



HENGYUAN REFINING COMPANY BERHAD

(formerly known as Shell Refining Company (Federation of Malaya) Berhad)

(3926-U)

(Incorporated in Malaysia)

In accordance with the approval of the Board of Directors of Hengyuan Refining Company Berhad (formerly known as Shell Refining Company (Federation of Malaya) Berhad) (“the Company”) dated 27 February 2018, the Board hereby announces its financial results for the fourth quarter ended 31 December 2017.

The condensed financial statements have been prepared in accordance with the requirements of Malaysian Financial Reporting Standard (MFRS) 134 “Interim Financial Reporting” and paragraph 9.22 of the Bursa Malaysia Securities Berhad (“BMSB”) Main Market Listing Requirements, and should be read in conjunction with the Company’s audited financial statements for the year ended 31 December 2016.



HENGYUAN REFINING COMPANY BERHAD
(formerly known as Shell Refining Company (Federation of Malaya) Berhad)
(3926-U)
(Incorporated in Malaysia)

Condensed Statement of Comprehensive Income

		Unaudited Individual Quarter 3 months ended	Unaudited	Unaudited	Audited
	Note	31.12.2017 RM'000	31.12.2016 RM'000	31.12.2017 RM'000	31.12.2016 RM'000
Revenue	A8	3,092,105	2,531,826	11,583,467	8,365,330
Purchases		(2,735,328)	(2,195,083)	(10,150,554)	(7,550,208)
Gross profit		356,777	336,743	1,432,913	815,122
Other income		9,024	26,148	30,764	39,685
Manufacturing expenses		(70,011)	(71,076)	(246,747)	(223,002)
Administrative expenses		(26,031)	(2,859)	(52,602)	(46,021)
Depreciation and amortisation		(52,386)	(55,428)	(205,688)	(195,295)
Other operating gains/(losses)		46,655	(11,088)	80,394	(6,162)
Finance cost		(16,732)	(15,391)	(66,070)	(49,054)
Profit before taxation	A10	247,296	207,049	972,964	335,273
Taxation	A11	(63,743)	761	(63,743)	-
Profit after taxation		183,553	207,810	909,221	335,273
Other comprehensive expenses:					
Cash flow hedges					
- Fair value gains		(2,272)	-	(2,272)	-
- Tax charge on fair value gains		545	-	545	-
Foreign currency translation difference		(68,602)	-	(146,907)	-
		(70,329)	-	(148,634)	-
Total comprehensive income for the financial period/year		113,224	207,810	760,587	335,273
Earnings per share:					
- basic (sen)	A9	61.18	69.27	303.07	111.76
- diluted (sen)	A9	N/A	N/A	N/A	N/A

The above Condensed Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 and the accompanying supplementary notes to these condensed financial statements.



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Condensed Statement of Financial Position

	Note	Unaudited As at 31.12.2017 RM'000	Audited As at 31.12.2016 RM'000
NON-CURRENT ASSETS			
Property, plant and equipment		736,834	851,282
Prepaid lease payments		1,632	1,824
Intangible assets		38,433	51,444
		<u>776,899</u>	<u>904,550</u>
CURRENT ASSETS			
Inventories		1,110,315	825,819
Trade receivables		1,080,401	950,686
Other receivables and prepayments		166,296	41,514
Tax recoverable		1,230	1,050
Derivative financial assets	A18	3,498	-
Deposits with licensed banks	A20	210,000	328,900
Bank balances	A20	302,907	26,712
		<u>2,874,647</u>	<u>2,174,681</u>
TOTAL ASSETS		<u>3,651,546</u>	<u>3,079,231</u>
CAPITAL AND RESERVES			
ATTRIBUTABLE TO EQUITY			
Share capital		300,000	300,000
Retained earnings		1,619,660	710,439
Cash flow hedges		(1,727)	-
Foreign currency exchange reserve		(146,907)	-
		<u>1,771,026</u>	<u>1,010,439</u>
CURRENT LIABILITIES			
Trade and other payables		601,497	651,879
Derivative financial liabilities	A18	14,812	-
Borrowings	A19	79,103	87,324
		<u>695,412</u>	<u>739,203</u>
NON-CURRENT LIABILITIES			
Deferred tax liabilities		59,203	-
Borrowings	A19	1,125,905	1,329,589
		<u>1,185,108</u>	<u>1,329,589</u>
TOTAL EQUITY AND LIABILITIES		<u>3,651,546</u>	<u>3,079,231</u>

