CHAIRMAN'S STATEMENT

Dear Shareholders,
In the midst of uncertainties related to the Company's long-term prospects, the team at Shell Refining Company ("SRC") delivered a strong performance that returned your Company to profitability in 2015.

Collective Spirit and Resilience

After four years of consecutive losses since 2011, SRC posted an after-tax profit of RM352 million in 2015. The refinery ran at optimal levels, and the management was able to take advantage of the higher refining margins and lower stockholding losses. It is a tribute to the determination of the team at SRC to stay focussed on maintaining safe and reliable operations.

Your Company continued to maximise refinery capabilities through crude optimisation, margin uplift tactics, enhanced energy utilisation and tightened cost management. Improvements in cost discipline led to the reduction of manufacturing operating expenditure ("OPEX") by 7% compared to 2014 after excluding once-off expenses such as the strategic review costs and higher extraordinary maintenance. These helped SRC enjoy better margins despite a 44-day planned downtime due to a statutory major turnaround.

The collective spirit and resilience demonstrated by SRC staff and management, whilst being uncertain about the future of the refinery, is truly commendable.

Strategic Review & Outcome

In January 2015, the Board launched a strategic review to proactively investigate long-term options for SRC given the Company's tenuous financial condition due to its high gearing levels, the expectation of continued pressure on refining margins, and investments needed to upgrade the refinery to produce Euro 4 and Euro 5 products. Notwithstanding SRC's ability to capitalise on tailwinds of improved refining margins last year, your Company continues to be pressured by its debt load. Gearing levels have reduced to 69% from 84% in 2014, but is still high, with existing debt of RM1.5 billion.

In parallel, our majority shareholder, Shell Overseas Holdings Limited ("SOHL"), commenced the search for a buyer for its 51% shareholding, who was willing to invest in Euro 4 and Euro 5 upgrades and secure new long-term financing for SRC.

A robust process which included both local and foreign investors was carried out in 2015 by SOHL. At the end of the competitive process, Malaysia Hengyuan International Ltd ("MHIL") was the highest bidder that was able to meet all criteria, including funding the acquisition, as well as refinancing SRC's debt. MHIL already produces Euro 4 and Euro 5 fuels in China and has committed to upgrade SRC's fuel production capabilities as well as strengthen its position as a leading regional refinery player.

On 2 February 2016, SOHL informed the Board it had entered into a conditional sale and purchase agreement with MHIL for the acquisition of all shares held by SOHL in your Company. Efforts are currently underway to fulfil the conditions precedent and complete the sale.

With a potential new majority shareholder who is prepared to invest in the necessary upgrades and support debt refinancing, SRC will have the option to continue operating as a refinery. Therefore, the Board has suspended pursuit of alternatives under the strategic review. This also bodes well for the nation as it secures the supply of locally refined fuel products to Malaysia, and will continue to provide for the livelihoods of numerous SRC stakeholders.

Financial Performance

Your Company posted a profit after-tax of RM352 million for the year in review, compared to an after-tax loss of RM1.2 billion in 2014, as a result of better margins, improved cost optimisation and lower stockholding losses of RM133 million.

However, this has not sufficiently strengthened the Company's financial position to pay dividends for the year under review.

Industry Review

Oil prices continued to trend lower in 2015, hovering between USD40 and USD50 per barrel from June, and dipping below USD40 per barrel in December. In less than a year, upstream oil and gas companies faced a 50% drop in revenues, leading to one of the most severe downturns in 30 years for the global oil and gas industry. The oil price's slump of more than 70% over the past 18 months has resulted in 250,000 job losses in the industry globally and more than USD2.7 trillion of market value being wiped out from oil companies.

For at least the first eight months of 2015, fuel prices, such as gasoline and diesel, did not fall by the same magnitude as the change in crude. At the same time, refiners were able to offer lower fuel prices which triggered growing demand and kept refineries running at record utilisation levels for much of the year. However, towards the last two quarters, global refining margins started to shrink again, falling 34% in the fourth quarter.

While that declining margin trajectory seems likely to continue in 2016, some positive developments could help the industry evolve to a better place. Demand growth, declining production, and a leaner, stronger industry will all have an impact.

US demand is responding to lower oil prices with increased automotive sales that will likely lead to increased motor fuels demand in the near future. More broadly, Asian demand, beyond China, is showing strong growth. China itself, despite recent cuts, remains a huge source of global demand.

Total US crude production started to decline at the end of 2015, and that trend is expected to continue in 2016. More broadly, billions of dollars of investments have been deferred due to the low oil price environment, which translates to millions of barrels that will not be produced in the years to come. The supply overhang that originally caused oil prices to plummet is expected to reduce through the coming months, providing some upside potential to oil prices globally.

For the foreseeable future though, margins remain uncertain. Agility and responsiveness will be the key to optimising margins. Your Company will continue to advance operational excellence and cost effectiveness whilst maintaining a strong Health, Safety, Security and Environment performance, and managing a smooth transition. We will continue to draw on best practices to help us achieve the sought after results.

Braving the Challenge

One thing that is certain is that the main engine of growth moving ahead will continue to be the people of SRC. I take my hat off to them. On my Safety Day visit last year, I was impressed by the upbeat energy and passion they continued to display in delivering safe, reliable production; even when the future of the Company was in question. The management has successfully implemented a robust Integrated People Plan that integrates the business performance and the state of the organisation health. The Integrated People Plan is designed to provide better focus on the business priorities whilst at the same time keep staff motivated and with a high sense of pride. The Plan also comprised elements that will help SRC continue to perform during the anticipated transition.

My personal congratulations and appreciation to the management for building up a team that is truly resilient in the face of challenges. I take this opportunity to note that MHIL has also expressed an appreciation for SRC's work culture and a keen desire to collaborate for mutual benefit. In

my opinion, this augurs well for a smooth transition as it gives the Board encouragement that its future major shareholder will be thoughtful and engaging when making improvements.

Acknowledgements

In closing, I would like to record my utmost appreciation to our shareholders, the Board of Directors, the management, our employees, contractors and all our stakeholders for your continued support, perseverance and dedication. It has been a strong year in terms of the refinery's performance despite the long-term future of the refinery remaining uncertain. As always, our decision-making is driven by the best interest of shareholders, and your Company's focus will remain on the areas of safety, reliability, cost and people.

On behalf of the Board, I would like to extend our gratitude to Datuk Seri Saw Choo Boon and Mr Arnel Santos for their service and dedication. I am pleased that Datuk Yvonne Chia has taken on the additional responsibility to lead the Audit Committee, which was previously headed by Datuk Seri Saw. I would also like to welcome Mr Heng Hock Cheng to the Board who was appointed on 1 April 2016.

I look forward to your continued support as we respond to challenges in the coming year.

Thank you.

Datuk Iain John Lo
Chairman, Board of Directors

MANAGING DIRECTOR'S REVIEW

**Dear Shareholders,
2015 was unquestionably an extraordinary year for Shell Refining Company ("SRC"), one that tested the resilience, fortitude and resourcefulness of the management and staff alike.**

Fuelled by People Power

While declining oil prices brought trying times to upstream oil and gas players, this seeming problem presented numerous opportunities to your Company. Volatile oil prices coupled with supply and demand balance in this region resulted in higher refining margins which played to SRC's advantage and helped to further strengthen your Company's overall financial performance.

Conversely, a strategic review on the long-term future of your Company announced in January 2015 brought a series of unprecedented challenges, exacerbating an already eventful year as the refinery underwent a scheduled major statutory turnaround ("Turnaround 2015").

Amidst this growing list of concerns, I note with tremendous pride your Company's staff exemplary behaviour and indomitable spirit in delivering an admirable performance while returning the Company to profitability for the first time in four years.

Highlights and Lowlights

Overall, the 2015 financial performance was the best since 2011, with your Company delivering an exceptional after-tax profit of RM351.8 million compared to an after-tax loss of RM1,188.8 million in 2014.

Your Company scored notable achievements in Process Safety and Margin improvement. Shell Refining Company received the Shell Executive President Award on Process Safety for outstanding process safety management in 2015 (see Safety and Environment).

Your Company also took advantage of the sweet-sour crude positive differential gap to advance to a sweeter crude slate in 2015. Your Company diversified its residue feedstock and brought in a record 125,000 tonnes Long Residue Catalytic Cracker ("LRCC") feedstock. These initiatives contributed approximately USD44 million to the overall margin uplift performance (see Managing Margins).

In accordance with Malaysian legislation, your Company successfully delivered Euro 4 compliant ULG97 Gasoline in October 2015 as mandated. This was a major achievement as it was delivered through the recalibration and reformulation of existing components, without additional investment.

Having said that, your Company was not spared from setbacks. In Personal Safety, I regret to announce that your Company recorded a Loss Time Injury ("LTI") incident when a contractor was injured while descending a crane cabin during Turnaround 2015.

Notwithstanding the strong refinery availability in the first half of 2015 where the unplanned downtime was only at 1.0 %, the refinery experienced unexpected outages of the LRCC unit after Turnaround 2015. This significantly affected the overall reliability performance for the year, with a final unplanned downtime of 4.5% (see Reliability).

Turnaround 2015

In August and September, your Company executed a 44-day major statutory turnaround and shutdown of the entire refinery processing units. Turnaround 2015 was necessary to ensure a safe, reliable and sustainable operation. It also served to maintain our license to operate, and demonstrate our continuing commitment of no harm to the community and environment.

Turnaround 2015 scope included major inspection, repairs, replacements and modifications of existing equipment where around 1,200 staff and contractors collaborated to deliver the event safely, timely and below budget.

Apart from the contractor LTI incident, your Company reported a vast improvement in safety performance mainly due to a robust management of Health, Safety, Security and Environment (“HSSE”) leading indicators and intense field interventions done at site.

This was clearly demonstrated through the large number (about 12,000) of near miss and potential incidents reported, with half of them being submitted by contractors. Each report represented a safety intervention, and by end 2015, almost all cases have been effectively closed.

In this regard, your Company acknowledges the contractor partners as a critical workforce during Turnaround 2015 which significantly contributed to this achievement. We had good involvement from the contractors at the Contractor CEO HSSE Forum and from the daily Turnaround Safety Walkabout Programme in driving safety leadership behaviour at all levels.

For the first time in a Turnaround event, your Company utilised internal resources for Emergency Response (“ER”) activities instead of relying on local auxiliary support. The internal ER team was provided with proper training as per the requirements of the Malaysian Fire and Rescue Department (BOMBA) for this purpose.

Through these efforts, your Company was recognised with the Shell Malaysia Downstream Heroes Award in early 2016 for HSSE.

On the cost front, stringent control measures were implemented during Turnaround 2015 that included a streamlined contracting process, vigorous cost estimating, budgeting and approval process and daily detailed cost tracking that led to a below budget performance for the entire event.

Safety and Environment

Despite a demanding year, HSSE focus and commitment remain a core activity of your Company’s business.

The contractor LTI incident during Turnaround 2015 was a stark reminder that Safety Goal Zero is a delicate and continuous journey. Through a deep Causal Learning investigation following the incident, your Company identified several key learnings in strengthening existing contractor management and assurance process. Site-wide reflective learning sessions with all employees were conducted to share the causes of the incident and to further drive change on behavioural gaps.

We also had to manage two environment non-compliance cases at our effluent treatment plant and jetty, involving the presence of pollutants (relating to Chemical Oxygen Demand) in the discharged water. Immediate corrective actions were taken to ensure a quick normalisation of the effluent treatment system.

On a positive note, in 2015, your Company retained its record of zero spill incidents and significantly reduced the number of loss of primary containment (“LOPC”) occurrences with only eight cases recorded, compared to 23 in 2014. This was attributed to the refinery LOPC reduction programme that primarily encompassed a more robust corrosion management and maintenance effectiveness activities, and improved procedures.

A set of rules akin to the 12 Life-Saving Rules to eliminate significant process safety incidents was launched in 2015. The ‘Process Safety to the Next Level’ initiative comprised sub-programmes on processes and behaviours, which are intended to minimise the potentials of Process Safety related incidences.

Your Company’s contractor partners are an integral part of the Safety Goal Zero journey. As a testament to their longstanding commitment on keeping people, environment and asset safe, your Company is proud that its contractor partners – Total Dynamic Engineering, Sankyu and UEMS – won the Gold, Silver and Bronze Awards of Best Downstream Contractors Category respectively at the Shell Malaysia Safety Awards presentation in 2015.

Reliability

The refinery delivered a solid reliability performance in the first half of 2015 due to a strong focus on asset integrity improvement, improved management of outstanding maintenance works, and a streamlined approach to mitigate reliability threats. The unplanned downtime performance during this period was at 1.0 %, leading to an availability of 99%.

However, the full year performance was significantly impacted by a string of unexpected outages in the second half of the year following the completion of Turnaround 2015. The LRCC unit experienced four trips in the last quarter of 2015 due to lightning and unrelated instrumentation issues. This resulted in an overall unplanned downtime of 4.5%. Coupled with the 44 days of planned outage for Turnaround 2015, the resultant refinery availability was 86.1%.

Deep dive reviews of these trip incidents were conducted starting January 2016 with Shell subject matter experts, resulting in several site-wide initiatives to improve reliability. These initiatives included improving the earthing system, installing additional protection for safety critical instrument devices and reviewing the control system of the LRCC wet gas compressor system. Your Company also conducted additional reviews on its utility system, leveraging work that has been conducted in other Shell facilities in this region.

In addition, significant effort was invested in selected Reliability Work Processes maturity, namely Pressure Equipment Integrity, Reliability Centred Maintenance and the Mitigate Threats Availability processes. Your Company also launched a site-wide standard work framework ("SCONE") and implemented structural improvements in reliability meeting charters that enabled better autonomy and accountability at the working levels.

To sustain these efforts, your Company is committed to continuously strengthening the technical capability of its site engineers through the support and technical coaching programmes from Shell Projects & Technology and other accredited institutions.

