

Company No.

3926	U
------	---

## **SHELL REFINING COMPANY (FEDERATION OF MALAYA) BERHAD**

(Incorporated in Malaysia)

### **Interim report for the three months ended 30 June 2009**

Following the Shell Refining Company (Federation Of Malaya) Berhad ("the Company") Board of Directors' Meeting on 27 August 2009, the Company is pleased to announce its financial results for the three months ended 30 June 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.

Company No.

3926	U
------	---

**SHELL REFINING COMPANY (FEDERATION OF MALAYA) BERHAD**

(Incorporated in Malaysia)

Interim report for the three months ended 30 June 2009

**Condensed Income Statements***Unaudited*

	Individual Quarter 3 months ended		Cumulative Quarters 6 months ended	
	30.06.2009 RM'000	30.06.2008 RM'000	30.06.2009 RM'000	30.06.2008 RM'000
Revenue	<b>2,306,806</b>	3,935,422	<b>4,137,027</b>	7,362,122
Cost of sales	<b>(2,020,777)</b>	(3,424,580)	<b>(3,674,583)</b>	(6,692,943)
Gross Profit	<b>286,029</b>	510,842	<b>462,444</b>	669,179
Other operating income	<b>5,882</b>	8,186	<b>13,864</b>	15,943
Administrative expenses	<b>(9,946)</b>	(8,339)	<b>(19,043)</b>	(17,613)
Other operating expenses	<b>13,000</b>	(21,926)	<b>(13,967)</b>	425
Finance cost	<b>(2,374)</b>	(4,167)	<b>292</b>	(19,828)
Profit before taxation	<b>292,591</b>	484,596	<b>443,590</b>	648,106
Taxation	<b>(71,644)</b>	(127,507)	<b>(109,953)</b>	(168,467)
Profit for the period	<b>220,947</b>	357,089	<b>333,637</b>	479,639
Estimated average annual effective tax rate	<b>24.49%</b>	26.31%	<b>24.79%</b>	25.99%
Earning per share:	<b>sen</b>	sen	<b>sen</b>	sen
- basic	<b>73.65</b>	119.03	<b>111.21</b>	159.88
- diluted	<b>N/A</b>	N/A	<b>N/A</b>	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.

Company No.

3926	U
------	---

**SHELL REFINING COMPANY (FEDERATION OF MALAYA) BERHAD**

(Incorporated in Malaysia)

Interim report for the three months ended 30 June 2009

**Condensed Balance Sheet***Unaudited*

	Note	As at 30.06.2009 RM'000	As at 31.12.2008 RM'000
<b>Non-current assets</b>			
Property, plant and equipment		1,119,778	1,172,327
Prepaid lease payments		1,979	1,989
Long term receivables		3,919	4,519
		<b>1,125,676</b>	<b>1,178,835</b>
<b>Current assets</b>			
Inventories		970,906	569,045
Trade receivables		13,704	16,762
Other receivables and prepayments		6,466	5,827
Tax recoverable		249,729	188,632
Amounts receivable from related companies		1,094,456	855,616
Deposit with licensed banks		290,870	233,855
Bank balances		11,278	41,131
<b>Total current assets</b>		<b>2,637,409</b>	<b>1,910,868</b>
<b>Total assets</b>		<b>3,763,085</b>	<b>3,089,703</b>
<b>Capital and reserves attributable to equity holders of the company</b>			
Share capital		300,000	300,000
Revaluation reserve		15,738	15,738
Retained earnings		1,870,987	1,604,850
<b>Shareholders' equity</b>		<b>2,186,725</b>	<b>1,920,588</b>
<b>Current liabilities</b>			
Trade and other payables		47,393	57,944
Amounts payable to related companies		835,742	507,649
Short term borrowings	17	492,548	-
Derivative financial liability	17	1,938	6,141
<b>Total current liabilities</b>		<b>1,377,621</b>	<b>571,734</b>
<b>Non current liabilities</b>			
Long term borrowings	17	-	484,890
Derivative financial liability	17	-	11,284
Deferred tax liabilities		198,739	101,207
<b>Total non current liabilities</b>		<b>198,739</b>	<b>597,381</b>
<b>Total Equity &amp; Liabilities</b>		<b>3,763,085</b>	<b>3,089,703</b>

Company No.

3926	U
------	---

**SHELL REFINING COMPANY (FEDERATION OF MALAYA) BERHAD**

(Incorporated in Malaysia)

**Interim report for the three months ended 30 June 2009**

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.

Company No.

