

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 2009

Following the Shell Refining Company (Federation Of Malaya) Berhad ("the Company") Board of Directors' Meeting on 6 May 2009, the Company is pleased to announce its financial results for the three months ended 31 March 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.

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SHELL REFINING COMPANY (FEDERATION OF MALAYA) BERHAD

(Incorporated in Malaysia)

Interim report for the three months ended 31 March 2009

	Note	Individual Quarter 3 months ended		Cumulative Quarters 3 months ended	
		31.03.2009 RM'000	31.03.2008 RM'000	31.03.2009 RM'000	31.03.2008 RM'000
Revenue		1,830,221	3,426,700	1,830,221	3,426,700
Cost of sales		(1,653,806)	(3,268,363)	(1,653,806)	(3,268,363)
Gross Profit		176,415	158,337	176,415	158,337
Other operating income		7,982	7,757	7,982	7,757
Administrative expenses		(9,097)	(9,274)	(9,097)	(9,274)
Other operating expenses		(26,967)	22,351	(26,967)	22,351
Finance cost		2,666	(15,662)	2,666	(15,662)
Profit before taxation		150,999	163,509	150,999	163,509
Taxation	13	(38,309)	(40,960)	(38,309)	(40,960)
Profit for the year		112,690	122,549	112,690	122,549
Estimated average annual effective tax rate		25.37%	25.05%	25.37%	25.05%
Earning per share:		sen	sen	sen	sen
- basic	18	37.56	40.85	37.56	40.85
- 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.

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SHELL REFINING COMPANY (FEDERATION OF MALAYA) BERHAD

(Incorporated in Malaysia)

Interim report for the three months ended 31 March 2009

Condensed Balance Sheet*Unaudited*

	Note	As at 31.03.2009 RM'000	As at 31.12.2008 RM'000
Non-current assets			
Property, plant and equipment		1,142,549	1,172,327
Prepaid lease payments		1,984	1,989
Long term receivables		4,255	4,519
Derivative financial asset	17	17,846	-
		1,166,634	1,178,835
Current assets			
Inventories		851,546	569,045
Trade receivables		28,071	16,762
Other receivables and prepayments		7,939	5,827
Tax recoverable		231,700	188,632
Amounts receivable from related companies		841,635	855,616
Deposit with licensed banks		271,973	233,855
Bank balances		4,489	41,131
Total current assets		2,237,353	1,910,868
Total assets		3,403,987	3,089,703
Capital and reserves attributable to equity holders of the company			
Share capital		300,000	300,000
Revaluation reserve		15,738	15,738
Retained earnings		1,717,540	1,604,850
Shareholders' equity		2,033,278	1,920,588
Current liabilities			
Trade and other payables		69,887	57,944
Amounts payable to related companies		648,358	507,649
Derivative financial liability	17	2,355	6,141
Total current liabilities		720,600	571,734
Non current liabilities			
Long term borrowings	17	510,594	484,890
Derivative financial liability	17	-	11,284
Deferred tax liabilities		139,515	101,207
Total non current liabilities		650,109	597,381
Total Equity & Liabilities		3,403,987	3,089,703

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.

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SHELL REFINING COMPANY (FEDERATION OF MALAYA) BERHAD

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Interim report for the three months ended 31 March 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> '000	<u>Nominal Value</u> RM'000	<u>Revaluation reserves</u> RM'000	<u>Retained earnings</u> RM'000	
At 1 January 2009	300,000	300,000	15,738	1,604,850	1,920,588
Profit for the year ended 31 March 2009			-	112,690	112,690
Dividend for the year ended:					
- 31 December 2008			-	-	-
- 31 March 2009			-	-	-
At 31 March 2009	300,000	300,000	15,738	1,717,540	2,033,278
At 1 January 2008	300,000	300,000	15,738	2,090,267	2,406,005
Profit for the period ended 31 December 2008			-	(330,017)	(330,017)
Dividend for the period ended:					
- 31 December 2007			-	(111,000)	(111,000)
- 31 December 2008			-	(44,400)	(44,400)
At 31 December 2008	300,000	300,000	15,738	1,604,850	1,920,588

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.

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SHELL REFINING COMPANY (FEDERATION OF MALAYA) BERHAD

(Incorporated in Malaysia)