Managing Margins

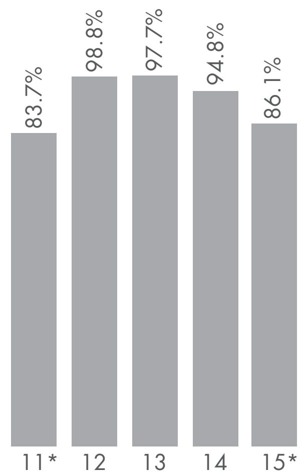
In 2015, the Brent crude oil price hit its lowest since 2004. The supply glut due to high OPEC production, the lifting of the US 40-year ban on crude exports and the looming return of Iran as a supplier, has kept market forces guessing and impacted commodity prices across the board.

Unabated geopolitical tensions in the Middle East, a weak global economic recovery led by a slowing China economy and the growing nationalism in the European Union stressed by the refugee crisis underscore expectations that the oil market is expected to remain volatile for the foreseeable future.

Lagging product prices impacted refineries but the price drop for crude was greater than that of products, thus helping buoy margins through cheaper feedstock. As seen in Figure 2, changes to product market demands and supply in 2015 also drove Gasoline prices to overtake Diesel in trends not seen in a long while.

Your Company maximised utilisation of the Gasoline producing LRCC unit by not only optimising the crude slate but further diversifying residue, bringing in a record 125,000 tonnes of LRCC feedstock in 2015.

Figure 1
Refinery Availability



*Turnaround year

Figure 2
Crude & Product Prices

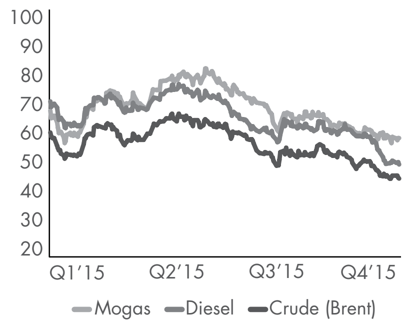


Figure 3
SRC Sources of Supply

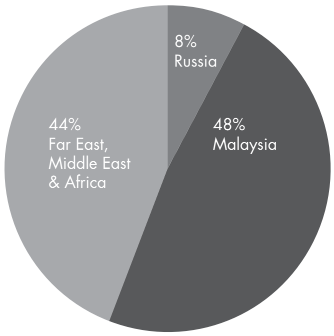
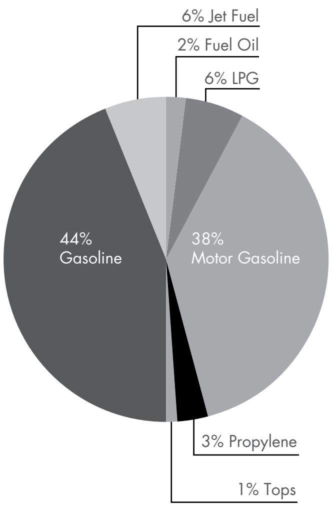


Figure 4
SRC Sales Turnover



Your Company secured the most value adding crudes, moving the slate closer to sweet crudes in 2015 as the sweet-sour price gap narrows. The resulting gains were USD44 million in business optimisation and USD14 million in improvement tactics in 2015.

To capture the higher margins from the premium RON97 and help Malaysia achieve its environmental aspirations, your Company started production of Euro 4 compliant ULG97 Gasoline through the recalibration and reformulation of existing components and without additional investment.

Managing Cost

The total manufacturing expenses in 2015 was RM205 million, compared to RM192 million in 2014, reflecting a mix of structural cost reductions offset by once-off costs. In our continuous pursuit to optimise spending, we have concentrated our efforts in the areas of third party spend generating positive savings and allowing us to keep the base manufacturing cost relatively flat compared to 2014.

Cost increases were in relation to the strategic review exercise of RM11.5 million and higher extraordinary maintenance work due to the unplanned outages after the Turnaround 2015.

Some of the major cost savings initiatives that have been undertaken by your Company are listed as follows:

1. Reformulating LRCC catalyst, contract negotiation, and optimising catalyst utilisation, thus lowering costs by RM15.7 million
2. Re-negotiating contracts due for renewal and benchmarking pilotage fees leading to higher recoveries, improving cash flow by RM1.3 million
3. Embedding LEAN and productivity improvement initiatives as part of contract management where our maintenance partner contractor eliminated wastages and improved efficiency, thereby reducing maintenance costs by RM0.9 million
4. Monitoring actual performance against plan, where through active diligence on the quantity of actual work delivered, your Company was able to successfully negotiate lower cost with contractors that resulted in savings of approximately RM3 million in the Turnaround 2015 capital expenditure

Our People

The people of Shell Refining Company are the most important asset of your Company. They were instrumental towards the positive business performance in 2015. Their demonstration of respect, professionalism and commitment towards the delivery of their promises were highly commendable.

Your Company aspires to sustain this development by monitoring the wellbeing of our people and the organisation. Organisational health correlates with performance very closely. Experts have noted that a healthy company is more than twice as likely to outperform its peers on metrics like EBITDA (earnings before interest, tax, depreciation and amortisation) and income-to-sales ratios. (Source: McKinsey)

To ensure a strategic approach with tangible and sustainable outcomes, we implemented the following initiatives:

1. SRC Behaviours for Success are the characters of your Company that define our internal cultures and the way we work. These behaviours of collaboration, ownership, leadership and openness at all levels will help us drive maximum potentials from our people.

2. SRC Integrated People Development Plan with the overarching objective of integrating the organisational health and business performance, focussing on a robust goal setting and prioritisation process; a structured rewards, appreciation and recognition framework; a comprehensive communication and engagement plan, and an inclusive people development strategy.
3. Staff support programmes such as Employee Assistance Programme and Resilience Workshops were made available to those in need.
4. My Health Matters – Be Fit Challenge to promote health awareness and a healthier lifestyle.

I would like to pay tribute to the “SRC Energisers”, a team of employees who volunteered during Turnaround 2015 to hold numerous activities to motivate and energise staff and contractors who were involved in the event.

Over the years, your Company has become a vital presence in the community, touching lives in many ways through our application of Shell’s sustainable development practices. In fostering better ties, we continued with our partnership with the Port Dickson Resident Association, schools and neighbouring communities for our outreach programmes.

These programmes consisted of events with fenceline communities, such as the annual Blood Donation Campaign in collaboration with Hospital Tuanku Jaafar, Seremban, to ensure the communities around our operations directly benefit from our social investment activities.

Looking Ahead

Your Company stayed the course against strong headwinds, delivering an admirable full year performance.

For 2016, our current term focus is to ensure for a successful transition while continuing to run the refinery safely and reliably. Safe and reliable operations will continue to remain our key priorities in everything we do.

We will keep our workplace safe and our equipment reliable and continue to look for margin improvement opportunities to keep the business in a healthy state.

With the potential entry of a new major shareholder, the refinery has been given a new lease of life and your Company foresees future growth prospect with the immediate focus on the necessary upgrading work required to meet the Euro 4 and 5 product timelines.

People will continue to be high in our agenda as we embrace this period of change and adjustment. Through the Integrated People Plan and other ongoing initiatives, there will be continued focus on business priorities while maintaining a healthy and motivated organisation.

As your Managing Director, I look forward to 2016 with great confidence. I am certain you will see a reenergised and more driven company, now that we have greater clarity on the future of the refinery. The margins environment will continue to be volatile but rest assured that we will continue to fulfil our mission of delivering value to all our stakeholders.

Amir Hamzah bin Abu Bakar
Managing Director

FINANCIAL SUMMARY

MANAGEMENT DISCUSSION & ANALYSIS

Overview

In the year under review your Company posted an after-tax profit of RM352 million as compared to a RM1.2 billion after-tax loss in 2014. This is mainly due to the higher refining margins in 2015.

- Refining margins strengthened in 2015 supported by strong product cracks, in particular improved Mogas cracks and low crude prices.
- Crude prices continued to drop further from heights of USD64 per barrel in early 2015 to USD38 per barrel at the end of the year. Crude oil was oversupplied in the global market driven mainly by the increase in US crude oil production. Total crude oil production arising from the fracking industry and OPEC producers combined was 14% higher than in 2014.

Revenue and Gross Margin

Revenue of RM9 billion was recorded by your Company in 2015, 36% lower than in 2014. The reduction is attributable to lower product prices in 2015.

- The refining margin in 2015 was USD7.00 per barrel on current cost of supplies ("CCS") basis in comparison to a lower margin of USD2.65 per barrel in 2014. The FIFO margin is affected by stockholding losses of USD0.90 per barrel in 2015 compared to stockholding loss of USD4.99 per barrel in 2014.
- A major statutory turnaround in August 2015 of 44 days lowered the production of the refinery; resulting in lower revenue for the year.
- In 2015, your Company processed two new types of crude oil enabling USD0.62 million improved margin benefit.
- The refinery also managed to source a historical high of 125,000 tonnes of residue feedstock imports, increasing Long Residue Catalytic Cracking Unit ("LRCCU") utilisation by 7.6%, at a benefit of USD9.2 million.

Income and Expenses

In 2015, your Company benefited from lower finance costs (RM11.4 million), lower catalyst spend (RM15.7 million) and lower revenue expenditure (RM2.7 million) as compared to 2014.

A structured review investigating long-term strategic options for the Company as previously announced was conducted last year resulting in higher operating expenditure by RM11.5 million. Your Company continues to focus on cost reduction initiatives.

Profit

Your Company posted an after-tax profit of RM352 million in 2015 as compared to an after-tax loss of RM1.2 billion in 2014.

The improvements to profits in 2015 are mainly contributed by:

- Higher refining margins during the year (RM1 billion).
- Lower stockholding losses of RM133 million as compared to 2014.

Total Assets and Liabilities

Total assets have increased by RM139 million in 2015. This was mainly driven by the placement of deposits with licensed banks of RM172 million at year end.

However, inventories reduced by RM105 million for the year due to lower prices. Your Company generated sufficient cash to fully repay short term revolving credit facilities of RM467 million during the year.

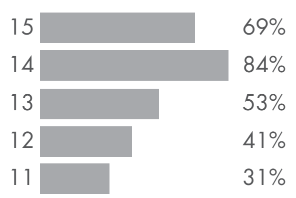
Cashflow

Your Company marked the end of the year with a significant improvement in cash balances standing at RM176 million, contributed by cash surplus from operations of RM783 million as a result of improved margins. The generated cash was utilised for the following:

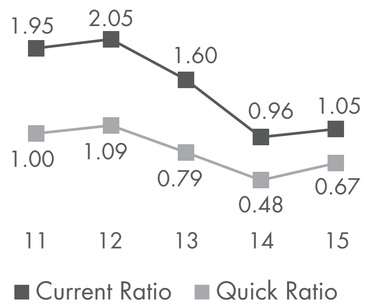
- Interest paid on loans (RM53 million)
- Net repayment of borrowings (RM467 million)
- Net cash outflow for capital investments (RM98 million)

FINANCIAL PERFORMANCE	2011	2012	2013	2014	2015	Growth Rate
Income Statement (RM Million)						
Revenue	11,213	15,086	14,696	14,263	**9,080**	(36%)
Purchases	11,074	14,901	14,519	14,571	**8,265**	(43%)
Profit/(Loss) before taxation	(164)	(122)	(223)	(1,223)	**353**	129%
Profit/(Loss) after taxation	(126)	(95)	(156)	(1,189)	**352**	130%
Sales volume (thousand barrels per day)	85	110	110	111	**100**	(10%)
Balance Sheet (RM Million)						
Assets						
Total assets	4,204	4,170	4,491	2,811	**2,950**	5%
Trade and other receivables	1,234	1,248	1,302	772	**739**	(4%)
Inventories	1,315	1,134	1,387	801	**696**	(13%)
Oil inventories volume (thousand barrels)	3,494	3,000	3,613	3,350	**3,586**	7%
Liability and Shareholders' Funds						
Total liabilities	2,350	2,465	2,977	2,486	**2,273**	(9%)
Trade and other payables	1,386	1,168	1,191	728	**792**	9%
Shareholders' funds	1,854	1,705	1,513	325	**677**	109%
Cash Flow (RM Million)						
Cash generated from/(used in) operations	114	(74)	(252)	116	**783**	578%
Purchase of property, plant and equipment	392	370	165	55	**98**	79%
Per RM1 Unit of Stock (Sen)						
Earnings/(Loss)	(42)	(32)	(52)	(396)	**117**	130%
Net assets	618	568	504	108	**226**	109%
Gross Dividends	40	20	0	0	**0**	–

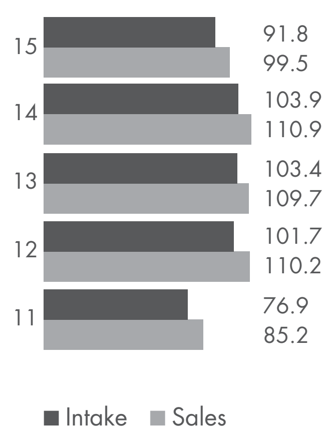
Gearing Ratio



Liquidity Ratios



Refinery Intake and Sales (thousand barrels per day)



CORPORATE SOCIAL RESPONSIBILITY

Your Company continues to be a longstanding partner in the Port Dickson community. This was demonstrated in your Company's Corporate Social Responsibility commitment through activities in the areas of Marketplace, Community, Workplace and Environment.

Marketplace

Despite the industry challenges that have plagued market performance, your Company continues to place great emphasis in cultivating a culture steeped in strong business ethics and values, good corporate governance and excellent product stewardship. The timely and transparent engagement with our stakeholders by effectively communicating accurate and quality information about your Company's operations, developments and financial performance has helped us win support and understanding from our stakeholders.

Community

Amidst the uncertainty of the Company's prospects, our endeavour to be a good neighbour and responsible operator to the community of Port Dickson remained. We maintained our commitment towards Corporate Social Responsibility or Social Investment by responding to the community's needs where it is warranted.

In 2015, we partnered with the Port Dickson Residents Association, schools and many more in our community outreach programmes. This included the HSE in School programme in

collaboration with the Department of Safety and Health where we shared knowledge on safety, health and environment; promoting a safe and healthy lifestyle to the community by conducting 'gotong-royong' at dengue hot spots in Port Dickson through the HSE in Community programme; a breaking of fast event with underprivileged families from our fenceline communities; contributing to Yayasan Munarah, a charity which supports underprivileged youths in Negeri Sembilan; and distributing rations to underprivileged communities during Deepavali.

