

Company No.

3926	U
------	---

SHELL REFINING COMPANY (FEDERATION OF MALAYA) BERHAD

(Incorporated in Malaysia)

Interim report for the three months ended 31 March 2005

Following the Shell Refining Company (Federation Of Malaya) Berhad (“the Company”) Board of Directors’ Meeting on 18th May 2005, the Company is pleased to announce its financial results for the three months ended 31st March 2005.

This interim report is prepared in accordance with MASB 26 “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 31st December 2004.

Company No.

3926	U
------	---

SHELL REFINING COMPANY (FEDERATION OF MALAYA) BERHAD

(Incorporated in Malaysia)

Interim report for the three months ended 31 March 2005

Condensed Income Statements

Unaudited

	Note	Individual Quarter		Cumulative Quarters	
		3 months ended	31.03.2004	3 months ended	31.03.2004
		31.03.2005	RM'000	31.03.2005	RM'000
Sales		2,254,976	1,527,466	2,254,976	1,527,466
Expenses excluding finance cost and tax		-2,036,752	-1,390,748	-2,036,752	-1,390,748
Other operating income		2,898	3,169	2,898	3,169
Profit from operations		221,122	139,887	221,122	139,887
Finance cost		-4,277	-2,732	-4,277	-2,732
Profit from ordinary activities before tax		216,845	137,154	216,845	137,154
Taxation	5	-21,443	-14,692	-21,443	-14,692
Profit from ordinary activities after tax		195,402	122,462	195,402	122,462
Minority interest		-	-	-	-
Net profit for the period		195,402	122,462	195,402	122,462
Estimated average annual effective tax rate		9.89%	10.71%	9.89%	10.71%
		sen	sen	sen	sen
Earning per share:					
- basic	6	65.13	40.82	65.13	40.82
- diluted	6	N/A	N/A	N/A	N/A

The notes set out on pages 6 to 12 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 31 March 2005

Condensed Balance Sheet

Unaudited

	Note	31.03.2005 RM'000	As at 31.12.2004 RM'000
current assets			
Property, plant and equipment	7	<u>1,321,296</u>	1,342,216
		<u>1,321,296</u>	<u>1,342,216</u>
current assets			
Inventory		891,894	627,331
Trade Receivables		95,654	167,515
Other Receivables and prepayments		8,475	5,534
Amount Receivables from related companies		885,141	730,543
Balance		291,594	164,869
Investment with a licensed bank		0	0
		<u>2,172,758</u>	<u>1,695,792</u>
Trade and Other Payables		543,445	352,171
Amount payable to related companies		370,152	270,622
Balance		0	1,053
Interest portion of long term debt	10	<u>91,200</u>	91,200
		<u>1,004,797</u>	<u>715,046</u>
current assets		<u>1,167,961</u>	980,746
Deferred tax liabilities		266,877	273,184
Long term borrowings	10	<u>463,600</u>	486,400
		<u>730,477</u>	<u>759,584</u>
		<u>1,758,780</u>	<u>1,563,378</u>
Equity and reserves			
Share capital	11	300,000	300,000
Reserve		15,738	15,738
Profit		<u>1,443,042</u>	1,247,640
Shareholders' equity		<u>1,758,780</u>	<u>1,563,378</u>

The notes set out on pages 6 to 12 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 31 March 2005

Condensed Statement of Changes in Equity

Unaudited

	Non-distributable				Total RM'000
	RM'000	RM'000	RM'000	RM'000	
Balance as at 1 January 2004	300,000	-	15,738	685,296	1,001,034
Net profit for 12 months period	-	-	-	670,344	670,344
Dividend for the period ended:					
- 31 December 2003 (Final)	-	-	-	-43,200	-43,200
- 30 September 2004 (interim)	-	-	-	-64,800	-64,800
Balance as at 31 December 2004	300,000	0	15,738	1,247,640	1,563,378
Balance as at 1 January 2005	300,000	0	15,738	1,247,640	1,563,378
Net profit for the 3-months period	-	-	-	195,402	195,402
Dividend for the period ended :					
- 31 March 2005	-	-	-	-	-
Balance as at 31 March 2005	300,000	0	15,738	1,443,042	1,758,780

The notes set out on pages 6 to 12 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 31 March 2005