Interim report for the three months ended 31 March 2009

Condensed Cash Flow Statement

Unaudited

	3 months ended	
	31.03.2009	31.03.2008
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	150,999	163,509
Adjustments for:		
Depreciation of property, plant and equipment		
- depreciation	28,714	26,973
- loss on disposals	372	-
Interest expense	3,910	3,935
Interest income	(3,451)	(4,182)
Net exchange loss/(gains) - unrealised	34,334	(9,403)
(Gain)/loss on derivative financial instrument - unrealised	(32,916)	27,719
Amortisation of prepaid lease payments	5	6
	<u>181,967</u>	<u>208,557</u>
Changes in working capital		
(Increase)/decrease in inventories	(282,501)	223,485
(Increase)/decrease in trade and other debtors	(47,492)	8,633
Decrease/(increase) in trade and other creditors	37,647	(44,999)
Decrease in amounts receivable from related companies	(32,449)	(81,553)
Increase/(decrease) in amounts payable to related companies	140,709	(89,585)
	<u>(2,119)</u>	<u>224,538</u>
Net cash (used in)/generated from operations	(2,119)	224,538
Interest received	3,451	4,182
Taxation paid	(43,068)	(37,265)
Net cash flow (used in)/generated from operating activities	<u>(41,736)</u>	<u>191,455</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	692	(17,889)
Deposit placed with related company	46,430	(59,425)
Net cash flow generated from/(used in) investing activities	<u>47,122</u>	<u>(77,314)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(3,910)	(3,935)
Net cash flow used in financing activities	<u>(3,910)</u>	<u>(3,935)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,476	110,206
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	274,986	170,201
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>276,462</u>	<u>280,407</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.

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SHELL REFINING COMPANY (FEDERATION OF MALAYA) BERHAD

(Incorporated in Malaysia)

Interim report for the three months ended 31 March 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.

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Interim report for the three months ended 31 March 2009

Notes to the Financial Statements

7 Dividend

The Company has not declared any dividend for the 3 months period ended 31 March 2009.

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.

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SHELL REFINING COMPANY (FEDERATION OF MALAYA) BERHAD

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Interim report for the three months ended 31 March 2009

Notes to the Financial Statements

13 Taxation

Taxation for the quarter ending 31 December 2009 amounting to RM 38,309,000 comprises:

	3 months ended	
	31.03.2009	31.03.2008
	(RM'000)	(RM'000)
Income tax for current period	0	(52,098)
Transfer from deferred tax	(38,309)	11,138
	(38,309)	(40,960)

The difference between the statutory tax rate and the effective tax rate in Q1 2009 is mainly arising from unrealised loss on difference in exchange (DIE). For 2008, the difference between the statutory tax rate and the 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.

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SHELL REFINING COMPANY (FEDERATION OF MALAYA) BERHAD

(Incorporated in Malaysia)

Interim report for the three months ended 31 March 2009

Notes to the Financial Statements

17 Borrowings

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

	31.03.2009	31.12.2008
	RM'000	RM'000
Long term - term loan (unsecured)	510,594	484,890
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 31 March 2009, the Company has a position in the following derivative financial asset/(liability) :

	<u>Less than 1 year</u>	<u>Between 2 - 3 years</u>
	RM'000	RM'000
As at 31 March 2009		
- Cross Currency Interest Rate Swap	(2,355)	17,846
As at 31 December 2008		
- Cross Currency Interest Rate Swap	(6,141)	(11,284)

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	
		31.03.2009	31.03.2008
(a) Basic earnings per share			
Net profit for the period	(RM'000)	112,690	122,549
Weighted average number of ordinary shares in issue	('000)	300,000	300,000
Basic earnings per share	(sen)	37.56	40.85
(b) Diluted earnings per		N/A	N/A

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SHELL REFINING COMPANY (FEDERATION OF MALAYA) BERHAD

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Interim report for the three months ended 31 March 2009
share (sen)

Notes to the Financial Statements

19 Capital commitments

Capital commitments not provided for in the financial statements as at 31 March 2009 are as follows:

	RM'000
Property, plant and equipment	
Authorised by the Directors and contracted	7,481
Authorised by the Directors and not contracted	<u>12,103</u>
	<u>19,584</u>

20 Profit Before Taxation

The profit before taxation for the first quarter is lower compared to the same period of the previous year. The company recorded a profit before tax of RM151 million for the three months ended 31 March 2009 compared to a profit before tax of RM164 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.

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SHELL REFINING COMPANY (FEDERATION OF MALAYA) BERHAD

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Interim report for the three months ended 31 March 2009

Management Commentary

COMPANY PERFORMANCE

- **Net profit after tax on a First In First Out (FIFO) basis of RM 113 million after accounting for stockholding gain.**
- **Over 10 million man-hours without “Lost-Time-Injury” since May 2001**

The Company posted an after tax earnings of RM113 million on a FIFO basis for the first quarter of 2009, compared to earnings of RM123 million recorded in the same period of 2008.

The Company reported an after-tax stockholding gain of RM67 million for the first quarter 2009, compared to a gain of RM27 million in the first quarter 2008.

In the first quarter of 2009, the refinery processed 9.1 million barrels of crude oil and sold 9.4 million barrels of product.

The Company's continued strong focus on safety has allowed it to sustain zero Lost Time Injury (LTI) up to 31 March 2009, resulting in more than 10 million hours worked without any LTI since 21 May 2001.

CURRENT YEAR PROSPECTS

Refining margins are expected to be under pressure in Q2 2009 due to reducing product demand. Any changes in oil prices will have an impact on the Company's financial results, given the stock accounting practice adopted by the Company.