We also invited a lion dance troupe during an employees' staff gathering as part of our commitment to show support to local school activities. Through Port Dickson Residents Association, we sponsored more than 50 underprivileged children for an educational visit to Aquaria in Kuala Lumpur.

Workplace

People are your Company's greatest assets and we want everyone who works for us to go home safely every day, more so during this challenging period that we are operating in. Your Company continues to aspire in creating a safe and conducive workplace that nurtures collaboration and team work; drives passion and motivation in individuals and provides learning and development opportunities at all levels.

On Health, Safety, Security and Environment, we embarked on campaigns to elevate knowledge in personal and process safety. We made genuine efforts to organise positive intervention initiatives through periodic walkabouts and safety stand downs to encourage safety leadership behaviours and an intervention culture.

In the area of learning and development, your Company invested in formal multi-skilling training and semi-formal learning sessions focussing on personal and leadership effectiveness and commercial mindset.

All these are in line with your Company's belief in realising people's full potential that will help them to stay loyal, feel valued and proudly contribute to the Company's overall performance.

Environment

Your Company makes conscious efforts to conduct business in a safe and environmentally sustainable manner. This is apparent through compliance with environmental regulations as well as Company policies and programmes.

In 2015, we continued to manage emissions, improve energy efficiency, reduce flaring and conserve biodiversity. Our neighbouring communities remained an important partner for us. Through the open feedback channel, the communities can provide feedback on the plant instantaneously. That has helped us to monitor and handle these reports timely and accordingly.

CORPORATE GOVERNANCE STATEMENT

The Board takes its responsibility to ensure that your Company achieves a high level of corporate governance and believes that this is integral to preserve shareholders' trust and enhance the value of your Company. In carrying out this responsibility, the Board of Directors confirm that for the financial year in review, your Company has applied the main principles and relevant recommendations as set out in the Malaysian Code on Corporate Governance 2012 ("MCCG 2012" or the "Code"). In this statement, the Board provides details on the extent of the application of the Code.

Board Structure and Composition

During the year in review, the Company continues to be steered by an involved, knowledgeable and dynamic Board of Directors. A varied mix of experience of the Board members brings different perspectives and enhances the decision-making process. The Board comprised the Chairman, one Executive Director, namely the Managing Director, and Non-Executive Directors, including Independent Directors.

The composition of the Board of Directors is in compliance with paragraph 15.02 of Chapter 15 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the MCCG 2012 which states that the Board must comprise a majority of Independent Directors where Chairman of the Board is not an Independent Director.

Mr Heng Hock Cheng who was appointed as an Independent Non-Executive Director on 1 April 2016 will remain in such position until the 57th Annual General Meeting where he will stand for re-election and his profile is set out on page 23 of the Annual Report.

Period	Executive Director	Number of Non-Executive Directors	Number of Independent Directors
January 1 to November 30	1	3	5
December 1 to December 31	1	3	4*

** Datuk Seri Saw Choo Boon stood down as an Independent Non-Executive Director on 1 December 2015*

During the financial year under review, the Directors who are due for re-election have been assessed by the Nominating Committee and thereafter approved by the Board. The Board then recommends the re-election of such Directors to the general meeting.

The details of the current Board of Directors may be found on pages 16 to 23 of the Annual Report.

The Board Charter

The Board Charter that was revised in 2012 continues to provide reference for Directors in relation to the Board's role, powers and duties and functions. Apart from reflecting elements of best practices and applicable roles and regulations, the Board Charter also outlines processes and procedures for the Board and its Committees in discharging its stewardship effectively and efficiently. The Board Charter is accessible at your Company's website at **www.shell.com/src.** Any updates thereof will be uploaded to the website accordingly.

Directors' Code of Ethics

The Directors observe the Directors' Code of Ethics established by the Companies Commission of Malaysia and the Code of Ethics for the Executive Directors and Senior Financial Officers. The Code of Ethics is accessible in your Company's website at **www.shell.com/src.** Any updates thereof will be uploaded to the website accordingly.

Role of the Board of Directors

The Chairman and the Board

The roles of the Non-Independent Non-Executive Chairman (the Chairman) and the Managing Director are distinct and separate with their respective responsibilities clearly defined to ensure a balance of power and authority. The Chairman, who has never held the position of Managing Director of your Company, is also the Country Chairman of the Shell group of companies in Malaysia ("Shell Malaysia"), and contributes extensive knowledge and experience to your Board. He is responsible for the leadership and management of the Board and for ensuring the Board and its Committees function effectively. He is also responsible for the integrity and effectiveness of the relationship between the Independent Non-Executive Directors and the remaining Directors, steering discussions and deliberations towards clear and transparent outcomes and proper decisions. His active interactions with other industry leaders and excellent relationships with key stakeholders as the Chairman of your Company as well as for Shell Malaysia, allows him to provide important insights as well as meaningful foresight in the strategic planning of your Company.

Your Board has the overall responsibility for corporate governance and strategic direction of your Company and is entrusted to exercise reasonable and proper care in utilising your Company's resources for the best interests of its shareholders and to safeguard your Company's assets. In carrying out this central responsibility, your Board oversees whether the internal controls set up to maintain and manage high corporate governance standards are implemented, and in doing so, frequent updates and information are sought from the management.

In addition to the overall responsibility above, the Board is also guided by the six (6) core responsibilities stated in the MCCG 2012, as follows:

- **Reviewing and adopting a strategic plan for the Company**

  The Board approves the business plan for the Company on an annual basis, and in doing so considers the operational and financial targets for the Company and ensures that the assumptions and projections used by management is valid and reflective of the Company's short-term and long-term perspective.

  In addition, the Board proactively and strategically reviews the Company's long-term options and ensures thorough analysis and correct information is received by the Board in its deliberation. The Board has provided mandate to the management and its advisers to carry out or commission studies so that holistic and complete information on the Company's long-term strategy can be formulated and presented to the Board. In order to ensure that due and necessary inquiries can be made, the Board is provided with sufficient time to digest and consider such strategic review.

- **Overseeing the conduct of the Company's business**

  At each quarter, the Managing Director will present his report on the current performance of the Company which includes an update on health, safety, security and environment issues, overview of operational performance and production, business improvement initiatives, status of margins, related party transactions, as well as any business integrity matters (including whistle blowing cases). The overall performance of the Company is measured against a pre-approved scorecard on an annual basis.

  Other key members of management are also invited to provide in-depth explanations on their respective areas of responsibility highlighted in the report or scorecard.

- **Identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures**

  The Board through the Audit Committee ensures the ongoing effectiveness of internal controls and adequacy of risk management. Further information can be found in the Directors Statement of Risk Management and Internal Control on pages 55 to 58 of this Report.

- **Succession Planning**

  The Board is notified of appointments and replacements, if any, of senior management and the Nomination Committee monitors the performance and evaluation of the members of the Board with a view of continuous improvement, and planning for successors, if needed.

- **Communication with Shareholders**

  The Board is committed to transparent and fair dissemination of information to all its shareholders and ensures that all necessary disclosures are adequately made in a timely fashion. In addition, the Board ensures that ample time is allocated during the general meeting for shareholders to pose questions or observations and feedback to the Board of Directors.

- **Review the adequacy and integrity of the Company's internal control systems**

  The Audit Committee, external auditors, internal audit function and the assurance plan developed by management form part of the review of the internal controls of the Company. Further information can be found in the Directors Statement of Risk Management and Internal Control on pages 55 to 58 of this Report.

The Managing Director

The Managing Director bears overall responsibility for the implementation of the strategies and direction agreed by the Board and the operational management of your Company. His operational responsibilities include plant reliability, safety, profitability, corporate governance and talent development. In addition, the Managing Director has the principal responsibility of reporting, clarifying and communicating pertinent matters relating to day-to-day operations of your Company to your Board. He is assisted by the Management Team whose information is set out on pages 24 to 25.

Independence

The Independent Non-Executive Directors ("INEDs"), all of whom are respected persons of high calibre and integrity, and experienced business leaders in their own right, play an important role by exercising independent business judgment and objective participation in the proceedings and decision-making processes of your Board. The Board acknowledges and values their independence and objectivity, which is believed to be essential to ensure that the interests of other stakeholders, such as the minority shareholders, are properly safeguarded.

To preserve their objectivity, the INEDs do not engage in the day-to-day management of your Company or have personal or business relationships/ connections with the Company, which could materially interfere with their independent judgment as defined under paragraph 1.01 of the Listing Requirements and void of any conflict of interest possibilities.

The INEDs are appointed for an initial tenure of three (3) years and may be renewed subject to merit and performance assessment. In line with the MCCG 2012, your Board agreed that upon completion of the nine (9) years, an Independent Director may continue to serve on the Board subject to the Director's re-designation as a Non-Independent Non-Executive Director. However, your Board must justify and seek shareholders' approval for extending the tenure of an INED who has served in that capacity for more than nine (9) years. Dato' Seri Talaat will serve the Board as Independent Non-Executive Director for nine (9) years on 1 June 2016. Hence, the Board has after conducting an assessment of Dato' Seri Talaat's performance as an Independent Director, recommended him for shareholders' approval to continue to act as INED for the existing year.

Conflicts of Interest

The Company Secretary requires each Director to declare any conflicts of interest on an annual basis and if there are any changes during the year, as and when required. The completed Directors' Declarations are reviewed by the Remuneration Committee relating to remuneration and fees received and the Board is notified of any conflict of interest declaration. Conflicts of interest and gifts and hospitality received and provided by the Non-Independent Non-Executive Directors are kept under review in accordance with the processes set out in the Code of Conduct formulated by the Shell Group and adopted by your Company.

Directors' Training

Following appointment to the Board, new Directors receive a comprehensive induction tailored to their individual needs. This includes a visit to the plant and presentations by and meetings with senior management to enable them to build up a detailed understanding of Shell's business and strategy, and the key risks and issues faced. Throughout the year, regular updates on developments in legal matters, governance, commercial risks environment and accounting are provided to Directors. Your Board firmly believes in the continuing education of individual Directors consistent with the requirements of paragraph 15.08 of the Listing Requirements. Your Board has taken on the onus in reviewing, evaluating and determining the specific and continuous training and the competency development of individual Directors during its meetings resulting in in-house training being carried out in addition to participation in public sessions.

Bursa Securities requires a newly appointed Director to attend the Mandatory Accreditation Programme ("MAP") in full and procure a certificate from the programme organiser approved by Bursa Malaysia to confirm his/her completion of MAP. He/she is required to complete the MAP within four (4) months of his/her appointment.

Mr Heng Hock Cheng who was appointed on 1 April 2016 has completed his MAP training.

Seminars, training programmes and conferences attended by the Directors in 2015 are summarised as follows:

Name	Training/Seminar
Datuk Iain John Lo	1. Directors' Continuing Education Programme ("CEP") on: ■ Do your minority shareholders trust you? ■ Integrated Reporting ■ Malaysia & Regional Economic Outlook
Datuk Seri Saw Choo Boon (Resigned on 1 December 2015)	1. Cyber Attacks 2. 6th National Energy Forum 3. ASEAN-OECD Good Regulatory Practice Conference 4. FMM-Monash University Entrepreneurship & Innovation Conference 5. Trans-Pacific Partnership Agreement Conference 6. Risk Management & Internal Control Workshop 7. Asian World Summit 7th Annual Governance Summit 8. 2016 National Budget Consultation 9. Leadership Excellence from the Chair Workshop 10. Building Effective Finance Function 11. Briefing on Overseas Tax and Malaysian Financial Reporting Standard 9 12. Capital Market Training Module 1 – Directors a gatekeepers of market 13. Cooking the Books – The Malaysian Recipe on Financial Fraud 14. Capital Market Training Module 4 – Current and emerging regulatory issues 15. Capital Market Training Module 2A – Business challenges and regulatory expectations 16. Capital Market Training Module 3 – Risk oversight and compliance 17. Corporate Integrity Pledge Conference
Amir Hamzah bin Abu Bakar	1. Directors' Continuing Education Programme ("CEP") on: ■ Do your minority shareholders trust you? ■ Integrated Reporting ■ Malaysia & Regional Economic Outlook 2. Anti-Money Laundering (Shell Online Training) 3. Contract Holder Training 4. 7th Annual Corporate Governance Summit
Dato' Seri Talaat bin Haji Husain	1. Directors' Continuing Education Programme ("CEP") on: ■ Do your minority shareholders trust you? ■ Integrated Reporting ■ Malaysia & Regional Economic Outlook
Datuk Zainun Aishah binti Ahmad	1. Directors' Continuing Education Programme ("CEP") on: ■ Do your minority shareholders trust you? ■ Integrated Reporting ■ Malaysia & Regional Economic Outlook

Name	Training/Seminar
David Lau Nai Pek	1. Directors' Continuing Education Programme ("CEP") on: ■ Do your minority shareholders trust you? ■ Integrated Reporting ■ Malaysia & Regional Economic Outlook 2. Audit Committee Conference by MIA AND IIA – ("Panelist") "Win-win Relationship – How Can the Audit Committee Optimise Insights from External Audit, Internal Audit and the CFO" 3. MSWG Forum – Global and Regional Developments in Institutional Stewardship 4. EPF Infrastructure Seminar 5. Khazanah Megatrends Forum – 2015 "Harnessing Creative Disruption" 6. Accounting Update by PWC for Axiata and Subsidiary's Board Audit Committee Members 7. Global Transformation Forum 2015
Datuk Yvonne Chia	1. Directors' Continuing Education Programme ("CEP") on: ■ Do your minority shareholders trust you? ■ Integrated Reporting ■ Malaysia & Regional Economic Outlook 2. Applications and Implications of Anti-Bribery Laws on Astro 3. Leveraging Cloud for Media Services – Rewards & Risks 4. Global Media Landscape 5. Including Innovation and Growth Through Public Private Partnerships 6. A Paradigm for Profitable Growth and Scale/ALCO/Basle 3-Presenter/trainer 7. Lead the Change – Women on Boards 8. ASEAN Business Forum 9. Changing Financial Services Sector – New Landscape and New Skillsets for Managers 10. Pre-Service Training with New Fellows and Alumni – Tech for Malaysia 11. Bursa Malaysia CG Breakfast Series with Directors – Future of Auditor Reporting, The Game Changer for Boardroom 12. The Changing Banking Paradigm, New Skillsets and Values – Speaker 13. Global Transformation Forum 14. Global Banking Conference – Speaker 15. ASEAN Competitiveness – Prof Kishore Mahubuni 16. Bursa CG Breakfast Series – Board Reward and Recognition – Panel Member
Arnel Lamco Santos **(Resigned on 25 February 2016)**	1. Directors' Continuing Education Programme ("CEP") on: ■ Do your minority shareholders trust you? ■ Integrated Reporting ■ Malaysia & Regional Economic Outlook
Michael John Carey **(Appointed on 6 February 2015)**	1. Mandatory Accreditation Programme for Directors of Public Listed Companies 2. Directors' Continuing Education Programme ("CEP") on: ■ Do your minority shareholders trust you? ■ Integrated Reporting ■ Malaysia & Regional Economic Outlook

Board Meetings

Your Board meetings are held at least four (4) times a year scheduled well in advance before the end of the preceding financial year, so that the Directors are able to plan ahead. Additional meetings may be convened as and when necessary to consider urgent matter that require the Board's swift consideration. During Board meetings, the Managing Director, and members of the Management team will table and present comprehensive reports for your Board's consideration, deliberation and direction. The Chairman of the Audit Committee, Remuneration Committee and Nominating Committee would inform the Directors at each Board meeting of any salient findings noted by the respective Committees which require the Board's notice, direction or approval.