3926	U
------	---

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

Interim report for the three months ended 30 June 2009

**Condensed Statement of Changes in Equity**

Unaudited

	<u>Issued and fully paid ordinary shares of RM 1 each</u>		<u>Non - distributable</u>	<u>Distributable</u>	
	<u>Numbers of Shares</u> RM'000	<u>Nominal Value</u> RM'000	<u>Revaluation reserves</u> RM'000	<u>Retained earnings</u> RM'000	<u>Total</u> RM'000
<b>At 1 January 2009</b>	300,000	300,000	15,739	1,604,850	1,920,589
Profit for the period ended 30 June 2009			-	333,637	333,637
Dividend for the period ended: - 30 June 2009			-	(67,500)	(67,500)
<b>At 30 June 2009</b>	<b>300,000</b>	<b>300,000</b>	<b>15,738</b>	<b>1,870,987</b>	<b>2,186,725</b>
<b>At 1 January 2008</b>	300,000	300,000	15,738	2,090,267	2,406,005
Profit for the year ended 31 December 2008			-	(330,017)	(330,017)
Dividend for the year ended: - 31 December 2007 - 31 December 2008			-	(111,000) (44,400)	(111,000) (44,400)
<b>At 31 December 2008</b>	<b>300,000</b>	<b>300,000</b>	<b>15,738</b>	<b>1,604,850</b>	<b>1,920,588</b>

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.

Company No.

3926	U
------	---

## SHELL REFINING COMPANY (FEDERATION OF MALAYA) BERHAD

(Incorporated in Malaysia)

Interim report for the three months ended 30 June 2009

### Condensed Cash Flow Statement

*Unaudited*

	6 months ended	
	30.06.2009	30.06.2008
	RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	443,590	648,106
Adjustments for:		
Property, plant and equipment		
- depreciation	57,561	54,109
- loss/(gain) on disposals	372	(70)
Interest expense	6,266	8,281
Interest income	(5,939)	(9,134)
Net exchange loss/(gain) - unrealised	18,492	(1,066)
(Gain)/loss on derivative financial instrument - unrealised	(15,487)	16,279
Amortisation of prepaid lease payments	10	11
	<u>504,865</u>	<u>716,516</u>
Changes in working capital		
Increase in inventories	(401,861)	(268,055)
(Increase)/decrease in trade and other receivables	(15,475)	8,227
Decrease in trade and other payables	(2,893)	(30,128)
Increase in amounts receivable from related companies	(260,540)	(98,752)
Increase in amounts payable to related companies	328,093	171,131
	<u>152,189</u>	<u>498,939</u>
Net cash generated from operations	152,189	498,939
Interest received	5,939	9,134
Taxation paid	(73,517)	(74,530)
Net cash flow generated from operating activities	<u>84,611</u>	<u>433,543</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(5,384)	(59,011)
Proceeds from disposal of property, plant and equipment	-	90
Deposit placed with related company	21,700	(111,215)
Net cash flow generated from/(used in) investing activities	<u>16,316</u>	<u>(170,136)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest paid	(6,266)	(8,281)
Dividends paid	(67,500)	(111,000)
Net cash flow used in financing activities	<u>(73,766)</u>	<u>(119,281)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	27,161	144,126
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	274,986	170,201
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<u>302,147</u>	<u>314,327</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.

Company No.

3926	U
------	---

## **SHELL REFINING COMPANY (FEDERATION OF MALAYA) BERHAD**

(Incorporated in Malaysia)

**Interim report for the three months ended 30 June 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.

Company No.

3926	U
------	---

## **SHELL REFINING COMPANY (FEDERATION OF MALAYA) BERHAD**

(Incorporated in Malaysia)

**Interim report for the three months ended 30 June 2009**

### **Notes to the Financial Statements**

#### **7 Dividend**

	<b>6 months ended 30 June 2009</b>		<b>6 months ended 30 June 2008</b>	
	<b>Gross dividend per share Sen</b>	<b>Amount of dividend net of 25% tax RM '000</b>	<b>Gross dividend per share Sen</b>	<b>Amount of dividend net of 26% tax RM '000</b>
Final dividend approved by shareholders in respect of the year ended 31 December 2008, paid on 18 June 2009 (2007: paid on 20 June 2008)	<b>30</b>	<b>67,500</b>	30	66,600
Special interim dividend approved in respect of the financial year ended 31 December 2007, paid on 4 April 2008.	-	-	20	44,400

#### **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**

Company No.

3926	U
------	---

## **SHELL REFINING COMPANY (FEDERATION OF MALAYA) BERHAD**

(Incorporated in Malaysia)

### **Interim report for the three months ended 30 June 2009**

There were no significant changes in contingent liabilities or assets since the last annual financial statements as at 31 December 2008.

