Notes Pursuant to Interim Financial Statements (MFRS 134)
(continued)

A11 Taxation

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

	3 months ended		12 months ended	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	RM'000	RM'000	RM'000	RM'000
Current Period				
Income tax	525	-	797	-
Movement in deferred tax	-	-	-	(34,705)
	<u>525</u>	<u>-</u>	<u>797</u>	<u>(34,705)</u>
Prior Period				
Income tax	-	-	-	-
Movement in deferred tax	-	-	-	-
	<u>525</u>	<u>-</u>	<u>797</u>	<u>(34,705)</u>

The effective tax rate for the year ending 31 December 2015 is 0.23%, lower than the statutory tax rate of 25%, mainly due to tax losses and deductible temporary differences for which no deferred tax asset was recognised. The income tax of RM 525,000 for the current quarter is on the interest income.

A12 Dividend

The Company did not declare any dividend for the 3 months period ended 31 December 2015.

A13 Valuation of Property, Plant and Equipment

There was no revaluation of property, plant and equipment during the period under review. As at 31 December 2015, all property, plant and equipment were stated at cost less accumulated depreciation and impairment loss.



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Part A – Explanatory Notes Pursuant to Interim Financial Statements (MFRS 134)
(continued)

A14 Significant post balance sheet event

On 1st February 2016, Shell Overseas Holdings Limited (“SOHL”), the major shareholder of the Company, had entered into a conditional sale and purchase agreement with Malaysia Hengyuan International Limited (“MHIL”) for the acquisition of 153,000,000 ordinary shares of RM1.00 each held by SOHL in your Company by MHIL, representing 51% of the issued and paid up share capital of your Company for a total cash consideration of USD66,300,000, which was announced by the Company on 2 February 2016 (“Proposed Acquisition”). The Proposed Acquisition is expected to complete in 2016, and is conditional upon the fulfilment of several conditions precedent, which include but is not limited to, regulatory approval.

A15 Changes in Composition of the Company

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

A16 Changes in Contingent Assets / Liabilities

There were no significant changes in contingent liabilities or assets since the last annual financial statements as at 31 December 2015.

A17 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.

A18 Quoted Securities

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



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Part A – Explanatory Notes Pursuant to Interim Financial Statements (FRS 134)
(continued)

A19 Corporate proposal

On 1st February 2016, Shell Overseas Holdings Limited (“SOHL”), the major shareholder of the Company, had entered into a conditional sale and purchase agreement with Malaysia Hengyuan International Limited (“MHIL”) for the acquisition of 153,000,000 ordinary shares of RM1.00 each held by SOHL in your Company by MHIL, representing 51% of the issued and paid up share capital of your Company for a total cash consideration of USD66,300,000, which was announced by the Company on 2 February 2016 (“Proposed Acquisition”).

The Proposed Acquisition is expected to complete in 2016, and is conditional upon the fulfilment of several conditions precedent, which include but is not limited to, regulatory approval.

A20 Material Litigation

There were no significant changes to material litigation since 31 December 2015.

A21 Fair value measurement

(a) Financial instruments carried at amortised cost:

The carrying amounts of financial assets and liabilities of the Group approximated their fair values as at 31 December 2015.

(b) Financial Instruments carried at fair value:

The Company measures fair value using the following fair value hierarchy that reflects the significance of the input used in making the measurements:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and
- Level 3 - inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).



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Part A – Explanatory Notes Pursuant to Interim Financial Statements (MFRS 134)
(continued)

A21 Fair value measurement (continued)

The following table presents the Company's assets and liabilities for recurring fair value measurements recognised through profit or loss:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
At 31 December 2015				
Derivatives – Cross currency interest rate swaps	0	305,188	0	305,188
At 31 December 2014				
Derivatives – Cross currency interest rate swaps	0	118,565	0	118,565

During the year, there were no transfers between Level 1 & Level 2 fair value measurements and no transfers into and out of Level 3 fair value measurement.

A22 Borrowings

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

	31.12.2015 RM'000	31.12.2014 RM'000
Long term borrowings		
Term loan (unsecured)		
- Foreign currency loan	-	839,160
- Local currency loan	450,000	-
	450,000	839,160
Short term borrowings		
Short term loan (less than 3 months)	-	466,740
Short term portion of long-term borrowings		
- Local currency loan	-	452,375
- Foreign currency loan	1,031,054	-
	1,031,054	919,115
Restated in loan's original currency:	USD'000	USD'000
Bank borrowings denominated in foreign currency	240,000	240,000



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Part A – Explanatory Notes Pursuant to Interim Financial Statements (MFRS 134)
(continued)

A22 Borrowings (continued)

Derivative Financial Instrument – Cross currency interest rate swap ('CCIRS')

	31.12.2015	31.12.2014
	RM'000	RM'000
Derivative financial assets/(liabilities):		
Term loan (unsecured)		
- current (less than 1 year)	305,188	-
- non-current (between 1 to 3 years)	-	118,565
	328,086	118,565

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 minimize its exposure to movements on foreign currency positions and interest rate volatility.

There is no change with respect to the following from the financial year ended 31st December 2015.

- The credit risk, market risk and liquidity risk associated with CCIRS.
- The cash requirements of the CCIRS;
- The policies in place for mitigating or controlling the risks associated with CCIRS and
- The related accounting policies.