During 2015, the Board of Directors met seven (7) times in Kuala Lumpur.

Your Directors have full and unrestricted access to all information pertaining to your Company's business or affairs to enable them to discharge their duties. Written reports on health, safety, security and environment, operational performance and profitability, human resources, business plans and various financial indicators are made available in advance to members of your Board to ensure sufficient review and allow for meaningful discussion and due inquiries.

Minutes of each Board meeting are circulated to every Board member prior to confirmation of the minutes in the next Board meeting.

Board, Board Committees, and General Meetings Attendance

Details of the Directors' attendance at Board, Board Committees and general meeting durings 2015 are summarised as follows:

	Board Meeting		Audit Comittee Meeting		Nominating Comittee Meeting		Remuneration Meeting		General Meeting
Name of Directors	**#Held**	**Attended**	**#Held**	**Attended**	**#Held**	**Attended**	**#Held**	**Attended**	**Attended**
Datuk Iain John Lo	7	7	Non-Member	Non-Member	2	2	1	1	Yes
Amir Hamzah bin Abu Bakar	7	7	Non-Member	Non-Member	Non-Member	Non-Member	Non-Member	Non-Member	Yes
Dato' Seri Talaat bin Haji Husain	7	7	5	5	2	2	1	1	Yes
Datuk Zainun Aishah binti Ahmad	7	7	5	5	2	2	1	1	Yes
Datuk Seri Saw Choo Boon‡	7	6	5	5	2	2	1	1	Yes
David Lau Nai Pek	7	7	5	4	Non-Member	Non-Member	Non-Member	Non-Member	Yes
Datuk Yvonne Chia	7	7	5	4	Non-Member	Non-Member	Non-Member	Non-Member	Yes
Arnel Lamco Santos§	7	7	Non-Member	Non-Member	Non-Member	Non-Member	Non-Member	Non-Member	Yes
Michael John Carey^	6	5	4	4	Non-Member	Non-Member	Non-Member	Non-Member	Yes
Heng Hock Cheng*	0	0	Non-Member	Non-Member	Non-Member	Non-Member	Non-Member	Non-Member	No

 # Number of meetings held during tenure as Director and/or Board Committee member.
‡ Datuk Seri Saw Choo Boon resigned as a Director on 1 December 2015.
§ Arnel Lamco Santos resigned as a Director on 25 February 2016.
^ Michael John Carey was appointed as a Director on 6 February 2015 and subsequently as an Audit Committee Member on 17 February 2015.
** Heng Hock Cheng was appointed as a Director on 1 April 2016.*

There was no Extraordinary General Meeting held in 2015.

Independent Professional Advice

All Directors may seek independent professional advice in connection with their roles as a Director. Your Board collectively and individually has their disposal access to external independent and professional advice by engaging experts at the expense of the Company in fulfillment of its roles and responsibilities. All Directors have unlimited access to the advice and services of your Company Secretaries, whose appointments and resignations are subject to Board's approval. Your Company Secretaries regularly inform the Board on the changes to Statutory and regulatory requirements pertaining to Directors.

The Company has in place the Directors' and officers' insurance in connection with the performance of their responsibilities. A copy of the insurance policy is available for inspection.

Number of Directorships

Pursuant to Paragraph 15.06 of the Listing Requirements, a Director of a listed issuer must not hold more than five (5) Directorships in listed issuers and there is no limitation on Directorships in non-public listed issuers with effect from 1 June 2013. This will ensure that the Board's commitment, resources and time are focused on the affairs of your Company to enable them to discharge their duties effectively.

Social responsibility

Your Board takes a particular interest in your Company's role as a responsible and caring member of the community. To this end, your Board has engaged in various initiatives set out on page 38 of this Annual Report.

Board Committees

Your Board has delegated specific responsibilities to three (3) sub-committees, namely the Audit Committee, Nominating Committee and Remuneration Committee, consisting primarily of Non-Executive Directors which have authority to examine issues and report to the Board. The functions and terms of reference of Board Committees and the authority delegated by the Board to these Committees are clearly defined by the Board.

Nominating Committee

The Company's Nominating Committee was instituted on 27 August 2009 following a review of the existing nomination and succession planning processes which are formal, transparent and in accordance with the Shell Group recruitment processes. The committee comprises two INEDs and one non-independent non-executive director, with the Chairmanship being held by Dato' Seri Talaat bin Haji Husain, a Senior Independent Non-Executive Director. The objectives of the Nominating Committee can be found in its terms of reference which is available at **www.shell.com/src.**

Nomination and Succession Planning Process

The Nominating Committee keeps under review the leadership needs of your Company. It identifies and nominates suitable candidates for the Board's approval to fill vacancies as and when they arise. For all nominations of candidates to fill Board vacancies, the Nominating Committee ensures that the nomination process has taken into account the required mix of skills, knowledge, integrity, experience, expertise and core competencies the candidates would bring to the Board. In addition to the above duties, the Nominating Committee also makes recommendations on who should be appointed Chairman of the Audit Committee and the Remuneration Committee and in consultation with the Committee Chairman, on the appointment of Committee members. It makes recommendations on corporate governance guidelines, monitors compliance with corporate governance requirements and makes recommendations on disclosures connected to corporate governance and its appointment processes. Your Board makes the final decision on the appointment of Directors in accordance with your Company's Articles of Association.

Gender Diversity Statement

The Nominating Committee and your Board are committed to the gender diversity for Board composition as stated in the Shell Group Diversity and Inclusion Policy which has been recommended in MCCG 2012. Currently, two (2) out of eight (8) Directors on the Board are women.

Your Company, being a part of the group of companies ultimately owned by Royal Dutch Shell plc, ("RDS") observes the RDS diversity targets, which are formulated for adherence by all companies within the RDS group of companies, and are adopted by all businesses and functions within Shell globally. The RDS diversity targets encompass achieving three (3) global targets:

- Gender – percentage of women in senior leadership
- Nationality – percentage of countries in which Shell operates with local nationals in senior leadership;
- Inclusion – continuous improvement with respect to workplace inclusion.

Your Company has successfully taken steps and measures to implement and ensure that the Diversity targets are realised. The following information represents the achievements of your Company and is evidence of its commitment towards having a diverse and inclusive workforce.

Gender

As at the date of this report, 40% of the senior management of your Company is represented by women, notwithstanding that 12% of the total workforce are women. It should be noted that the predominantly male workforce is due to the nature of the business of your Company in the manufacturing industry, requiring a significant number of employees to work on roster or shifts.

Nationality/Ethnicity

Shell recognises the importance of ensuring local nationals are in senior leadership positions in countries in which it operates. Your Company currently operates with 57% Bumiputra employees. Your Company prides itself in ensuring that all selection decisions are and will remain meritocracy based. At your Company, diversity does not mean promoting one group over the other.

Age

As abovementioned, your Company places great importance on meritocracy based selection of its employees. As such, age is not considered a material factor for recruitment purposes, unless the work is physically demanding. Presently, 36% of our employees are below 35 years of age, whilst 44% are between 35 to 50 years of age, with 20% of its employees above 50 years of age. In addition to this, your Company also employs persons beyond the statutory retirement age on short-term contracts, for certain matters.

Inclusion

Towards achieving an inclusive workforce in which diversity is valued, where individuals are involved and connected, your Company has implemented various initiatives such as learning sessions covering issues including gender, unconscious bias, cultural thinking and micro-inequities.

Evaluation Process

The Board carries out annual performance evaluation on itself, its Board Committees and each of the Directors including the assessment of training needs for the Board. The summary of results was presented to the Nominating Committee and the Board and the Directors' Evaluation Forms and was properly documented. The performance evaluation provided feedback on a wide range of Board and Committee matters including on some processes, and a number of issues were highlighted for ongoing focus during 2015 with specific follow-up actions to be tracked and assessed periodically.

Meetings

The Nominating Committee has set at least one (1) meeting a year and in 2015, two (2) meetings were held and two (2) other meetings were held in 2016 up to the date of the issuance of the Annual Report. Details of the Committee members' attendance at the Nominating Committee meetings are summarised as follows:

Directors	#Held	Attended
Dato' Seri Talaat bin Haji Husain *(Chairman)*	2	2
Datuk Zainun Aishah binti Ahmad	2	2
Datuk Iain John Lo	2	2
Datuk Seri Saw Choo Boon *(resigned on 1 December 2015)*	2	2

 # number of meetings held during tenure as Committee Chairman/Member

Remuneration Committee

Your Company's Remuneration Committee was instituted on 27 August 2009 following a review of the existing remuneration processes which are in accordance with the Shell Group's remuneration policy to set the remuneration of the Managing Director. The purpose of the Remuneration Committee can be found in its terms of reference which is available at **www.shell.com/src.**

The Remuneration Committee consists of the Chairperson held by Datuk Zainun Aishah binti Ahmad, an Independent Non-Executive Director and another Independent Non-Executive Director and one (1) Non-Independent Non-Executive Director as members. The Committee has set at least one (1) meeting annually. The Remuneration Committee held one (1) meeting in 2015 and a further meeting was held in February 2016.

The Remuneration Committee reviews annually the Managing Director's performance taking into consideration the performance feedback from the members of the Board and the Shell Group's performance review process under the purview of the Vice President of Manufacturing Operations (East). The Board scrutinises every key area of performance including safety, plant reliability, product quality control, cost management, finance performance, technology and people management. Where applicable, each key performance indicator was compared against previous year's performance, current year's targets, as well as the performance of comparative refineries. The Remuneration Committee also reviewed the performance and remuneration of senior executives, where appropriate. The remuneration package of the Managing Director was approved by the Board with recommendation of the Remuneration Committee.

Details of the Committee members' attendance at the Remuneration Committee meetings are summarised as follows:

Directors	#Held	Attended
Datuk Zainun Aishah binti Ahmad *(Chairperson)*	1	1
Dato' Seri Talaat bin Haji Husain	1	1
Datuk Iain John Lo	1	1
Datuk Seri Saw Choo Boon *(resigned on 1 December 2015)*	1	1

 # number of meetings held during tenure as a Committee Chairman/Member

Directors' Remuneration

The Directors' fees in 2015 are calculated in accordance with the following:

- Independent Non-Executive Directors: They receive remuneration based on the fees approved by the shareholders at the general meeting held on 12 May 2010.
- Non-Independent Non-Executive Director: They receive salaries from their respective employing companies (which are Shell Group affiliates) and include the Shell Group's performance share plan.
- The Managing Director is directly employed by the Company and receives a salary therefrom. His overall remuneration also includes shares awarded pursuant to the Shell Group's performance share plan.

Further details of the performance share plan are set out below.

Directors' Benefits

The Shell Group's Performance Share Plan ("PSP") is part of a long-term incentive plan introduced in 2005 by the Shell Group. Conditional awards of Royal Dutch Shell plc shares are made under the terms of the PSP to some 15,000 Shell Group employees every year. The extent to which the awards vest is determined by two performance conditions. The vesting of half of the award is linked to Shell's declared Business Performance Factor averaged over three (3) performance years. Any shares that vest are increased by an amount equal to the notional dividends accrued on those shares during the period from the award date to the vesting date. None of the awards result in beneficial ownership until the shares are released. Please refer to the Directors' Benefits in the Company's Financial Statements for the details of shares awarded pursuant to the PSP to the relevant Directors.

Apart from the PSP, Directors may also hold shares pursuant to the Global Employee Share Purchase Plan ("GESPP"). This plan enables eligible employees to make contributions toward the purchase of the Royal Dutch Shell plc shares at a discount on the market price, either at the start or the end of an annual cycle, depending on which date offers the lower market price.

The Remuneration Committee may conduct remuneration benchmarking internally with other Shell operating companies in Malaysia based on the level of seniority, individual performance as well as corporate performance. The Managing Director does not participate in the setting of his remuneration package.

The determination of Independent Non-Executive Directors' fees is a matter deliberated by the Remuneration Committee taking into consideration the competitive market situation, the Director's business and financial experience relevant to your Company. The Independent Non-Executive Directors concerned do not participate in the deliberations and voting on decisions in respect of their own remuneration. Your Board, as a whole, recommends the remuneration payable to the Independent Non-Executive Directors and any changes thereof to the shareholders for approval at the general meeting, as and when required.

