



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

**INTERIM REPORT FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2016**

In accordance with the approval of the Board of Directors' of Shell Refining Company (Federation of Malaya) Berhad ("the Company") dated 30 November 2016, the Board hereby announces its financial results for the three months ended 30 September 2016.

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.



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

**INTERIM REPORT FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2016**

**Condensed Statement of Comprehensive Income**  
*Unaudited*

	Note	Individual Quarter 3 months ended		Cumulative Quarters 9 months ended	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Revenue	A8	1,962,133	1,273,692	5,833,504	6,722,147
Purchases		(1,931,398)	(1,309,155)	(5,355,125)	(6,135,209)
Gross profit		30,735	(35,463)	478,379	586,938
Other income		3,582	8,022	13,537	16,023
Manufacturing expenses		(58,359)	(50,097)	(151,926)	(136,073)
Administrative expenses		(13,078)	(18,532)	(43,162)	(42,961)
Depreciation and amortisation		(47,212)	(41,805)	(139,867)	(124,883)
Other income/(expenses)		11,774	3,555	4,926	7,097
Finance cost		(8,246)	(16,538)	(33,663)	(50,579)
Profit/(loss) before taxation	A10	(80,804)	(150,858)	128,224	255,562
Taxation	A11	(56)	(272)	(761)	(272)
Profit/(loss) for the year / total comprehensive expense for the year		(80,860)	(151,130)	127,463	255,290
Estimated average effective tax rate		-0.07%	-0.18%	0.59%	0.11%
Earnings per share:					
- basic (sen)	A9	(26.95)	(50.38)	42.49	85.10
- diluted (sen)	A9	N/A	N/A	N/A	N/A

The notes set out on pages 6 to 18 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 30 SEPTEMBER 2016**

**Condensed Statement of Financial Position**  
*Unaudited*

	Note	As at 30.09.2016 RM'000	As at 31.12.2015 RM'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		904,095	1,029,335
Prepaid lease payments		1,829	1,843
		<u>905,924</u>	<u>1,031,178</u>
<b>CURRENT ASSETS</b>			
Inventories	A20	832,640	695,704
Trade receivables		25,394	24,513
Other receivables and prepayments		2,823	30,264
Tax recoverable		-	3,803
Amounts receivable from related companies	A26	987,981	684,043
Derivative financial asset	A21	4,770	305,188
Deposit with licensed banks		-	171,820
Bank balances		128,255	3,703
		<u>1,981,863</u>	<u>1,919,038</u>
<b>TOTAL ASSETS</b>		<u>2,887,787</u>	<u>2,950,216</u>
<b>CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</b>			
Share capital		300,000	300,000
Performance Share Plan from RDS		2,983	1,924
Retained earnings		502,629	375,166
		<u>805,612</u>	<u>677,090</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		68,671	87,027
Amounts payable to related companies	A26	743,204	705,045
Borrowings	A22	1,270,300	1,031,054
		<u>2,082,175</u>	<u>1,823,126</u>
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<u>(100,312)</u>	<u>95,912</u>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings		-	450,000
		<u>-</u>	<u>450,000</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>2,887,787</u>	<u>2,950,216</u>

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**INTERIM REPORT FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2016**

**Condensed Statement of Changes in Equity**  
*Unaudited*

	Issued and fully paid ordinary shares of RM 1 each		Non - distributable	Distributable	Total RM'000
	Numbers of Shares '000	Nominal Value RM'000	PSP reserve RM'000	Retained earnings RM'000	
<b>At 1 January 2016</b>	300,000	300,000	1,924	375,166	677,090
Profit for the period ended 30 September 2016	-	-	-	127,463	127,463
Performance Share Plan from RDS - recharge by the parent - charge during the period	-	-	1,059	-	1,059
<b>At 30 September 2016</b>	<u>300,000</u>	<u>300,000</u>	<u>2,983</u>	<u>502,629</u>	<u>805,612</u>
<b>At 1 January 2015</b>	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 - charge during the year	-	-	(1,729) 2,347	-	(1,729) 2,347
<b>At 31 December 2015</b>	<u>300,000</u>	<u>300,000</u>	<u>1,924</u>	<u>375,166</u>	<u>677,090</u>

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**INTERIM REPORT FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2016**