The above Condensed Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 and the accompanying supplementary notes to these condensed financial statements.



HENGYUAN REFINING COMPANY BERHAD
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Condensed Statement of Changes in Equity

	Issued and fully paid ordinary shares of RM1 each		Non-distributable		Distributable	Total	
	Number of shares '000	Nominal value RM '000	* PSP reserve RM '000	Cash flow hedges RM '000	Foreign currency exchange reserve RM '000		Retained earnings RM '000
Unaudited							
At 1 January 2017	300,000	300,000	-	-	-	710,439	1,010,439
Net profit for the financial year	-	-	-	-	-	909,221	909,221
Other comprehensive expense for the financial year	-	-	-	(1,727)	(146,907)	-	(148,634)
Total comprehensive (expenses)/income for the financial year	-	-	-	(1,727)	(146,907)	909,221	760,587
At 31 December 2017	300,000	300,000	-	(1,727)	(146,907)	1,619,660	1,771,026
Audited							
At 1 January 2016	300,000	300,000	1,924	-	-	375,166	677,090
Net profit for the financial year/Total comprehensive income for the financial year	-	-	-	-	-	335,273	335,273
Transactions with owners:							
Performance Share Plan from RDS							
- recharge by the parent	-	-	(2,983)	-	-	-	(2,983)
- charge during the year	-	-	1,059	-	-	-	1,059
Total transactions with owners	-	-	(1,924)	-	-	-	(1,924)
At 31 December 2016	300,000	300,000	-	-	-	710,439	1,010,439

* Performance share plan from Royal Dutch Shell Plc

The above Condensed Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 and the accompanying supplementary notes to these condensed financial statements.



HENGYUAN REFINING COMPANY BERHAD
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Condensed Statement of Cash Flows

	Note	Financial year ended	
		Unaudited 31.12.2017 RM'000	Audited 31.12.2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		972,964	335,273
Adjustments for:			
Depreciation of property, plant and equipment		189,384	191,754
Property, plant and equipment written off		-	965
Amortisation of intangible assets		16,284	3,523
Amortisation of prepaid lease payments		20	19
Interest expense		66,070	40,098
Interest income		(16,956)	(4,376)
Net foreign exchange gains - unrealised		(14,310)	(11,267)
Fair value loss/(gain) on derivative financial instruments		1,525	(13,195)
Allowance/(reversal of allowance) for inventories		391	(4,917)
PSP from RDS		-	1,059
Allowance/(reversal of allowance) for doubtful debts		1,359	(759)
Operating profit before change in working capital		<u>1,216,731</u>	<u>538,177</u>
Changes in working capital			
Inventories		(376,679)	(125,198)
Trade and other receivables		(364,137)	(252,623)
Trade and other payables		<u>12,159</u>	<u>(172,650)</u>
Cash generated from/(used in) operations		488,074	(12,294)
Interest received		16,956	4,376
Tax (paid)/refund		(765)	2,753
Net cash flows generated from/(used in) operating activities		<u>504,265</u>	<u>(5,165)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of intangible asset		(3,156)	(12,694)
Purchase of property, plant and equipment		<u>(153,711)</u>	<u>(14,773)</u>
Net cash flows used in investing activities		<u>(156,867)</u>	<u>(27,467)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of term loans		(86,006)	(1,480,440)
Net settlement of derivative		-	318,383
Proceeds from borrowings		-	1,413,043
Prepaid term loan instalments		25	(11,096)
Security deposit placed with a licensed bank for trade facilities		(10,596)	-
Interest paid		<u>(58,972)</u>	<u>(38,425)</u>
Net cash flows (used in)/generated from financing activities		<u>(155,549)</u>	<u>201,465</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		191,849	168,833
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		344,516	175,523
EFFECTS OF EXCHANGE RATE CHANGES		(43,479)	160
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	A20	<u>492,886</u>	<u>344,516</u>