An analysis of the aggregate Directors' remuneration paid by your Company for the financial year ended 31 December 2015 is set out below:

Directors	Basic Salary RM'000	Directors' & Meeting Fees RM'000	Attendance and Other fees RM'000	Bonus RM'000	Contribution to Provident Fund RM'000	Total RM'000
Amir Hamzah bin Abu Bakar	837	–	–	165	138	1,140
Non-Executive						
Datuk Iain John Lo	–	–	–	–	–	–
Datuk Seri Saw Choo Boon *(Resigned on 1 December 2015)*	–	97	–	–	–	97
Dato' Seri Talaat bin Haji Husain	–	92	–	–	–	92
Datuk Zainun Aishah binti Ahmad	–	92	–	–	–	92
David Lau Nai Pek	–	88	–	–	–	88
Datuk Yvonne Chia	–	87	–	–	–	87
Arnel Lamco Santos *(Resigned on 25 February 2016)*	–	–	–	–	–	–
Michael John Carey *(Appointed on 6 February 2015)*	–	–	–	–	–	–
Heng Hock Cheng *(Appointed on 1 April 2016)*	–	–	–	–	–	–

* *Please note certain Directors' interest under Shell's Performance Share Plan as disclosed in the Directors' Benefits in the Company's Financial Statements.*

The Non-Independent Non-Executive Directors of your Company who receive their remuneration from their respective employing companies (which is a Shell affiliate) do not receive any form of remuneration from your Company.

The Audit Committee

The Audit Committee of your Board was established in 1993. The Audit Committee has wide powers with authority to regulate its own procedures and has its own terms of reference. The Audit Committee's roles, functions and activities are set out on pages 59 to 63 of this Annual Report.

The Audit Committee currently comprises five (5) Directors, of whom four (4) are Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director, Michael John Carey who was appointed as member on 17 February 2015. One of the Directors in the Audit Committee is a qualified accountant as prescribed by the Malaysian Institute of Accountants. The Managing Director and the Finance Manager normally attend the Audit Committee meetings by invitation of the Chairman of the Audit Committee.

There were five (5) meetings of the Audit Committee in 2015, during which the Management made presentations on your Company's state of internal controls and progress of the Assurance Plan. The Independent Non-Executive Directors of the Audit Committee meet independently, at least twice a year, with the external auditors. During the year under review, Datuk Seri Saw Choo Boon resigned as Chairman of the Audit Committee on 1 December 2015, whilst Datuk Yvonne Chia was appointed as the Chairperson of Audit Committee on 25 February 2016.

Internal Audit Functions

Your Company has established an internal audit function which was outsourced to its affiliate company, Shell Malaysia Limited, to obtain sufficient assurance of regular review and appraisal of the effectiveness of your Company's internal controls.

Internal Control

Your Board continues to maintain a sound system of internal controls that provides reasonable assurance of effective and efficient operations, and compliance with laws and regulations, as well as internal procedures to safeguard shareholders' investment and your Company's assets.

In addition, your Company has adopted the Shell General Business Principles ("SGBP") – a governance blueprint developed by Royal Dutch Shell plc, the ultimate holding company of your Company. The SGBP describes the core values, its responsibilities and the principles and behaviours which are key to our business integrity and performance. Royal Dutch Shell plc has developed a governance guide, series of policies, management systems, training modules and reporting mechanisms that are designed to support a robust corporate governance system which has been adopted by your Company.

These principles and practices, supported by existing internal controls processes, are regularly audited and reviewed, to ensure transparency and accountability. Your Board has strong control and authority over these internal processes and the manner in which such control and authority is implemented and reflected in the Director's Statement on Risk Management and Internal Control on pages 55 to 58.

Your Board confirms that during the year, your Company complied with the requirements of relevant laws and regulations.

Relationship with External Auditors

Your Board via the Audit Committee has established a formal and transparent professional relationship with the external auditors of your Company. The role of your Board and the Audit Committee in relation to the auditors is described on pages 59 and 63. The Independent Directors met the External Auditors on 17 February 2015 and 25 August 2015 to discuss the external audit findings, without the presence of any Non-Independent Directors, Executive Director and Management.

For engagements of services beyond the scope of the statutory audit, specific approval is required from the Audit Committee consistent with the internal governance on the appointment of the External Auditor.

The External Auditors were also invited to attend the Annual General Meeting of the Company to answer shareholders' questions, if any, on the conduct of the statutory audit and the preparation and content of their audit report.

Strengthen Relationship Between Company and Shareholders

Annual Report and Annual General Meeting

Your Company believes that the Annual Report and Annual General Meeting embody the characteristics laid down by Bursa Securities of transparency, accuracy, accountability, simplicity and reliability, among others that are required in a shareholders' communication policy of a public listed company.

The key characteristics of effective communication and proactive engagements with shareholders, as promoted in the MCCG 2012 are of utmost importance to your Company. It is for this reason that your Company believes that the Annual General Meeting is an important channel of communication, as it serves as a forum where your Company is able to engage in a discourse with its stakeholders, premised on a shared appreciation of objectives.

The Annual General Meeting, together with the Annual Report of your Company is vital in ensuring that the stakeholders are well-informed and are able to adequately raise any concerns that they might have. In achieving this objective, the Annual Report contains comprehensive and easy to understand details of the business, financial performance and other activities of your Company. These contents are continually enhanced in order that shareholders are provided with clear and accurate information, in line with our parallel objective of maintaining the highest standards of corporate governance.

Your Company's Annual Report also contains written clarifications on each item on the agenda of the Annual General Meeting so that shareholders are suitably briefed on matters that are to be discussed to enable their effective participation. Your Company supports MCCG 2012 recommendation of encouraging shareholders' participation in general meeting. Question posed are, where possible, answered in detail either at the Annual General Meeting itself or thereafter where the questions and answers are published on your Company's website. Shareholders are welcome to raise queries by contacting your Company at any time throughout the year and not just at the Annual General Meeting. Your Company's Registrars or appropriate officers of your Company will attend to queries on a prompt and efficient manner.

Investor Relations

Your Company had arranged for a plant tour to the Port Dickson Plant after the 54th Annual General Meeting on 29 April 2013. The plant tour and on-site briefing session given provided a knowledgeable insight to the shareholders.

Your Company's website is another communication tool to add depth to the governance reporting and keep shareholders updated throughout the year. The updated information on the website includes, among others, financial results, investor presentations, capital structure information, press releases, Board Charter and relevant information.

Financial Reporting

Your Board is committed to provide a balanced, clear and meaningful assessment of the financial position and prospect of your Company in all the reports to shareholders and investors and this is reflected by timely release of quarterly public financial announcements, which include details of your Company's business performance and current issues and concerns. The Directors scrutinise these announcements at their Board Meetings prior to publication to ensure that they are accurate and present a balanced assessment of your Company's affairs. Your Board is assisted by the Audit Committee to oversee the financial reporting process and the quality of financial reporting of your Company. The Statement by Directors pursuant to Section 169 of the Companies Act, 1965 is set out on page 71 of this Annual Report.

Statement of Directors' Responsibility for Preparing the Financial Statements

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year which have been made in accordance with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965, which give a true and fair view of the state of affairs of your Company at the end of the financial year and of the results and cash flows of your Company for the financial year.

In preparing the financial statements, the Directors have:

- selected suitable accounting policies and applied them consistently;
- made judgments and estimates that are reasonable and prudent;
- ensured that all applicable approved accounting standards and provisions of the Companies Act, 1965 have been followed; and
- based such statements on a going concern basis as the Directors have a reasonable expectation, having made enquiries, that your Company has adequate resources to continue in operational existence for the foreseeable future.

The Directors have the responsibility for ensuring that your Company keeps accounting records which disclose with reasonable accuracy the financial position of your Company and which enable them to ensure that the financial statement comply with the Companies Act, 1965.

The Directors have overall responsibilities for taking such steps that are reasonably open to them to safeguard the assets of your Company to prevent and detect fraud and other irregularities.

Principles and Codes

Shell General Business Principles ("SGBP")

The SGBP defines how Shell companies are expected to conduct their affairs. These principles include, among other things, Shell's commitment to support fundamental human rights in line with the legitimate role of business and to contribute to sustainable development. The SGBP can be found at **www.shell.com/sgbp**. The Board believes that the adoption of the SGBP allows for proper and good corporate governance by the Company, alongside the recommendations of the Code.

The SGBP, which first came into being in 1976, has remained consistent ever since, because the core values on which the Principles were originally based have endured, namely:

- Honesty
- Integrity
- Respect for people

Your Company firmly believes in the fundamental importance of the promotion of trust, openness, teamwork and professionalism, and takes pride in what it does. These underlying corporate values determine your Company's principles. These principles apply to all transactions, large or small, and describe the behaviour expected of every employee in your Company in the conduct of its business. In turn, the application of these principles is underpinned by procedures within your Company, which are designed to ensure that its employees understand the principles and that they act in accordance with them. Your Company recognises that it is vital that its behaviour matches its intentions.

All the elements of this structure – values, principles and the accompanying procedures – are necessary. It is your Company's firm belief that maintaining the trust and confidence of its stakeholders, namely the shareholders, employees, customers and other people with whom your Company does business, as well as the communities in which your refinery is situated, is crucial to its continued growth and success. Your Company intends to merit this trust by conducting itself according to the standards set out in these principles. These principles have served your Company well for many years. It is the responsibility of Management to ensure that all employees are aware of these principles, and behave in accordance with the spirit as well as the letter of the SGBP.

Your Company provides awareness and knowledge training on the topics covered in the SGBP. This training is designed to raise awareness as well as educate employees on the risks associated with the relevant requirements of the SGBP and the Code of Conduct which in turn allows for strong corporate governance to be upheld and knowledge training for employees exposed to greater risk. All training packages address legal and ethical risks associated with the principles of the SGBP.

Training and awareness is divided into several categories, as further elaborated.

The first category is mandatory training for all employees, which demonstrates the Company's commitment towards high ethical standards, as a part of corporate governance:

- Code of Conduct
- Conflict of Interest, Gifts and Hospitality Register
- Records Management
- Information Risk Management/ e-Learning Information Security

Secondly, awareness or knowledge training for employees exposed to slight or higher risk is arranged by the Company, through services provided by the Shell Group. Individuals are assessed for their level of exposure and will be notified to attend the following types of trainings:

- Anti-trust
- Anti-bribery and Corruption
- Export Controls
- Data Privacy
- Anti-Money Laundering
- Insider dealing
- Disclosure

Shell Code of Conduct

Directors and employees are required to comply with the Shell Code of Conduct, which is intended to help them put our business principles which encompass high standards of corporate governance into practice. This is done by clearly communicating the basic rules and standards expected to be followed as well as the behaviours we expect of them. The Shell Code of Conduct is available online at **www.shell.com/codeofconduct.**

The Code of Conduct crystallises the basic rules, standards and behaviours necessary to achieve those objectives. It provides requirements and guidance, expressed as clearly, concisely and consistently as possible, within a single, company-wide document for all the employees on a number of enterprise-wide risk areas. It is intended to be viewed as an essential guide, rather than merely a set of rules for compliance. In ensuring this intention is realised, the Code of Conduct contains directions to additional detailed materials required to be read in order that a deeper and more holistic understanding of the Code of Conduct is obtained. The consequences of breaching the Code of Conduct are clearly set out in the Code of Conduct, and this demonstrates our commitment and determination in ensuring that your Company adheres to the high standards set out in the SGBP. Your Company as part of the Shell Group operates in an ever-changing world. The Code of Conduct is a place to start the search for guidance, advice and answers when employees are faced with questions in their daily work, because it provides a great deal of useful information. For example, for each component of the Code of Conduct, some questions for each employee to address and answers are provided as part of the internal process and methodology to challenge decisions made in respect of issues that may potentially conflict with the principles by which the Shell Group abides.

The Code of Conduct provides:

- practical advice on how to comply with laws and regulations
- requirements and guidance about how an employee should relate to colleagues, customers, shareholders, communities, vendors, competitors and governments
- employees to other useful information sources applicable to performing their duties as a Shell employee
- explanation on how to get confidential advice
- assistance for employees to resolve difficult questions about business conduct
- circumstances or situations in which employees are expected to report their concerns

Taking into account the practical reality of conducting business and working, your Company acknowledges that its employees or Directors may be faced with legal or ethical dilemmas in the course of work. It is for this reason that the Code of Conduct is adequately comprehensive in nature, in order to ensure that the concerns and interest of our stakeholders will not be compromised.

The objective of the course is to create awareness of the requirements set out in the Code of Conduct and where employees can seek advice for further help.

Shell Global Helpline

The Shell Global Helpline is available to all employees and stakeholders for reporting of and advice on legal and ethical non-compliance incidents, dilemmas and concerns and the complainant can remain anonymous. The Shell Global Helpline is a worldwide reporting mechanism, operated by a third party, which is open 24 hours a day, seven days a week.

In accordance with the best practice on corporate governance, Dato' Seri Talaat bin Haji Husain continues in his role as the Senior Independent Non-Executive Director to whom concerns pertaining to your Company may be conveyed by the shareholders and stakeholders. All concerns relating to the Company may be channelled to dstalaat@gmail.com, or by mail to the Company's registered address. The Senior Independent Non-Executive Director will engage Shell Global Helpline upon receipt of such reports, complaints or concerns.

Cases submitted to the Shell Global Helpline are investigated by an independent team. In cases where the complaints were found to be valid, the Company would take appropriate action against the wrong-doers. Further information on the Global Helpline is available via the website at **www.shell.com**

Access to Information

Your Company is committed to provide accurate, timely, consistent and fair disclosure of corporate information and supports ease of accessibility to information and advice for members. Your Company has in place the Corporate Disclosure Guide. This Guide which was approved by your Board on 16 August 2004 and amended on 17 August 2006 addresses the five pillars of disclosure and transparency, namely, Truthfulness, Completeness, Materiality of Information, Timeliness and Accessibility. Information on the Corporate Disclosure Guide is available in your Company's website.

Corporate Integrity

The Board is pleased to advise that your Company has signed the Malaysian Corporate Integrity Pledge ("Pledge") in July 2011. The effect of signing this Pledge includes the declaration of clear company policies and processes in the event your Company is faced with potential corruption cases, and also this Pledge differentiates your Company from its peers by signifying that its operations do not condone or include costs due to corrupt activities. By signing this Pledge, your Company is currently listed in the registrar of signatories that is carried on the website of the Malaysian Integrity Institute.