Condensed Cash Flow Statement

Unaudited

	3 months ended	
	31.03.2005 RM'000	31.03.2004 RM'000
Cash flows from operating activities		
Profit/(Loss) after taxation	195,402	122,462
Adjustment for:		
Depreciation	27,879	26,490
(Profit)/Loss from disposal of property, plant and equipment	-3	-65
Taxation	21,443	14,692
Exchange losses on foreign currency translation	-38	-104
Interest income	-2,041	-722
Interest expense	4,277	2,732
	246,920	165,485
Changes in working capital		
(Increase)/decrease in inventories	-264,562	-181,197
(Increase)/decrease in trade and other debtors	68,919	-54,833
Increase/(decrease) in trade and other creditors	176,727	204,819
Increase in amount receivables from related companies	-154,597	-72,197
Net (increase) / decrease in amount due from related companies	99,530	103,683
Cash generated from operations	172,937	165,760
Interest received	2,041	722
Interest paid	-4,277	-2,732
Taxation paid	-13,166	0
Net cash generated from operating activities	157,534	163,750
Cash flows from investing activities		
Purchase of property, plant and equipment	-6,956	-2,116
Proceeds from disposal of property, plant and equipment	0	0
Net cash used in investing activities	-6,956	-2,116
Cash flow from financing activities		
Repayment of long term borrowings	-22,800	-22,800
Repayment of short term borrowings	0	0
Dividends paid	0	0
Net cash (used in)/generated from financing activities	-22,800	-22,800
Net increase in cash and cash equivalent	127,778	138,834
Cash and cash equivalent at the beginning of the year	163,816	11,229
Cash and cash equivalent at the end of the year	291,594	150,063

The notes set out on pages 6 to 12 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 31 March 2005

Notes to the Financial Information

1 Basis of preparation

This interim report is prepared in accordance with MASB 26 "Interim Financial Reporting" and paragraph 9.22 of the BMSB Listing Requirements, and should be read in conjunction with the Company's financial statements for the year ended 31 December 2004.

The accounting policies and presentation adopted for the interim financial report are consistent with those adopted for the annual financial statements for the year ended 31 December 2004.

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 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 31 March 2005

Notes to the Financial Information

7 Dividends Paid

The Company did not pay any dividend in the 3 months period ended 31 March 2005.

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 revalued assets

The Company has nothing to disclose as regards valuations of property, plant and equipment in the quarterly financial statements under review.

10 Significant post balance sheet event

The Company has nothing to disclose as regards significant post balance sheet events in the quarterly financial statements under review.

11 Changes in Composition of the Company

All the results of the Company are based upon existing continuing operations. There is no change in the composition of the Company during the interim period, including business combination, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinuing operations. There is also no unusual transaction effecting assets, liabilities, equity, net income and cash flow.

SHELL REFINING COMPANY (FEDERATION OF MALAYA) BERHAD

(Incorporated in Malaysia)

Interim report for the three months ended 31 March 2005

Notes to the Financial Information**12 Contingent Liabilities**

(a) In December 1996, employees were given the option of either remaining in the Shell Malaysia Retirement Benefit Fund ('SMRBF') or transferring to a defined contribution scheme ('DCS'). In conjunction with this, certain assets of the SMRBF were transferred to the Shell Malaysia Provident Fund ('SMPF'). The transfers were effective 1 May 1997. Arising from the transfer of assets from the SMRBF to the SMPF, the Company has provided guarantees to members in relation to:

- (i) the capital sum transferred;
- (ii) a minimum return of 2.5% per annum on that capital sum; and
- (iii) death in service benefits.

The Company, as a Member Company of the SMPF, has supported the resolution of the Founding Company that the SMPF shall come to an end on 31 December 2003 ("Closure Date") and that members' balances in SMPF as at Closure Date be transferred to the Employees' Provident Fund. With such transfer of members' balances, the Company no longer provides guarantees to members in relation to (i) and (ii) above. Death in service benefit for the ex-SMRBF members will continue to be guaranteed the Company.

Based on the information currently available, it is not possible to estimate the likely outcome of the liabilities with regards to death in service benefits as the liabilities are dependent on individual circumstances.

(b) The Company is a member of two oil spill funds, namely the Contract Regarding a Supplement to Tanker Liability for Oil Pollution (CRISTAL) Fund and the International Oil Pollution Compensation (IOPC) 1971 Fund. The purpose of the Funds is to help compensate parties that have suffered financial losses as a result of oil spill from tankers. The members make contributions to the Funds depending on specific oil spill incidents globally which give rise to payments of compensation by the Funds. As of the date of this report, there are no material claims outstanding.

13 Tax

Taxation for the quarter ending 31 March 2005 amounting to RM 21,443,000 comprises:

	3 months ended		YTD-3 months ended	
	31.03.2005	31.03.200	31.03.200	31.03.200
		4	5	4
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Income tax for current period	(21,751)	(10,533)	(21,751)	(10,533)
Transfer from deferred tax	6,308	(4,159)	6,308	(4,159)
	(21,443)	(14,692)	(21,443)	(14,692)

The difference between the statutory tax rate and the effective tax rate is mainly due to the depreciation expense of non-qualifying assets and taxation exempt income under pioneer status. The reinvestment allowance that the Company was entitled to as a result of its pioneer status and for making a qualifying investment has been fully utilised during the course of the quarter ending 31st March 2005.

Company No.