The above Condensed Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 and the accompanying supplementary notes to these condensed financial statements.



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

A1 Basis of preparation

The condensed 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 condensed financial statements also comply with IAS 34 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 financial year ended 31 December 2016.

The explanatory notes to this report 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 2016.

The financial information presented herein have been prepared in accordance with the accounting policies used in preparing the audited financial statements for the financial year ended 31 December 2016, and for the following standards which became effective on 1 January 2017:

(a) Standards, amendments to published standards and interpretations that are effective for financial year beginning 1 January 2017

- Amendments to MFRS 107 ‘Statement of Cash Flows - Disclosure initiative’
- Amendments to MFRS 112 ‘Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses’

(b) Standards, amendments to published standards and interpretations that have been issued but not yet effective

- MFRS 9 ‘Financial Instruments’ (effective from 1 January 2018)
- MFRS 15 ‘Revenue from contracts with customers’ (effective from 1 January 2018)
- IC Interpretation 22 ‘Foreign Currency Transactions and Advance Consideration’ (effective from 1 January 2018)
- MFRS 16 ‘Leases’ (effective from 1 January 2019)



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

A1 Basis of preparation (continued)

Change in functional currency from RM to USD

A company's functional currency should reflect the underlying transactions, events and conditions that are relevant to it which includes the currency of the primary economic environment in which a company generates and expends cash, the currency in which funds from financing activities are generated and the currency in which receipts from operating activities are usually retained. The Company has changed its functional currency from RM to USD with effect from 1 January 2017 following the refinancing of the Company's borrowings to entirely USD denominated loans.

The Company continues to present its condensed financial statements in Ringgit Malaysia, consistent with the requirements of Companies Act, 2016 which requires financial statements and reports to be quoted in Ringgit Malaysia. The resulting exchange differences arising from the conversion to Ringgit Malaysia presentation currency have been recognised within other comprehensive income.

A2 Audit report of preceding annual financial statement

The audit report of the Company's financial statement for the financial year ended 31 December 2016 was not subjected to any audit qualification.

A3 Comments about seasonal or cyclical factors

The Company's financial performance is affected by market driven refinery margins and hydrocarbon prices, which are influenced by international supply and demand for crude and petroleum products and geopolitical factors.

A4 Significant events and transactions

There were no significant events or transactions affecting assets, liabilities, equity, net income, or cash flows for the financial year that were unusual due to their nature, size, or incidence.



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

A5 Critical accounting estimates and judgments

There were no changes in estimates of amounts reported in prior periods that had a material effect in the current quarter.

A6 Debt and equity securities

There were no issuances of new debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the financial year ended 31 December 2017.

A7 Segmental reporting

The Company is principally engaged in the business of refining and manufacturing of petroleum products in Malaysia, which is a single business segment. The Company's primary operations are also concentrated within Malaysia, hence operating within a single geographical segment. Accordingly, no segmental information is considered necessary for analysis by business or by geographical segments.