Other Information

Conflict of Interest

None of the Directors has any family relationship with other Directors and/or major shareholders of your Company, nor any personal interest in any business arrangement involving your Company. None of the Directors has had convictions for any offences within the past ten (10) years.

Material Contracts Awarded to Directors and Substantial Shareholders

None of the Directors and substantial shareholders had any material contract with your Company during the financial year under review.

Sanctions and/or Penalties Imposed

There were no significant sanctions and/or penalties imposed on your Company, its Directors or Management by the relevant regulatory bodies during the financial year under review.

Corporate Proposal and Utilisation of Proceeds

During the financial year under review, there were no proceeds raised by your Company from any corporate proposals.

Share Buybacks

Your Company did not enter into any share buyback transactions during the financial year under review.

Options, Warrants or Convertible Securities

Your Company has not issued any options, warrants or convertible securities during the financial year under review.

American Depository Receipt ("ADR") or Global Depository Receipt ("GDR") Programme

Your Company did not sponsor any ADR or GDR programme during the financial year under review.

Non-Statutory Audit Fees

During the financial year under review, your Company engaged External Auditors or its affiliates for advisory in respect of the review undertaken by the Board of Directors in relation to the long-term options of the Company as previously announced. The fees paid in respect of these and other services amounted to Ringgit Malaysia Two Hundred and Eighteen Thousand (RM218,000.00).

Profit Guarantee

During the financial year under review, there were no profit guarantees given by your Company.

Recurrent Related Party Transactions of Revenue or Trading Nature

The Recurrent Related Party Transactions of Revenue or Trading Nature is stated in Note 25 to the Financial Statements.

Variation of Results

There was no variation of actual results which differ by 10% or more than unaudited results announced. Your Company did not make or release any profit estimate, forecast or projection during the financial year under review.

Personal Data Protection Notice

Your Company is dedicated in keeping your personal data secured. Please visit our website at **www.shell.com/src** to view our Personal Data Protection Notice under the Privacy Notice.

Further Information

The following information is available on the Company's website at **www.shell.com/src**:

- the Board Charter;
- terms of reference of the Audit Committee, the Nominating Committee and the Remuneration Committee;
- the Code of Ethics for Executive Directors and Senior Financial Officers;
- the Memorandum and Articles of Association; and
- the Annual Report for five (5) preceding years

This statement was approved by the Board of Directors on 1 April 2016.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Responsibility of The Board

- The Board of Directors of your Company affirms its overall responsibility for the Company's risk management and internal control system. The Board recognises the importance of sound internal controls and applying effective risk management, as it increases the value of business decisions where conscious choices are made within the assured boundaries of controls and in relation to risks that have an impact on, or result from, these business decisions.
- In carrying out this duty, the Board reviews the adequacy and effectiveness of these systems, including but not limited to, the sufficiency of the internal control reporting process and management information systems, and regulatory compliance. The Board, through its committees and the management, has ensured that an ongoing review of the risks and controls that impact the Company's objectives is in place. The process is reviewed by the Board from time to time and the Board is guided by, among others, the Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers (Malaysian Code on Corporate Governance 2012 ("MCCG 2012")).
- Apart from risk management and internal controls, your Board also reviews both the long term and short term sustainability plan of your Company to ensure its robustness in achieving your Company's objectives.

Role of Management

Whilst the Board assumes responsibility for the internal controls and risk management of the Company, the Management of your Company is critical for the implementation of the approved policies, limits and procedures on internal controls and risk management. Management is accountable to regularly self-assess that controls continue to operate effectively.

1. Key Risk Management Features And Internal Controls

Risk Management Framework, Features and Objectives

Your Company has adopted the Shell Group Risk Management Manual as its risk management framework which sets out the fundamental principles of the governance of risk management, in addition to the Assurance Plan approved by the Audit Committee.

The central feature of the risk management framework requires every department and function within the Company to review their environment, state clear objectives and accordingly carry out the following:

- **Formulate** a risk matrix that is used to:
  - identify risks to the achievement of the Company's objectives; and
  - assess the impact and likelihood of the risks materialising.
- **Implement** effective actions designed to:
  - achieve business objectives;
  - safeguard the Company's assets from inappropriate use, loss or fraud;
  - facilitate economic, effective, efficient and safe operations; and
  - enable compliance with the boundaries set by the Shell Control Framework, also adopted by the Company.
- **Monitor**, communicate and report changes in the risk environment, as well as on the effectiveness of the actions implemented to manage identified risks.

The objective of risk management is not, therefore, arbitrarily to reduce or eliminate risk. It seeks to set advanced awareness and boundaries for risk-taking and apply fit-for-purpose risk responses in order to enable the Company to provide a reasonably sufficient, and not an absolute assurance, against material misstatements, loss or fraud. In addition, it allows the Company to operate and achieve its objectives, within a managed and acceptable risk profile.

Fit-for-purpose risk responses are primarily intended to:

- minimise the likelihood of a risk occurring by actively managing the sources of the risk and ensuring competent people are overseeing the risk on a regular basis.
- mitigate the impact of a risk should it arise, often through the application of some form of alert that the risk has materialised, followed by the initiation of a contingency or recovery plan to reduce the potential consequences and also future occurrences.

Internal Controls

One of the main processes within the Company's system of internal controls is the delegation of authority process. The Company has an integrated, consistent process to delegate authority from the Board of Directors to individuals and committees. The principal delegated authorities are documented in a tool known as the Manual of Authorities. These help to ensure that actions in the key business processes are taken with the appropriate level of authority.

Governance and Assurance Plan

The Board is assisted by the Audit Committee to oversee the management of key risks faced by the Company. The Audit Committee reviews internal control issues raised by the Internal Audit divisions and external auditors, to ensure and preserve an objective and independent perspective. The Audit Committee also communicates closely with the management to examine the accuracy of the principal risks of the Company that have been identified and to ensure that the Company has an on-going process for risk management.

These internal assurance processes include the establishment of a Risk Management Committee that meets periodically to establish the risk profile of your Company. The changes to your Company's risk profile, the risk responses, action plans and assurances are documented in the Risk Register and Assurance Plan. The Assurance Plan is the basis of the Risk Based Audit Plans developed for your Company.

Summary of the Company's Risk Profile.

Risk Categories	Overview
Health, Safety, Security and Environment ("HSSE")	Risks that cover the Major Process Safety, Security, Personal Safety, Clean Air Regulations (issued under the Environmental Quality Act 1974) and Site Environmental Performance
Operations	Overlooking operational risks including Marine, Plant Outage, Euro 4/5 Specification Compliance, Technical Resourcing, Product Quality Management and Competency Development
Commercial	Focuses on risks related to Margin, Legal and Compliance, Reputation Management, Goods and Services Tax ("GST") Implementation, Cost Management and Business Continuity Plan.

This process is regularly reviewed by your Board and the Audit Committee, as part of the normal governance process, taking cognisance of changes in the regulatory and current market conditions to ensure the validity of the system of risk management and internal controls. Such process has been in place during the year under review and up to the date of approval of this statement.

Further details of the Audit Committee of the Company are set out in the Audit Committee Report.

2. Other Aspects of Risk Management and Internal Controls

The other key elements of your Company's risk management and internal control system include the following:

- Your Board meets at least quarterly and has set a schedule of matters, which is required to be brought to its attention for discussion, thus ensuring that it maintains full and effective supervision over appropriate controls. Your Managing Director leads the presentation of board papers and provides comprehensive explanation of pertinent issues. In arriving at any decision, on recommendation by the Management, a thorough deliberation and discussion by the Board is a prerequisite.
- Clearly documented and auditable procedures and manuals in respect of financial controls, manual of authorities, trading controls, contracting and procurement, engineering, operation, human resource, technology, code of conduct, health, safety, security, environment and "Control Registers" over activities, which affect your Company's financial results.
- Structured review of financing proposals and business plans before adoption combined with a detailed budgeting process. An annual budget is prepared by Management and tabled to your Board for approval. Continuous monitoring is carried out quarterly to measure actual performance against budget so as to identify significant variances arising and devise remedial action plans.
- Regular and comprehensive information provided to Management, and on a quarterly basis to your Board, covering financial performance and key business performance indicators and dividend assessments.
- The monitoring by, and reporting to, your Board of every single affixation of the Company's Common Seal was made in accordance with the Articles of Association of the Company.
- Declaration by all Directors and employees on a case-by-case basis on any conflict of interest.
- The adoption of the Shell Statement of General Business Principles ("Principles") by your Company and the Code of Conduct ("Code") as applicable to all employees, which governs the standards of conduct and provides guidance of the ethical standards expected of each employee. Any breach of these Principles or the Code is actionable by disciplinary proceedings.
- In order to uphold your Company's stand against bribery and corruption, the reporting by all employees on all gifts and hospitality whether offered or accepted, is made and tracked through a Gifts and Hospitality Register. Stricter rules on gifts and hospitality for government officials apply to all employees and these rules and thresholds are updated as and when your Company sees is necessary. All employees, including Directors are reminded of this obligation periodically. Management also issues reminders to suppliers and customers of this policy particularly ahead of a festive season and ensures that applicable local laws and acts in relation to bribery and corruption are abided to.
- Declaration by Directors and key management personnel on any holdings and movements of any shares of the Company held through the annual declarations for share transactions.
- An enhanced global system for confidential disclosure, Shell Group's Global Helpline is in place for employees to raise concerns where the interest of the organisation or its stakeholders is at risk, either by a breach of a process or procedure, ethical codes or even where beneficial opportunities to the Company may be missed.
- A regular review of your Board Committee's Terms of Reference and Board Charter from time to time to streamline with the amendments enforced by the relevant authorities.

In addition to the above, operational committees have been established for the oversight, reporting and planning of the Company's core operations. These include the Management Team, the Contracts Board and the Technical team, among others.

Assurance

For the financial year under review, your Board is pleased to confirm that the Board Audit Committee, on a quarterly basis, reviewed activities and performance against the framework for internal controls and risk management in the Company, as earlier described.

Based on these quarterly reviews and activities, and also based on the written assurance provided by the Managing Director and the Finance Manager, the Board is satisfied that the risk management and internal controls systems of the Company are operating adequately and effectively. Further, during the financial year 2015, the Board is pleased to report that there were no material financial and non-financial losses reported as a result of weaknesses or failures in internal controls.

Your Company strives to ensure the sufficiency of the processes in place and will review if further enhancement of the practices described is necessary, based on the recommendations set out in the Malaysia Code of Corporate Governance and the guidelines on Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers.

This statement is made in accordance with the resolution of your Board of Directors dated 1 April 2016.

AUDIT COMMITTEE REPORT

Composition

Members of the Audit Committee ("Committee") are:

Datuk Yvonne Chia
Chairperson
Independent Non-Executive Director

Dato' Seri Talaat bin Haji Husain
Senior Independent
Non-Executive Director

Datuk Zainun Aishah binti Ahmad
Independent Non-Executive Director

David Lau Nai Pek
Independent Non-Executive Director
(Member of the Malaysian Institute of Accountants and the New Zealand Institute of Chartered Accountants)

Michael John Carey
Non Independent
Non-Executive Director

Datuk Seri Saw Choo Boon
Independent Non-Executive Director
(Resigned on 1 December 2015)

During the year under review, Datuk Seri Saw resigned as the Audit Committee Chairman on 1 December 2015, whilst Datuk Yvonne Chia an Independent Director, was appointed as Audit Committee Chairperson on 25 February 2016.

Attendance at Meetings

The details of attendance of each member at the Committee meetings held during the financial year ended 31 December 2015 are as follows:

Name of Members	No. of Committee Meetings	
	#Held	Attended
Datuk Yvonne Chia	5	4
Dato' Seri Talaat bin Haji Husain	5	5
Datuk Zainun Aishah binti Ahmad	5	5
David Lau Nai Pek	5	4
Michael John Carey (appointed on 17 February 2015)	4	4
Datuk Seri Saw Choo Boon (resigned on 1 December 2015)	5	5

\# *Reflect the number of meetings held during tenure as Committee member.*

Your Company's Managing Director, Finance Manager, Internal Audit Manager and External Auditors (as and when required) attended these meetings to brief the Committee on specific issues. The Chairman of the Committee and the Independent Directors had two (2) meetings with the External Auditors on 17 February 2015 and 25 August 2015 to discuss the results of the audit and any other observations they may have during the audit process and regarding risk management issues, without the presence of the Non-Independent Director, Executive Director and Management.

Minutes of meeting of the Committee were circulated to all members and significant issues are highlighted by the Committee Chairman at the Board of Directors meeting for further discussion and deliberation, and where applicable, for its approval.

Activities of the Audit Committee

During the financial year ended 31 December 2015, the Committee carried out the following activities:

Internal Audit

The Committee had reviewed and endorsed an assurance plan for 2015 ("Assurance Plan 2015") to ensure adequate scope and comprehensive coverage of the activities and risk management of your Company. The Assurance Plan 2015 comprises six (6) internal audits or reviews. In order to support these Audits, Management implemented internal audits including process effectiveness reviews to ensure readiness for the above audits.

The Committee reviewed all internal audit/review reports in 2015 as listed below on a range of business processes and regulatory compliance.

Where appropriate, the Committee had directed Management to improve internal control processes based on the auditors' recommendations taking into account the ratings of audits. The Committee also reviewed the action plans being implemented to improve internal control processes and ensured that all plans and actions were closed out on a timely basis.

The Assurance Plan 2015 was as follows:

Name of Audit/Review	Period Conducted
ISO 9001 Surveillance	Q2
ISO 14001 Re-certification/OHSAS 18001 Surveillance	Q2
Ensure Quality Product Audit	Q4
Related Party Transaction Audit	Q4
Finance & MI Process & Controls	Q4
Financial and Statutory Accounts Audit	Q4

Financial Reporting

a. Reviewed the unaudited quarterly financial results before recommending them for approval by your Board.

b. Reviewed the annual audited financial statements with the External Auditors prior to presenting to your Board for their consideration and approval. The review was to ensure compliance with:
   - i. Provisions of the Companies Act, 1965;
   - ii. Listing Requirements;
   - iii. Applicable approved accounting standards;
   - iv. Compliance to new accounting standards;
   - v. Other legal and regulatory requirements.