## **Notes to the Financial Statements**

### **13 Taxation**

	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>30.06.2009</b>	<b>30.06.2008</b>	<b>30.06.2009</b>	<b>30.06.2008</b>
	<b>(RM'000)</b>	<b>(RM'000)</b>	<b>(RM'000)</b>	<b>(RM'000)</b>
Income tax for current period	<b>(12,420)</b>	(131,545)	<b>(12,420)</b>	(183,643)
Transfer from deferred tax	<b>(59,224)</b>	4,038	<b>(97,532)</b>	15,176
	<b>(71,644)</b>	(127,507)	<b>(109,952)</b>	(168,467)

The difference between the statutory tax rate and the effective tax rate in Q2 2009 is mainly arising from unrealised loss on difference in exchange (DIE) and unidentified movement in NBV arising from assumption used in calculating qualifying NBV in deferred tax. 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.

Company No.

3926	U
------	---

## SHELL REFINING COMPANY (FEDERATION OF MALAYA) BERHAD

(Incorporated in Malaysia)

Interim report for the three months ended 30 June 2009

### Notes to the Financial Statements

#### 17 Borrowings

The Company's borrowings and derivative financial instrument have been reclassified as short term in nature as the loan and related derivative instrument will mature in June 2010. Management is pursuing the options for refinancing upon maturity. The details of the loan are as follows :

	30.06.2009 RM'000	31.12.2008 RM'000
Long term - term loan (unsecured)	-	484,890
Short term - term loan (unsecured)	<u>492,548</u>	<u>-</u>
Restated in loan's original currency:	<b>USD'000</b>	USD'000
Bank borrowings denominated in foreign currency	140,000	140,000

#### Derivative Financial Instrument

As at 30 June 2009, the Company has a position in the following derivative financial asset/(liability) :

	<u>Less than 1 year</u> RM'000	<u>Between 2 - 3 years</u> RM'000
<b>As at 30 June 2009</b>		
- Cross Currency Interest Rate Swap	<u>(1,938)</u>	<u>-</u>
<b>As at 31 December 2008</b>		
- Cross Currency Interest Rate Swap	<u>(6,141)</u>	<u>(11,284)</u>

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		6 months ended	
		30.06.2009	30.06.2008	30.06.2009	30.06.2008
<b>(a) Basic earnings per share</b>					
Net profit for the period	(RM'000)	220,947	357,089	333,637	479,639
Weighted average number of ordinary shares in issue	('000)	300,000	300,000	300,000	300,000
Basic earnings per share	(sen)	73.65	119.03	111.21	159.88

Company No.

3926	U
------	---

## **SHELL REFINING COMPANY (FEDERATION OF MALAYA) BERHAD**

(Incorporated in Malaysia)

**Interim report for the three months ended 30 June 2009**

**(b) Diluted earnings per share**

(sen)

N/A

N/A

N/A

N/A

## **Notes to the Financial Statements**

### **19 Capital commitments**

Capital commitments not provided for in the financial statements as at 30 June 2009 are as follows:

	<b>RM'000</b>
<b>Property, plant and equipment</b>	
Authorised by the Directors and contracted	2,223
Authorised by the Directors and not contracted	(5,964)
	<u>(3,741)</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 RM292 million for the three months ended 30 June 2009 compared to a profit before tax of RM485 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.

Company No.

3926	U
------	---

## **SHELL REFINING COMPANY (FEDERATION OF MALAYA) BERHAD**

(Incorporated in Malaysia)

**Interim report for the three months ended 30 June 2009**

## **Management Commentary**

### **COMPANY PERFORMANCE**

- **Net profit after tax on a First In First Out (FIFO) basis of RM 221 million after accounting for stockholding gains.**
- **Over 10 million man-hours without “Lost-Time-Injury” since May 2001**

The Company posted an after tax earnings of RM221 million on a FIFO basis for the second quarter of 2009, bringing the year to date results to RM334 million. For 2008, comparable earnings for the quarter and year to date were RM357 million and RM480 million respectively.

The Company reported an after-tax stockholding gain of RM162 million for the second quarter of 2009, compared to a gain of RM281 million for the same quarter in 2008. Year to date stockholding gains amounted to RM229 million for 2009 and RM308 million for 2008.

In the second quarter of 2009, the refinery processed 9.3 million barrels of crude oil and sold 10.0 million barrels of product.

The Company's continued strong focus on safety has allowed it to sustain zero Lost Time Injury (LTI) up to 30 June 2009, resulting in more than 10 million hours worked without any LTI since 21 May 2001.

### **CURRENT YEAR PROSPECTS**

Weak product demand and strengthening crude prices will impact refining margins in Q3 2009.

Any changes in oil prices will have an effect on the Company's financial results.