A8 Revenue

	Quarter ended		Financial year ended	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	RM'000	RM'000	RM'000	RM'000
Sale of oil products				
- Refined	3,090,192	2,531,604	11,579,846	8,363,891
- Crude oil	1,913	222	3,621	1,439
	<u>3,092,105</u>	<u>2,531,826</u>	<u>11,583,467</u>	<u>8,365,330</u>



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

A9 Earnings per share

		Quarter ended		Financial year ended	
		31.12.2017	31.12.2016	31.12.2017	31.12.2016
(a) Basic earnings per share					
Net profit for the period/year	(RM'000)	183,553	207,810	909,221	335,273
Weighted average number of ordinary shares in issue	('000)	300,000	300,000	300,000	300,000
Basic earnings per share	(sen)	61.18	69.27	303.07	111.76
(b) Diluted earnings per share					
	(sen)	N/A	N/A	N/A	N/A

A10 Profit before taxation

	Quarter ended		Financial year ended	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	RM'000	RM'000	RM'000	RM'000
<i>The profit before taxation is arrived at after charging/(crediting):</i>				
Interest income	(5,525)	(1,207)	(16,956)	(4,376)
Operating and transport fees	(3,413)	(3,301)	(13,808)	(13,669)
Interest expense	16,732	9,616	66,070	40,098
Depreciation of property, plant and equipment	48,386	55,429	189,384	191,754
Property, plant and equipment written off	-	-	-	965
Amortisation of intangible assets	3,997	3,523	16,284	3,523
Amortisation of prepaid lease payments	3	5	20	19
Allowance/(reversal of allowance) for inventories	391	(2,899)	391	(4,917)
Allowance/(reversal of allowance) for doubtful debts	920	-	1,359	(759)
Foreign exchange (gain)/loss - realised	(8,787)	(154,176)	(56,426)	52,271
Foreign exchange (gain)/loss - unrealised	(42,632)	32,524	(25,493)	(11,267)
Fair value loss/(gain) on derivative financial instruments	4,764	(53,943)	1,525	(13,195)

Save as disclosed above and in the Condensed Statement of Comprehensive Income, the other items required by Bursa Malaysia Securities Berhad Main Market Listing Requirements, Chapter 9, Appendix 9B are not applicable to the Company.



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

A11 Taxation

Details of the Company's taxation are as follows:

	Quarter ended		Financial year ended	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
<u>Malaysia Tax</u>	RM'000	RM'000	RM'000	RM'000
Current tax	468	(761)	468	-
Deferred tax	63,275	-	63,275	-
	<u>63,743</u>	<u>(761)</u>	<u>63,743</u>	<u>-</u>

The effective tax rate of the Company varies from the statutory tax rate due to the following:

	Quarter ended		Financial year ended	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Applicable tax rate	24%	24%	24%	24%
Tax effects in respect of:				
Expenses not deductible for tax purposes	4%	1%	1%	3%
Utilisation of tax losses/deductible temporary differences previously not recognised	-2%	-25%	-18%	-27%
Effective tax rate	<u>26%</u>	<u>0%</u>	<u>7%</u>	<u>0%</u>

A12 Dividends

The Board of Directors declared a single-tier interim dividend of RM0.02 per share, amounting to RM6,000,000 in respect of the financial year ended 31 December 2017. The dividend is payable on 17 April 2018 to shareholders whose names appear on the Record of Depositors on 20 March 2018.

The Company did not declare any dividend for the financial year ended 31 December 2016.



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

A13 Changes in the composition of the Company

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

A14 Changes in contingent assets/liabilities

There were no significant changes in contingent liabilities or assets since the last audited annual financial statements as at 31 December 2016.

A15 Corporate proposal

There are no corporate proposals announced but not completed as at 31 December 2017.

A16 Material litigation

There were no material litigations involving the Company since 31 December 2016.

A17 Commodity prices and foreign currency exchange exposures

The Company's margins and financial performance are exposed to the risk of crude and refined product price fluctuations, driven by geopolitical forces and global economic changes. The Company aims to match the average price of its crude oil intake to the planned production of refined oil products, to manage the risks of margin erosion to an acceptable level. The Company may enter into futures, swaps, options and option derivatives to mitigate margin risks, but only whilst achieving an adequate balance between paper and physical positions.