External Audit

a. Reviewed and approved External Auditors' audit plan, audit strategy and scope for the year, and payment of auditors' statutory and non-statutory audit fees.

b. Evaluated the performance and effectiveness of the External Auditors and made recommendations to the Board on their appointment.

c. Reviewed the results of the annual audit reports on the audit findings together with recommendations and Management's response as set out in the management representation letter issued to the External Auditors.

Risk Management and Internal Control

Reviewed and approved your Company's risk profile on a quarterly basis and ensured compliance to Shell Group Risk Management Manual and also ensuring coverage of all major risks in the business environment.

Whistle Blowing

Review whistle blowing cases and other business integrity related cases, if any, reported through the Shell Global Helpline and other available channels on a quarterly basis and also ensured appropriate actions were taken by the Shell Business Integrity Department in addressing the concerns reported.

Related Party Transactions

The Committee reviews the Circular to Shareholders in relation to the Proposed Renewal of Shareholders' Mandate on recurrent related party transactions of a revenue or trading nature on an annual basis. The Committee also reviews the status of actual expenditure on recurrent related party transactions on a quarterly basis and ensures that the actual value does not breach the existing shareholders' mandate thresholds.

Internal Audit Function

The Company outsourced the Internal Audit Function ("IAF") to its affiliate company, Shell Malaysia Limited, via a Service Level Agreement. The Company's Internal Audit Manager reports directly to the Committee and has no line of responsibility or authority over any operational function and is independent of the activities it audits.

The IAF assists Management to identify and evaluate significant risks, and develop risk-based audit plans for approval by the Committee. The IAF also assesses and reports the effectiveness of the internal control systems, reliability of systems and reporting of information. The IAF provides overall independent assessment and reasonable assurances on areas of operation reviewed and renders advise on the best practices that will improve and add value to your Company.

Costs amounting to RM268,135 were incurred in relation to the Shell IAF for the financial year ended 31 December 2015.

This report was approved by the Board of Directors on 1 April 2016.

Terms of Reference

In line with good Corporate Governance, the Committee is guided by the following terms of reference:

Constitution

The Board of Directors established the Committee on 22 September 1993 to:

a. Assist in discharging the Board's responsibilities relating to your Company's management of internal controls, accounting policies and financial reporting;

b. Provide by way of regular meetings, a line of communication between the Board and your Company's internal and external auditors.

Membership

a. The Committee is appointed by the Board and consists of at least three (3) members. All the Committee members must be Non-Executive Directors, with a majority of them being Independent Directors to fully comply with paragraph 15.09 of the Listing Requirements of Bursa Securities.

b. The Chairman is one of the appointed Independent Non-Executive Directors. In the absence of the Chairman, the meeting shall be chaired by an Independent Director.

c. At least one (1) member:
   i. Must be a member of the Malaysian Institute of Accountants (MIA); or
   ii. If he is not a member of the MIA, he must have at least three (3) years of working experiences; and
      – He must have passed the examination specified in Part 1 of the 1st Schedule of the Accountant Act 1967; or
      – He must be a member of one of the Association of Accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967; or
      – Fulfills such other requirements as prescribed or approved by Bursa Securities.

d. No Alternate Director shall be appointed as a member of the Committee.

In the event of any vacancy resulting in the number of members being reduced to below three (3), the vacancy must be filled within three (3) months.

Quorum and Frequency of Meeting

a. A quorum shall be the majority of Independent Non-Executive Directors.

b. Meetings shall be held at least four (4) times each calendar year, usually preceding the meetings of the Board.

c. The external auditors and internal auditors may request a meeting if they consider it necessary in any Committee meeting.

d. At least twice a year, the Committee shall meet with the external auditors without any Non-Independent member or the Management present.

e. The Managing Director and the Finance Manager shall attend the quarterly meetings although they do not have any voting rights.

f. The Committee may call for a meeting as and when required with reasonable notice as the Committee Members deem fit.

Secretary

The Company Secretary (or any one or more of, if more than one Company Secretary) or such other approved person shall be the secretary of the Committee (the "Committee Secretary"). The Committee Secretary shall provide assistance to the members of the Committee, including but not limited to assist the Committee Chairman in planning the work of the Committee, formulating meeting agendas, maintenance of Committee minutes, collation and distribution of information required by the Committee and provide practical support, as and when needed.

Authority

The Committee is authorised by the Board to investigate any activity within its terms of reference and shall have full and unrestricted access to information it requires from any employee of the Company, and all employees are directed to co-operate with any request made by your Committee.

The Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise whenever deem necessary.

Duties and Responsibilities

The following are the main duties and responsibilities of the Committee, and where appropriate, your Committee reports to your Board on the following:

a. Risk Management & Internal Control

i. Review the adequacy of and to provide independent assurance to the Board on the effectiveness of the Company's risk management and risk assurance process.

ii. Evaluate the quality and effectiveness of the Company's Internal Control system and management information systems, including compliance with applicable laws, rules, corporate governance requirements and guidelines.

iii. Recommend to the Board, the Director's Statement on Internal Control and any changes thereto.

b. Financial Reporting

i. Review the quarterly results and annual financial statements before recommendation to the Board for approval for release to Bursa Securities, focusing particularly on:
   – Any changes in or implementation of accounting policies and practices;
   – Significant or material adjustments with financial impact arising from the audit;
   – Significant unusual events or exceptional activities;
   – Financial decision-making with the presumptions of significant judgments;
   – The going concern assumptions; and
   – The appropriateness of Management's selection of accounting policies and disclosures in compliance with approved accounting standards, stock exchange and other regulatory requirements.

ii. Propose best practices on disclosure in financial results and annual reports of the Company in line with the principles set out in the MCCG 2012, other applicable laws, rules, directives and guidelines.

c. External Audit

i. Recommend the appointment or re-appointment of the external auditors and audit fee to your Board, after reviewing the suitability, resources, competency and independence of external auditors and the accounting firm.

ii. Make appropriate recommendations to your Board on matters of resignation, dismissal or cessation of office of the external auditors and secure the reason of such resignation, dismissal or cessation of office.

iii. Review and discuss the nature and scope of the external audit strategy and plan for the year.

iv. Review and discuss issues arising from external auditors' interim and final letters of recommendation to Management, including Management responses and the external auditor's evaluation on the system of internal control and any other matters the external auditor may wish to discuss (in the absence of Management, if required).

d. Internal Audit

i. Review the adequacy of the scope, functions, competency, resources and authority of the internal audit function in carrying out its work.

ii. Review the risk-based internal audit plans and programmes.

iii. Ensure co-ordination between the internal and external auditors.

iv. Review the major findings reported by internal audit and follow up on Management's implementation of the recommended actions.

v. Annually assess performance of services provided by the internal audit function.

e. Related Party Transactions

Review and recommend to the Board matters pertaining to Related Party Transactions including disclosures, value of mandates and situations involving potential conflicts of interest that may arise within the Company, including any transaction, procedure or course of conduct that raises questions on Management's integrity.

f. Other Matters

i. To report to Bursa Securities, if the Committee is of the view that a matter resulting in a breach of the Listing Requirements reported by the Committee to the Board has not been satisfactorily resolved by the Board.

ii. To highlight such matters as the Committee considers appropriate or as defined by the Board from time to time.

iii. To announce to Bursa Securities, if there is any related party transactions which exceed the Existing Shareholders' Mandate and provide full reasoning and detailed explanation.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

Directors' Report

The Directors hereby submit their annual report to the members together with the audited financial statements of the Company for the financial year ended 31 December 2015.

Principal Activities

The principal activities of the Company consist of refining and manufacturing of petroleum products. There has been no significant change in these activities during the financial year.

Financial Results

The results of the operations of the Company for the financial year were as follows:

	RM'000
Profit for the financial year	351,788

Dividends

No dividend has been paid or declared since the end of the Company's previous financial year. The Directors do not recommend the payment of any dividend for the financial year ended 31 December 2015.

Reserves And Provisions

All material transfers to or from reserves and provisions during the financial year are shown in the financial statements.

Directors

The Directors who have held office during the period since the date of the last report are as follows:

Datuk Iain John Lo	
Dato' Seri Talaat bin Haji Husain	
Datuk Seri Saw Choo Boon	(resigned on 1 December 2015)
Datuk Zainun Aishah binti Ahmad	
Lau Nai Pek	
Datuk Yau Ah Lan @ Fara Yvonne	
Arnel Lamco Santos	(resigned on 25 February 2016)
Amir Hamzah bin Abu Bakar	
Michael John Carey	(appointed on 6 February 2015)
Heng Heyok Chiang @ Heng Hock Cheng	(appointed on 1 April 2016)

In accordance with Article 81(9) of the Company's Articles of Association, Mr. Heng Heyok Chiang @ Heng Hock Cheng retires by rotation at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election.

In accordance with Article 81(3) of the Company's Articles of Association, Datuk Zainun Aishah binti Ahmad, Datuk Yau Ah Lan @ Fara Yvonne and Mr. Lau Nai Pek, retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

Directors' Benefits

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, being arrangements with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate except for awards of shares under the Performance Share Plan ("PSP") granted by Royal Dutch Shell Plc to eligible senior executives including certain Directors of the Company.

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than benefits disclosed as Directors' remuneration in Note 12 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

Long-term incentives

Following the unification of Shell Transport and Trading Company Plc and Royal Dutch Petroleum Company (N.V. Koninklijke Nederlandsche Petroleum Maatschappij) in 2005, the share option grants were discontinued and in its place, an amended Long Term Incentive Plan was introduced. The purpose of the changes was to ensure a closer link between the remuneration of Directors and executives and the performance of the Royal Dutch Shell Plc relative to its peers.

Long-Term Incentive Plan ("LTIP")

Under the LTIP, performance shares are awarded conditionally once a year as shown below.

TSR Rank	**Performance shares received**
1st	2 x award
2nd	1.5 x award
3rd	0.8 x award
4th or 5th	Nil

Awards will have a face value between zero and two times base award. Awards are subject to performance over a period of at least three years.

The actual number of shares that Directors received in 2015 is based on the TSR performance of Royal Dutch Shell Plc over the period from year 2012 to 2014. The face value of the conditional performance share award is the number of shares as referred to in Directors' Long-term Incentive Interest below multiplied by the share price at the time of the award.

Directors' Benefits (Continued)

Directors' Long-Term Incentive Interest

The tables below show the PSP and the share options interest of the Directors who held office at the end of the financial year. Following the unification, the options that were made with respect to N.V. Koninklijke Nederlandsche Petroleum Maatschappij and Shell Transport and Trading Company Plc shares, have been converted into Royal Dutch Shell Plc share entitlements at the appropriate conversion rates. Other than consequential changes, the terms and conditions applicable to these options have generally not been altered as a result of this conversion.

Direct interest in shares of Royal Dutch Shell Plc

(i) LTIP Awards

	Class of Shares	Awards as at 1.1.2015/ since date of appointment	Awards granted in 2015	Awards cancelled/ lapsed in 2015	Awards as at 31.12.2015	Awards vested in 2015*
Datuk Iain John Lo	[1]RDSA	35,075	0	(9,775)	25,300	11,204
Amir Hamzah Bin Abu Bakar	[1]RDSA	1,756	2,875	(1,400)	8,825	1,358
Arnel Lamco Santos	[1]RDSA	16,500	0	0	16,500	0
Michael John Carey	[1]RDSA	18,275	9,775	0	28,050	0

** A face value of 97% of the LTIP awards granted in 2012 was vested during the financial year.*

(ii) Direct interest in vested shares of **PSP and ***GESPP

	Class of Shares	Balance as at 1.1.2015/ since date of appointment	Shares added to vested share account in 2015	Dividend share	Shares sold/ transferred in 2015	Balance as at 31.12.2015
Datuk Iain John Lo	[1]RDSA	6,199	11,204	811	(2,640)	15,574
Datuk Seri Saw Choo Boon	[2]RDSB	25	0	0	0	25
Lau Nai Pek	[1]RDSA	5,140	0	0	0	5,140
Amir Hamzah Bin Abu Bakar	[1]RDSA	3	1,609	82	0	1,694
Michael John Carey	[1]RDSA	12,973	364	810	0	14,147

*** PSP is Performance Share Plan*
**** GESPP is the Global Employee Share Purchase Plan available to all employees to subscribe for shares in Royal Dutch Shell Plc*

According to the register of Directors' shareholdings, none of the other Directors in office at the end of the financial year held any interest in shares in and debentures of the Company or its related corporations.

[1]RDSA – Royal Dutch Shell Plc Class A shares
[2]RDSB – Royal Dutch Shell Plc Class B shares

Statutory Information On The Financial Statements

Before the financial statements were made out, the Directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(b) to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the Company had been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

(a) which would render the amounts written-off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Company inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Company misleading; or

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Company to meet its obligations when they fall due.

At the date of this report, there does not exist:

(a) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liability of any other person; or

(b) any contingent liability of the Company which has arisen since the end of the financial year.

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Company, which would render any amount stated in the financial statements misleading.

In the opinion of the Directors:

(a) the results of the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature except as disclosed in the note to the financial statement in Note 3; and

(b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Company for the financial year in which this report is made.

Immediate Holding Company

The Directors regard Shell Overseas Holdings Limited, a company incorporated in England and Wales, as the Company's immediate holding company.

Ultimate Holding Company

The Directors regard Royal Dutch Shell Plc, a company incorporated in England and Wales, as the Company's ultimate holding company.

Significant Subsequent Events

(a) As announced on 1 February 2016, Shell Overseas Holdings Limited ("SOHL") the major shareholder of the Company had entered into a conditional sale and purchase agreement with Malaysia Hengyuan International Limited ("MHIL") for the acquisition by MHIL of 153,000,000 ordinary shares of RM1.00 each held by SOHL in the Company, representing 51% of the issued and paid up share capital of the Company for a total cash consideration of USD66,300,000, which was announced by the Company on 2 February 2016 ("Proposed Acquisition"). The Proposed Acquisition is expected to complete in 2016 and is conditional upon the fulfilment of several conditions precedent, which include but is not limited to, regulatory approval.