**Condensed Cash Flow Statement**  
*Unaudited*

	9 months ended	
	30.09.2016	30.09.2015
	RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	128,224	255,562
Adjustments for:		
Property, plant and equipment		
- depreciation	139,867	124,883
- gain on disposal/write off	-	(14)
Interest expense	30,482	39,777
Interest income	(3,169)	(1,087)
Net foreign exchange (gain)/loss - unrealised	(43,520)	240,366
Fair value (gain)/loss on derivative financial instruments - unrealised	(4,770)	(209,521)
Fair value (gain)/loss on derivative financial instruments - realised	45,518	-
Write back for inventories write-down to net realisable value	(2,018)	76,608
Amortisation of prepaid lease payments	14	16
Allowance for doubtful debts	124	122
	<u>290,752</u>	<u>526,712</u>
Changes in working capital		
Inventories	(134,918)	(249,772)
Trade and other receivables	26,779	17,517
Trade and other payables	(18,356)	1,212
Related companies	(273,531)	724,084
Cash generated from operations	(109,274)	1,019,753
Interest received	3,169	1,087
Tax paid	3,043	-
Net cash flow generated from operating activities	<u>(103,062)</u>	<u>1,020,840</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(14,627)	(76,230)
Net cash flow used in investing activities	<u>(14,627)</u>	<u>(76,230)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of borrowings	(182,074)	-
Interest paid	(30,649)	(39,742)
Net settlement of derivative	195,653	-
Proceeds from borrowings	73,800	(466,962)
Net cash used in financing activities	<u>56,730</u>	<u>(506,704)</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(60,959)</b>	<b>437,906</b>
<b>CURRENCY TRANSLATION DIFFERENCES</b>		
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>175,523</b>	<b>8,737</b>
<b>EFFECTS OF EXCHANGE RATE CHANGES</b>	<b>13,691</b>	<b>1,077</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<u><b>128,255</b></u>	<u><b>447,720</b></u>

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**INTERIM REPORT FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2016**

**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.

Malaysian Accounting Standards Board had issued the following new standards and amendments to MFRSs which are effective for the financial period beginning on or after 1 January 2017. The Company has not early adopted the new standards and amendments to MFRSs:

- MFRS15: Revenue from Contracts with Customers (effective from 1 January 2018)
- Amendments to MFRS107: Disclosure initiative (effective from 1 January 2017)
- MFRS9: Financial Instruments (effective from 1 January 2018)
- MFRS16: Leases (effective from 1 January 2019)

**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 crude and 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**

There were no changes in estimates that have had a material effect in the current quarter.

**A6 Debt and equity securities**

The Company has nothing to disclose with respect to issuance of new 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 apart from the following:

The existing loan agreements require repayment of the outstanding balance in the event that the existing shareholding of SOHL falls below 51% of the issued and paid up share capital of the Company. As disclosed in Note A18, SOHL is in the process of divesting its equity interest in the Company. In view that the completion of the said divestment is planned to occur before year end, the Company has entered into agreements, conditional upon completion of SOHL's divestment of its equity interest in the company, to refinance the existing loans when they fall due.

**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**

	<b>Individual Quarter</b>		<b>Cumulative Quarters</b>	
	<b>3 months ended</b>		<b>9 months ended</b>	
	<b>30.09.2016</b>	<b>30.09.2015</b>	<b>30.09.2016</b>	<b>30.09.2015</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Sale of oil products				
- Refined	<b>1,961,964</b>	<b>1,273,312</b>	<b>5,832,287</b>	<b>6,720,726</b>
- Crude oil	<b>169</b>	<b>380</b>	<b>1,217</b>	<b>1,421</b>
	<b>1,962,133</b>	<b>1,273,692</b>	<b>5,833,504</b>	<b>6,722,147</b>



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

**A9 Earnings per share**

		3 months ended		9 months ended	
		30.09.2016	30.09.2015	30.09.2016	30.09.2015
<b>(a) Basic earnings per share</b>					
Net (loss)/profit for the period	(RM'000)	<b>(80,860)</b>	(151,130)	<b>127,463</b>	255,290
Weighted average number of ordinary shares in issue	('000)	<b>300,000</b>	300,000	<b>300,000</b>	300,000
Basic earnings per share	(sen)	<b>(26.95)</b>	(50.38)	<b>42.49</b>	85.10
<b>(b) Diluted earnings per share</b>					
	(sen)	<b>N/A</b>	N/A	<b>N/A</b>	N/A

**A10 Profit/ (Loss) Before Taxation**

The company recorded a loss before tax of RM 80.80 million for the three months ended 30 September 2016 compared to a loss before tax of RM 150.86 million in the same period of 2015 (also see accompanying Management Commentary in Part B).