The Company is also exposed to foreign currency exchange risks as a result of transactions entered into currencies other than its functional currency. Following the change of its functional currency from Ringgit Malaysia to the US Dollar, the Company's exposure to foreign currencies is now limited to financial assets and liabilities that are denominated in currencies other than the US Dollar. The USD denominated term loans are no longer exposed to foreign currency fluctuations. The Company may enter into foreign currency hedge transactions to manage this exposure.

Derivatives outstanding as at 31 December 2017 will mature within the next one year.



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

A18 Fair value disclosures

(a) Financial instruments carried at amortised cost:

The carrying amounts of financial assets and liabilities of the Company approximated their fair values as at 31 December 2017.

(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 financial asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 - inputs for the financial asset or liability that are not based on observable market data (i.e., unobservable inputs).

Derivative financial instruments that were outstanding as at the reporting date are detailed below:

	As at 31.12.2017 RM'000	As at 31.12.2016 RM'000
<u>Derivative financial assets/(liabilities)</u>		
<u>Level 2</u>		-
Fair value of refining margin swaps - net	(2,121)	-
Fair value of forward foreign currency contracts	(1,462)	-
Fair value of forward priced commodity contracts	(7,731)	-



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

A19 Borrowings

Details of the Company's borrowings as at the reporting date are as follows:

	As at 31.12.2017 RM '000	As at 31.12.2016 RM '000
Term Loans (secured)		
- Term Loan I	721,862	884,529
- Term Loan II	483,146	532,384
	1,205,008	1,416,913
Less: Amount repayable within 12 months	(79,103)	(87,324)
Amount repayable after 12 months	1,125,905	1,329,589
Currency profile of borrowings:		
- USD	1,205,008	1,416,913

Terms and conditions of the term loans are detailed in the audited financial statements for the financial year ended 31 December 2016.

The overall reduction in the term loan balances between 31 December 2017 and 31 December 2016 is due to:

- Repayment of Term Loan 1 during the year amounting to USD20 million; and
- Translation differences due to the strengthening of RM against USD (31.12.2017: USD1.00 = RM4.06; 31.12.2016: USD1.00 = RM4.48).



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

A20 Cash and cash equivalents

	As at 31.12.2017 RM'000	As at 31.12.2016 RM'000
Cash and cash equivalents comprise of:		
Deposits with licensed banks	210,000	328,900
Bank balances	302,907	26,712
Less: Restricted cash	(20,021)	(11,096)
	492,886	344,516

Restricted cash comprise of a RM10 million security deposit placed with a local licensed bank for trade facilities and an amount equivalent to RM10 million held in a debt service accrual account associated with a term loan.

A21 Capital commitments

Capital commitments not provided for in the condensed financial statements are as follows:

	As at 31.12.2017 RM'000
Property, plant and equipment	
Approved and contracted for	542,382
Approved but not contracted for	204,579
	746,961

A22 Company's performance

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

A23 Current year prospects

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



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

A24 Related party disclosure

	Quarter ended		Financial year ended	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	RM '000	RM '000	RM '000	RM '000
Transactions with affiliates of Shandong Hengyuan Petrochemical Company Limited:				
Expenses:				
- Technical advisory charges	(7,629)	-	(7,629)	-
- Central management and administrative charges	(7,417)	-	(7,417)	-
Transactions with affiliates of Royal Dutch Shell Plc:				
Income:				
- Sales of refined products	-	2,480,305	-	7,992,712
- Tariff revenue on the use of properties / facilities	-	4,206	-	17,405
- Intellectual property buyout - cost recovery	-	21,640	-	21,640
Expenses:				
- Purchase of crudes and products	-	(2,079,869)	-	(7,605,245)
- Central management and administrative charges	-	(14,442)	-	(53,570)
- Refinery process license fee charge	-	(11,210)	-	(11,210)

Following the acquisition of 51% of the issued and paid-up capital of the Company by Malaysia Hengyuan International Limited from Shell Overseas Holdings Limited (“SOHL”) on 22 December 2016, all transactions with companies affiliated to Royal Dutch Shell Plc have not been disclosed as related party transactions, in accordance with MFRS 124 “Related Party Disclosures”. Accordingly, all trade and non-trade transactions with Royal Dutch Shell Plc and its affiliates have been classified as transactions with external parties.