A23 Inventories

	31.12.2015	31.12.2014
	RM'000	RM'000
Crude Oil	430,810	393,132
Petroleum products	248,300	462,282
	679,110	855,414
Less: Allowance for inventories write-down	(4,450)	(80,710)
Materials	21,993	26,479
Less: Allowance for slow moving inventories	(949)	(512)
	695,704	801,183



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Part A – Explanatory Notes Pursuant to Interim Financial Statements (FRS 134)
(continued)

A24 Capital commitments

Capital commitments not provided for in the financial statements as at 31 December 2015 are as follows:

	RM'000
Property, plant and equipment	
Authorised by Directors and contracted for	-
Authorised by Directors and not contracted for	22,940
	<u>22,940</u>

25 Financial Instruments

As of 1 July 2012, the Company has complied with MFRS 7 and MFRS 139; following the transition from the previous FRSs to the new MFRS framework. There is no significant impact on the accounts upon adoption of the new MFRS 7 and MFRS 139 as compared to the previous FRS 7 and FRS 139.

A26 Company Performance

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

A27 Current Year Prospects

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



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Part A – Explanatory Notes Pursuant to Interim Financial Statements (FRS 134)
(continued)

A28 Related Party Disclosure

Below are the significant related party transactions, which were carried out on terms and conditions negotiated amongst the related parties:

	For the quarter ended 31.12.2015 RM'000
a) Income:	
i) Sale of refined products to:	<u>2,211,250</u>
ii) Tariff revenue on the use of properties/ facilities:	<u>5,333</u>
b) Expenses:	
i) Purchase of crude and products:	<u>1,889,169</u>
ii) Central Management and administrative expenses:	<u>16,956</u>

As at 31 December 2015, there are no capital commitments with related parties.

These transactions have been entered into in the normal course of business and have been established under negotiated terms.



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**Supplementary Information Disclosed
Pursuant to Bursa Malaysia Securities Berhad Listing Requirements**

A29 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:

	2015
	RM'000
Realised	497,743
Unrealised	<u>(122,577)</u>
	<u>375,166</u>

The unrealised losses disclosed above are charges relating to the recognition of fair value gain on derivative financial instruments and foreign exchange losses.

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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Part B: Additional Information Required By Bursa Malaysia Listing Requirements

B1 Review of Performance – YTD/Q4 2015 vs. YTD/Q4 2014

The Company registered revenue of RM9.1 billion in YTD Q4 2015 as compared to RM14.3 billion in YTD Q4 2014. Lower revenue by 36% in 2015 was attributed to lower product prices and lower production as a result of the Major Statutory Turnaround (“MTA”) for 44 days.

Year on year basis, the Company posted after-tax profit of RM351.8 million in 2015 as compared to after-tax loss of RM 1,188.8 million in 2014. The profit in 2015 was mainly driven by higher refining margins and lower stockholding losses of RM133 million. Comparatively, the company posted lower margins, higher stockholding losses of RM625 million and impairment loss of RM460.8 million in 2014.

The refinery processed 33.9 million barrels of crude oil and sold 36.3 million barrels of products and this is lower by 10% as compared to YTD Q4 2014 due to refinery shut down during MTA.

B2 Variation of results against previous quarter – Q4 2015 vs. Q3 2015

The Company posted 85% higher revenue in Q4 2015 of RM2.4 billion, compared to Q3 2015 of RM1.3 billion due to lower production in Q3’15 resulting from the Major Statutory Turnaround (MTA) that reduced production by 44 days.

The Company recorded an after-tax profit of RM97 million this quarter as compared to after-tax loss of RM151 million in Q3 2015. This was mainly influenced by lower production level in Q3’15 due to the turnaround activities.

In Q4 2015, refinery processed 9.1 million barrels and this is higher by 94% compared to previous quarter due to shut down during MTA.



SHELL REFINING COMPANY (FEDERATION OF MALAYA) BERHAD
(3926-U)
(Incorporated in Malaysia)

INTERIM REPORT FOR THE THREE MONTHS ENDED 31 DECEMBER 2015

Part B: Additional Information Required By Bursa Malaysia Listing Requirements
(continued)

B3 Current Year Prospects

The outlook for refining margins remains uncertain for 2016 as margins will be influenced by international supply and demand for petroleum products, as well as seasonal and cyclical factors.

On 1st February 2016, Shell Overseas Holdings Limited ("SOHL"), the major shareholder of the Company, had entered into a conditional sale and purchase agreement with Malaysia Hengyuan International Limited ("MHIL") for the acquisition of 153,000,000 ordinary shares of RM1.00 each held by SOHL in your Company by MHIL, representing 51% of the issued and paid up share capital of your Company for a total cash consideration of USD66,300,000, which was announced by the Company on 2 February 2016 ("Proposed Acquisition"). The Proposed Acquisition is expected to complete in 2016, and is conditional upon the fulfilment of several conditions precedent, which include but is not limited to, regulatory approval.

The Board of Directors notes that the Proposed Acquisition will oblige MHIL to extend a mandatory general offer for all the remaining shares in SRC not already held by MHIL.

B4 Profit Forecast

We do not issue any profit forecast.

BY ORDER OF THE BOARD

Chin Ngeok Mui (MAICSA 7003178)
Tia Hwei Ping (MAICSA 7057636)
Company Secretaries

Kuala Lumpur
25 February 2016