	Individual Quarter		Cumulative Quarters	
	3 months ended	30.09.2015	9 months ended	30.09.2015
	30.09.2016	30.09.2015	30.09.2016	30.09.2015
	RM'000	RM'000	RM'000	RM'000
<i>The profit before taxation is arrived at after charging/(crediting):</i>				
Interest income	(234)	(988)	(3,169)	(1,087)
Other income	(3,348)	(7,035)	(10,368)	(14,936)
Interest expense	9,190	10,931	30,482	39,777
Property, plant and equipment			0	0
- Depreciation and amortization	47,212	41,805	139,867	124,883
Amortisation on prepaid lease payments	5	6	14	16
Allowance for inventories write down/(back) to net realisable value (included in purchases)	1,160	156,427	(2,018)	76,608
Provision for impairment write (back)/off of receivables	0	0	124	122
Foreign exchange (gain)/loss on net trade - realised	4,293	30,957	(11,046)	68,164
Foreign exchange (gain)/loss on net trade – unrealised	25,946	16,179	8,484	22,693
Foreign exchange loss/(gain) on cash and bank balances - realised	(41)	(2,698)	8,396	(8,227)
Foreign exchange gain on cash and bank balances - unrealised	(13,084)	(911)	(13,691)	(1,077)
Fair Value (gain)/loss on term loan – unrealised	19,260	152,032	(38,314)	218,752
Fair Value (gain)/loss on Derivatives – unrealised	(4,770)	(146,435)	(4,770)	(209,521)
Fair Value (gain)/loss on Derivatives – realised	(79,568)	0	45,518	0
Foreign Exchange (gain)/loss on term loan repayment - realised	0	0	(853)	0





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

**A10 Profit/ (Loss) Before Taxation (continued)**

The fair value gains/losses related to the derivatives are resultant from the USD/MYR foreign exchange rate movements. The USD/MYR exchange rate was 4.1465 as at 30<sup>th</sup> September 2016 (4.018 as at 30<sup>th</sup> June 2016).

**A11 Taxation**

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

	3 months ended		9 months ended	
	30.09.2016	30.09.2015	30.09.2016	30.09.2015
	RM'000	RM'000	RM'000	RM'000
<b>Current Period</b>				
Income tax	56	272	761	272
Movement in deferred tax	-	-	-	-
	<u>56</u>	<u>272</u>	<u>761</u>	<u>272</u>

The effective tax rate for the quarter ending 30 Sep 2016 is -0.07% (9 months ending is 0.59%), lower than the statutory tax rate of 24%, mainly due to tax losses and deductible temporary differences for which no deferred tax asset was recognised. The income tax of RM 56,099 for the current quarter is on the interest income.

**A12 Dividend**

The Company did not declare any dividend for the 3 months period ended 30 September 2016.

**A13 Valuation of Property, Plant and Equipment**

There was no revaluation of property, plant and equipment during the period under review. As at 30 September 2016, all property, plant and equipment were stated at cost less accumulated depreciation and impairment loss.

**A14 Changes in Composition of the Company**

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



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

**A15 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.

**A16 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.

**A17 Quoted Securities**

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

**A18 Corporate proposal**

On 1 February 2016, Shell Overseas Holdings Limited (“SOHL”), the major shareholder of the Company, had entered into a conditional sale and purchase agreement (“SPA”) 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”).

RHB Investment Bank Berhad has issued a press release on behalf of MHIL that the conditions precedent to the SPA have been fulfilled on 17 November 2016. In accordance with the press release, the SPA will become unconditional on the latest of:

- a. the sixth (6th) business days after conditions precedent to the SPA have been fulfilled
- OR
- b. the date which is three (3) business days prior to the date on which the relevant refinancing credit facilities are to be utilised by SRC under the refinancing credit agreements.

**A19 Material Litigation**

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



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

**A20 Inventories**

	<b>30.09.2016</b>	31.12.2015
	<b>RM'000</b>	RM'000
Crude Oil	<b>460,105</b>	430,810
Petroleum products	<b>352,413</b>	248,300
	<b>812,518</b>	679,110
Less: Allowance for inventories write-down	<b>(2,432)</b>	(4,450)
Materials	<b>22,554</b>	21,993
Less: Allowance for slow moving inventories	<b>0</b>	(949)
	<b>832,640</b>	695,704

**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 30 September 2016.

(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
<b><u>At 30 September 2016</u></b>				
Derivatives –				
Foreign Exchange Forwards	0	4,770	0	4,770
Cross currency interest rate swaps	0	0	0	0
<hr/>				
<b><u>At 31 December 2015</u></b>				
Derivatives –				
Cross currency interest rate swaps	0	305,188	0	305,188
<hr/>				

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. The fair values were obtained from published rates of counterparty banks.