3926

U

SHELL REFINING COMPANY (FEDERATION OF MALAYA) BERHAD

(Incorporated in Malaysia)

Interim report for the three months ended 31 March 2005

Notes to the Financial Information

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.

17 Financial instruments

The Company does not have any financial instruments to disclose.

18 Bank borrowings

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

	RM'000	
Short term borrowings (unsecured)	-	
Current portion of term loan (unsecured)	91,200	
Term loan (unsecured) less current portion	<u>463,600</u>	
	554,800	
Restated in loan's original currency:	USD'000	RM'000
Bank borrowings denominated in foreign currency (USD)	146,000	equivalent 554,800

Company No.

3926	U
------	---

SHELL REFINING COMPANY (FEDERATION OF MALAYA) BERHAD

(Incorporated in Malaysia)

Interim report for the three months ended 31 March 2005

Notes to the Financial Information

19 Earnings per share

		3 months ended		YTD - 3 months ended	
		31.03.2005	31.03.2004	31.03.2005	31.03.2004
(a) Basic earnings per share					
Net profit for the period	(RM'000)	195,402	122,462	195,402	122,462
Weighted average number of ordinary shares in issue	('000)	300,000	300,000	300,000	300,000
Basic earnings per share	(sen)	65.13	40.82	65.13	40.82
(b) Diluted earnings per share	(sen)	N/A	N/A	N/A	N/A

20 Capital commitments

Capital commitments not provided for in the financial statements as at 31 March 2005 are as follows:

	RM'000
Authorised by the Directors and contracted	2,730
Authorised by the Directors and not contracted	80,504
	<u>83,234</u>
Analysed as follows:	
- Property, plant and equipment	<u>83,234</u>

21 Profit Before Taxation

The quarterly profit before taxation is higher compared to the same quarter of the previous year. The Company recorded profits before tax of RM 217 million for the first quarter of 2005 compared to RM 137 million in the first quarter of 2004 (also see accompanying Management Commentary).

Company No.

3926	U
------	---

SHELL REFINING COMPANY (FEDERATION OF MALAYA) BERHAD

(Incorporated in Malaysia)

Interim report for the three months ended 31 March 2005

Notes to the Financial Information

22 Company Performance

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

23 Current Year Prospect

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

24 Change in Accounting Policy

MAINTENANCE COSTS

Asset replacement costs incurred by the Company for major scheduled maintenance of the refinery are capitalised as part of the refinery assets and depreciated on a straight line basis over their estimated useful lives, typically the period until the next major scheduled maintenance.

During the financial year ended 2004, the Company has changed its accounting policy in respect of major scheduled maintenance cost, as above, which in prior years were charged to the income statement.

Company No.

3926	U
------	---

SHELL REFINING COMPANY (FEDERATION OF MALAYA) BERHAD

(Incorporated in Malaysia)

Interim report for the three months ended 31 March 2005

Management Commentary

DIVIDEND

- **Special interim dividend to be paid**

Directly linked to the Company's strong first quarter 2005 cash generation and performance, the Directors have declared a special interim dividend of Ten Sen (RM 0.10) gross per unit of share of RM 1.00 each, less 28% Malaysian Income Tax in respect of the first quarter of the financial year ending 31st December 2005, payable on 22nd June 2005 to the shareholders registered in the Record of Depositors at the close of business on 9th June 2005.

COMPANY PERFORMANCE

- **5th Consecutive Quarter of Record Profits**

The Company posted a record after-tax net income of RM 195 million for the first quarter of 2005. This is an unprecedented achievement for the Company, surpassing the record quarterly profits set in four consecutive quarters in 2004. This achievement represents a significant increase in profits when compared to the net profit after tax of RM 122 million recorded in the same quarter last year.

The excellent financial result for the quarter was mainly due to a combination of excellent operational performance, healthy refining margins and stockholding gains. In Q1 2005, the Company benefited from an after-tax stockholding gain of RM 138 million (Q1 2004: after-tax stockholding gain of RM 29 million) due to the overall increase in crude oil and product prices during the quarter.

The refinery processed 9.8 million barrels of crude oil and feedstock and sold 11.2 million barrels of products during the quarter.

- **Sustained Zero Lost Time Injury performance**

The Company was able to sustain zero Lost Time Injury (LTI) up to 31 March 2005, resulting in 3.72 million man-hours without any LTI since 22nd May 2001.

CURRENT YEAR PROSPECTS

- **Healthy refining margins expected to hold in the coming quarter**
- **Continuous efforts to achieve operational excellence**

It is expected that the current refining margin situation will continue to hold in the coming quarter. However, any weakening in oil prices may have a negative impact on the Company's financial results, given the stock accounting practice adopted by the Company.

The Company will continue to pursue operational excellence, proactive margin improvement and cost effectiveness, whilst maintaining a strong Health, Safety and Environment performance.