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Part B: Additional Information Required By Bursa Malaysia Listing Requirements

B1 Financial review for current quarter and financial year

	Quarter ended				Financial year ended			
	31.12.2017	31.12.2016	Variance		31.12.2017	31.12.2016	Variance	
	RM 'mil	RM 'mil	RM 'mil	%	RM 'mil	RM 'mil	RM 'mil	%
Revenue	3,092	2,532	560	22%	11,583	8,365	3,218	38%
Gross profit	357	337	20	6%	1,433	815	618	76%
Profit after taxation	184	208	(24)	-12%	909	335	574	171%

Revenues for the fourth quarter and financial year ended 31 December 2017 were higher as refined products traded 20% - 30% above the market prices seen in the respective corresponding periods last year. The Company also recorded a 5% increase in its annual sales volume as a result of improved plant reliability.

Gross profit and profit after taxation for the current financial year were largely influenced by exceptional refining margins experienced in the third quarter of 2017. This was attributed to unplanned production outages in the global market caused by hurricanes in the Gulf of Mexico region and a fire incident reported in a world-scale European refinery. Gross profit for the current quarter was marginally higher than the same period last year as a result of a 6% increase in sales volume. Gains on foreign currency exchange recognised in the current quarter resulting from the strengthening of RM against the USD were offset by the recognition of deferred tax liabilities, rendering a decrease in the current quarter's profit after taxation.



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

B2 Financial review for current quarter compared with immediately preceding quarter

	Quarter ended			
	31.12.2017	30.09.2017	Variance	
	RM 'mil	RM 'mil	RM 'mil	%
Revenue	3,092	2,962	130	4%
Gross profit	357	429	(72)	-17%
Profit after taxation	184	362	(178)	-49%

Average market prices of refined oil products continued to rise in the fourth quarter ended 31 December 2017, contributing to a slight increase in revenue against the previous quarter. Market refining margins experienced a downward adjustment in the fourth quarter as the Gulf of Mexico refineries resumed production following an unplanned outage between August 2017 and September 2017. Higher operating expenditure in the current quarter was attributed to increased maintenance activities and spend on basic engineering design packages relating to regulatory-driven projects. Deferred tax liabilities of RM59.2 million were recognised following the utilisation of tax credits that were brought forward from prior years.

B3 Current year prospects

Refining margins are expected to remain volatile in the near term based on published forward market prices and refining margins. Operational efficiency, product quality, hydrocarbon and financial risk management continue to remain as key areas of focus in optimising the Company's performance.



HENGYUAN REFINING COMPANY BERHAD
(formerly known as Shell Refining Company (Federation of Malaya) Berhad)
(3926-U)
(Incorporated in Malaysia)

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

B4 Status of Project Euro4M Mogas

On 16 June 2017, the Company had announced the Final Investment Decision on the Euro4M Mogas project with planned completion in the 2nd half of 2018.

We continue to anticipate a delay in the planned completion of the Euro4M Mogas project due to the longer than expected duration to fabricate the main equipment. We are currently evaluating options to minimise the impact and will provide further information in due course.

B5 Profit forecast

The Company does not issue any profit forecast.

The Company continues to prepare for a planned major statutory turnaround scheduled to be carried out in the third quarter of FY2018. This major turnaround is planned to take approximately 2.5 months. Accordingly, revenues for the financial year ending 31 December 2018 will reflect the anticipated reduction in sales and production activities.

BY ORDER OF THE BOARD

Lim Hooi Mooi (MAICSA 0799764)
Ong Wai Leng (MAICSA 7065544)
Company Secretaries

Kuala Lumpur
27 February 2018