**A22 Borrowings**

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

	30.09.2016 RM'000	31.12.2015 RM'000
Long term borrowings		
Term loan (unsecured)		
- Local currency loan	-	450,000
		<hr/>
		<hr/>
Short term borrowings		
Short term loan (less than 3 months)	-	-
Short term portion of long-term borrowings		
- Foreign currency loan	820,300	1,031,054
- Local currency loan	450,000	
	<hr/>	<hr/>
	<b>1,270,300</b>	<b>1,031,054</b>
<hr/>		
Restated in loan's original currency:	<b>USD'000</b>	USD'000
Bank borrowings denominated in foreign currency	<b>180,000</b>	240,000



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

**A22 Borrowings (continued)**

The existing loan agreements require repayment of the outstanding balance in the event that the existing shareholding of SOHL falls below 51% of the issued and paid up share capital of the Company. As disclosed in Note A18, SOHL is in the process of divesting its equity interest in the Company. In view that the completion of the said divestment is planned to occur before year end, the Company has entered into agreements, conditional upon completion of SOHL's divestment of its equity interest in the company, to refinance the existing loans when they fall due.

**Derivative Financial Instruments – Cross currency interest rate swap ('CCIRS') and foreign exchange forwards**

	<b>30.09.2016</b>	<b>31.12.2015</b>
	<b>RM'000</b>	<b>RM'000</b>
Derivative financial assets/(liabilities):		
Term loan (unsecured)		
- Foreign exchange forwards	<b>4,770</b>	-
- CCIRS	-	305,188
	<b>4,770</b>	<b>305,188</b>

Swaps are contractual agreements between two parties to exchange exposures in foreign currency or interest rates. The Company uses cross currency interest rate swaps and foreign exchange forwards as appropriate to hedge its long term borrowings in order to minimize its exposure to movements on foreign currency positions and interest rate volatility. The outstanding contractual amount of the foreign exchange forwards is USD 180 million. The CCIRS has matured in the quarter under review.



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

**A23 Capital commitments**

Capital commitments not provided for in the financial statements as at 30 September 2016 are as follows:

	<b>RM'000</b>
<b>Property, plant and equipment</b>	
Authorised by Directors and contracted for	1,118
Authorised by Directors and not contracted for	30,391
	<u>31,509</u>

**A24 Company Performance**

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

**A25 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 (MFRS 134)**  
*(continued)*

**A26 Related Party Disclosure**

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

	<b>For the quarter ended 30.09.2016 RM'000</b>
a) Income:	
i) Sale of refined products to:	<u>1,824,320</u>
ii) Tariff revenue on the use of properties/ facilities:	<u>4,476</u>
b) Expenses:	
i) Purchase of crude and products:	<u>1,902,568</u>
ii) Central Management and administrative expenses:	<u>7,580</u>

As at 30 September 2016, 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**

**A27 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:

	<b>2016</b> <b>RM'000</b>
Realised	454,338
Unrealised	<u>48,290</u>
	<u><u>502,628</u></u>

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





**SHELL REFINING COMPANY (FEDERATION OF MALAYA) BERHAD**  
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**INTERIM REPORT FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2016**

**Part B: Additional Information Required By Bursa Malaysia Listing Requirements**

**B1 Review of Performance – YTD Q3 2016 vs. YTD Q3 2015**

The Company posted revenue of RM5.8 billion YTD Q3 2016 as compared to RM6.7 billion YTD Q3 2015. Revenue is lower by 13% in 2016 attributable mainly to lower product prices driven by market forces.

Year on year, the Company posted a lower after-tax profit in 2016 of RM127.5 million compared to RM255.3 million in 2015. The lower profit in the current year is due to lower refining margins and higher operating expenses.

The Company's sales volume was 11% higher in YTD Q3 2016 of 29.2 million barrels as compared to YTD Q3 2015 of 26.3 million barrels. Lower production in Q3 2015 was attributed to the Major Statutory Turnaround ("MTA") of 44 days last year.

**B2 Variation of results against previous quarter – Q3 2016 vs. Q2 2016**

The Company registered revenue of RM1.96 billion in Q3 2016, compared to RM 2.00 billion in Q2 2016. Revenue is lower by 2% in Q3 2016 mainly due to lower product prices, plus a decline in sales volume by 1% from 9.49 mbbl in Q2 to 9.37 mbbl in Q3.

The Company closed the current quarter with an after-tax loss of RM80.9 million as compared to an after-tax profit of RM106.7 million in previous quarter.



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*(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 crude and petroleum products, as well as cyclical factors.

**B4 Profit Forecast**

We do not issue any profit forecast.

**BY ORDER OF THE BOARD**

Shahniza Anom Binti Elias (LS 0006472)

Tia Hwei Ping (MAICSA 7057636)

Company Secretaries

Kuala Lumpur  
2016