The Board of Directors notes that the Proposed Acquisition will oblige MHIL to extend a mandatory general offer for all the remaining shares in SRC not already held by MHIL.

(b) On 13 April 2016, The Company entered into supplemental agreement to the existing facility agreement to repay USD60,000,000 by 30 June 2016 and extend the maturity date of remaining term loan of USD180,000,000 from 14 September 2016 to 14 March 2017 as disclosed in Note 15.1.

Auditors

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with their resolution dated 18 April 2016.

AMIR HAMZAH BIN ABU BAKAR
MANAGING DIRECTOR

DATUK IAIN JOHN LO
CHAIRMAN

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, Amir Hamzah Bin Abu Bakar and Datuk Iain John Lo, being two of the Directors of Shell Refining Company (Federation of Malaya) Berhad, state that, in the opinion of the Directors, the accompanying financial statements set out on pages 74 to 108 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Company as at 31 December 2015 and of the results and cash flows for the financial year ended on that date.

The supplementary information set out in Note 32 on page 109 have been prepared in accordance with the Guidance of 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.

Signed on behalf of the Board of Directors in accordance with their resolution dated 18 April 2016.

AMIR HAMZAH BIN ABU BAKAR
MANAGING DIRECTOR

DATUK IAIN JOHN LO
CHAIRMAN

STATUTORY DECLARATION

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

Western Australia
Oaths, Affidavits And Statutory Declarations Act 2005
Statutory Declaration

I, Michael John Carey, of 562 Wellington Street, Perth WA 6000, sincerely declare as follows:

1. I am the Director primarily responsible for the financial management of Shell Refining Company (Federation of Malaya) Berhad.
2. I declare that the financial statements set out on pages 74 to 108 are, in my opinion, correct.

This declaration is true and I know that it is an offence to make a declaration knowing that it is false in a material particular.

This declaration is made under the *Oaths, Affidavits and Statutory Declaration Act 2005 (Western Australia).*

at Perth
(place)

18th April 2016
(date)

In the presence of:-

(signature of authorised witness)

PEIR-LIANG LIN
(name and qualification of authorised witness)

Lawyer

by

Michael John Carey
Director

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SHELL REFINING COMPANY (FEDERATION OF MALAYA) BERHAD
(INCORPORATED IN MALAYSIA) (COMPANY NO. 3926-U)

Report On The Financial Statements

We have audited the financial statements of Shell Refining Company (Federation of Malaya) Berhad, on pages 74 to 108 which comprise the statement of financial position as at 31 December 2015 of the Company, and the statements of comprehensive income, changes in equity and cash flows of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on Notes 1 to 31.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2015 and of its financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report On Other Legal And Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that, in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

PricewaterhouseCoopers (AF 1146), Chartered Accountants,
Level 10, 1 Sentral, Jalan Rakyat, Kuala Lumpur Sentral, P.O. Box 10192, 50706 Kuala Lumpur, Malaysia
T: +60 (3) 2173 1188, F: +60 (3) 2173 1288, www.pwc.com/my

Other Reporting Responsibilities

The supplementary information set out in Note 32 on page 109 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information 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 ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Pricewaterhousecoopers

PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants

SUBATHRA A/P GANESAN
(No. 3020/08/16(J))
Chartered Accountant

Kuala Lumpur
18 April 2016

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	2015 RM'000	2014 RM'000
Revenue	6	**9,079,637**	14,262,773
Purchases		**(8,265,031)**	(14,571,039)
		814,606	(308,266)
Other income	7	**21,098**	14,440
Manufacturing expenses		**(204,846)**	(191,576)
Administrative expenses		**(58,428)**	(53,917)
Depreciation and amortisation		**(167,577)**	(151,435)
Other operating gains/(losses)		**5,035**	(3,148)
Finance cost	8	**(57,303)**	(68,693)
Impairment	9	**0**	(460,878)
Profit/(loss) before taxation	9	**352,585**	(1,223,473)
Taxation	10	**(797)**	34,705
Profit/(loss) for the financial year/ Total comprehensive income/(loss) for the financial year		**351,788**	(1,188,768)
Earnings/(loss) per RM1 unit of share (sen) – basic	11	**117**	(396)

The accompanying notes form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Note	2015 RM'000	2014 RM'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**1,029,335**	1,104,821
Prepaid lease payments	14	**1,843**	1,864
Derivative financial assets	15	**0**	118,565
		1,031,178	1,225,250
CURRENT ASSETS			
Inventories	16	**695,704**	801,183
Trade receivables	17	**24,513**	26,971
Other receivables and prepayments	18	**30,264**	1,404
Tax recoverable		**3,803**	4,376
Amounts receivable from related companies	19		
– Trade		**672,797**	737,976
– Non-trade		**11,246**	5,193
Derivative financial assets	15	**305,188**	0
Deposit with licensed banks	20	**171,820**	0
Bank balances	20	**3,703**	8,737
		1,919,038	1,585,840
TOTAL ASSETS		**2,950,216**	2,811,090
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Share capital	21	**300,000**	300,000
PSP from RDS*	22	**1,924**	1,306
Retained earnings		**375,166**	23,378
		677,090	324,684
CURRENT LIABILITIES			
Trade and other payables	23	**87,027**	75,558
Amounts payable to related companies	19		
– Trade		**619,530**	634,937
– Non-trade		**85,515**	17,636
Borrowings	15	**1,031,054**	919,115
		1,823,126	1,647,246
NET CURRENT ASSETS/(LIABILITIES)		**95,912**	(61,406)
NON-CURRENT LIABILITY			
Borrowing	15	**450,000**	839,160
		450,000	839,160
TOTAL EQUITY AND LIABILITIES		**2,950,216**	2,811,090

* *Performance share plan from Royal Dutch Shell Plc*

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

		Issued and fully paid ordinary shares of RM1 each		Non-distributable	Distributable	
	Note	Number of shares '000	Nominal value RM'000	PSP reserve RM'000	Retained earnings RM'000	Total RM'000
At 1 January 2015		300,000	300,000	1,306	23,378	324,684
Total comprehensive income for the financial year		0	0	0	351,788	351,788
PSP from RDS	22					
– re-charge by parent		0	0	(1,729)	0	(1,729)
– charge during the year		0	0	2,347	0	2,347
At 31 December 2015		**300,000**	**300,000**	**1,924**	**375,166**	**677,090**
At 1 January 2014		300,000	300,000	1,237	1,212,146	1,513,383
Total comprehensive loss for the financial year		0	0	0	(1,188,768)	(1,188,768)
PSP from RDS	22					
– re-charge by parent		0	0	(1,144)	0	(1,144)
– charge during the year		0	0	1,213	0	1,213
At 31 December 2014		300,000	300,000	1,306	23,378	324,684

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	2015 RM'000	2014 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before taxation		**352,585**	(1,223,473)
Adjustments for:			
Property, plant and equipment			
– depreciation		**167,577**	151,435
– write-off		**948**	134
– impairment		**0**	460,878
– gain on disposal		**(26)**	0
Interest expense		**51,022**	58,755
Interest income		**(2,497)**	(92)
Net foreign exchange loss – unrealised		**188,517**	50,652
Fair value gain on derivative financial instruments		**(186,623)**	(43,236)
(Write back of)/allowance for inventories write-down to net realisable value		**(76,260)**	80,167
Allowance for slow moving inventories		**437**	512
Allowance for/(reversal of) doubtful debts		**343**	(891)
Amortisation of prepaid lease payments		**21**	21
Bad debts written off		**110**	0
PSP from RDS		**2,347**	1,213
		498,501	(463,925)
Changes in working capital:			
Inventories		**181,302**	504,964
Trade and other receivables		**(26,503)**	41,574
Trade and other payables		**16,154**	(8,921)
Related companies		**111,771**	41,760
Cash generated from operations		**781,225**	115,452
Interest received		**2,497**	92
Tax paid		**(224)**	0
Net cash flows generated from operating activities		**783,498**	115,544

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (Continued)

	Note	2015 RM'000	2014 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Property, plant and equipment			
– additions		**(98,165)**	(54,827)
– proceeds from disposal		**26**	0
Net cash flows used in investing activities		**(98,139)**	(54,827)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		**(916,740)**	(35,730)
Proceeds from borrowings		**450,000**	0
Interest paid		**(52,783)**	(57,423)
Net cash flows used in financing activities		**(519,523)**	(93,153)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**165,836**	(32,436)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		**8,737**	41,009
EFFECTS OF EXCHANGE RATE CHANGES		**950**	164
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	20	**175,523**	8,737

During the financial year ended 31 December 2015, the Company acquired property, plant and equipment with an aggregate cost of RM93,038,510 (2014: RM49,445,737). During the year, cash payments of RM 98,164,510 (2014: RM54,826,737) were made for acquisitions of property, plant and equipment. The balance unpaid at the financial year end of RM8,157,000 (2014: RM13,283,000) is included in accruals for capital expenditure under Note 23.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

1 General Information

The principal activities of the Company consist of refining and manufacturing of petroleum products. There has been no significant change in these activities during the financial year.

The Directors regard Royal Dutch Shell Plc, a company incorporated in England and Wales, as the Company's ultimate holding company.

The Directors regard Shell Overseas Holdings Limited, a company incorporated in England and Wales, as the Company's immediate holding company.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of the Bursa Malaysia Securities Berhad ("Bursa Malaysia").

The address of the registered office of the Company is:
Level 8, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan

The address of the principal place of business of the Company is:
Batu 1, Jalan Pantai
71000 Port Dickson
Negeri Sembilan

2 Summary Of Significant Accounting Policies

2.1 Basis Of Preparation

The financial statements of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The financial statements of the Company have been prepared under the historical cost convention unless otherwise indicated in the summary of significant accounting policies.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Directors to exercise their judgment in the process of applying the Company's accounting policies. Although these estimates and judgment are based on the Directors' best knowledge of current events and actions, actual results may differ. As at 31 December 2015, the areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

(a) Standards, amendments to published standards and interpretations that are effective

The new accounting standards, amendments and improvements to published standards and interpretations that are effective for the Company's financial year beginning on or after 1 January 2015 are as follows:

- Annual Improvements to MFRSs 2010 – 2012 Cycle
- Annual Improvements to MFRSs 2011 – 2013 Cycle

There is no significant impact on the financial results and position of the Company upon adoption of the above new standards, amendments to published standards and interpretation.

2 Summary Of Significant Accounting Policies (Continued)

2.1 Basis Of Preparation (Continued)

(b) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Company but not yet effective

(i) Financial year beginning on/after 1 January 2016

- Amendments to MFRS 101 'Presentation of financial statements – Disclosure initiatives'
- Amendments to MFRS 116 'Property, plant and equipment'
- Annual improvements to MFRS 2012-2014 cycle

The adoption of the above applicable standards and amendments/improvements to published standards did not have a significant financial impact on the company and did not result in substantial change in company's accounting policies and procedures.

(ii) Financial year beginning on/after 1 January 2018

- MFRS 15 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces MFRS 118 'Revenue' and MFRS 111 'Construction contracts' and related interpretations.

  Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

- MFRS 9 retains but simplifies the mixed measurement model in MFRS 139 and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss and fair value through other comprehensive income ("OCI"). The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are always measured at fair value through profit or loss with a irrevocable option at inception to present changes in fair value in OCI (provided the instrument is not held for trading). A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.

  For liabilities, the standard retains most of the MFRS 139 requirements. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

  There is now a new expected credit losses model on impairment for all financial assets that replaces the incurred loss impairment model used in MFRS 139. The expected credit losses model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

  The adoption of the above will not result in any significant change to the Company's results and financial position. The Company is in the process of assessing the full impact of the adoption of MFRS 15 and MFRS 9 on the financial statements of the Company in the year of initial application.

2 Summary Of Significant Accounting Policies (Continued)

2.2 Revenue Recognition

(a) Revenue

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Company's activities.

Revenue is recognised upon delivery of products and acceptance by customers of refined and partially refined oil products and feedstocks, net of government taxes.

(b) Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables are recognised using the original effective interest rate.

(c) Other income

Other income comprises mainly of operating and transport fees charged to related companies.

2.3 Purchases

Purchases reflect all costs related to acquisition of inventories, the effects of the changes therein (cost of inventories), including foreign exchange gains and losses, supplies used for conversion into finished products and inventories write-down.

2.4 Property, Plant And Equipment

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it be capable of operating in the manner intended by management. Cost also includes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (refer to accounting policy Note 2.13 on borrowing costs).

All other property, plant and equipment are stated at historical costs less accumulated depreciation and accumulated impairment losses.

Freehold land is not depreciated as it has an infinite life.

All property, plant and equipment are depreciated on a straight line basis to allocate the cost, or the revalued amounts to their residual values, over their estimated useful lives at the following annual rates:

Land improvements and buildings	2.5% – 5.0%
Plant, machinery and equipment	9.0% – 33.3%
Motor vehicles	20%

Depreciation on work-in-progress commences when the assets are ready for their intended use.

Plant, machinery and equipment comprise components of the refinery which are subject to different refurbishment cycle.

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at the end of each reporting period.

At the end of reporting period, the Company assesses whether there is any indication of impairment. If such indicators exist, the carrying amount of the asset is assessed and written down immediately to its recoverable amount. Refer accounting policy Note 2.6 on impairment of non-financial assets.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are included in profit or loss. On disposal of revalued assets, amounts in revaluation reserve relating to those assets are transferred to retained earnings.

2 Summary Of Significant Accounting Policies (Continued)

2.5 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. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

2.6 Impairment Of Non-Financial Assets

Assets (other than inventories, deferred tax assets and financial assets) that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there is separately identifiable cash flows (cash generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

The impairment loss is charged to profit or loss unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. Any subsequent increase in recoverable amount is recognised in profit or loss unless it reverses an impairment loss on a revalued asset, in which case it is taken to revaluation surplus reserve.

2.7 Leases

(a) Finance leases

Leases of property, plant and equipment where the Company assumes substantially all the risks and rewards of ownership are classified as finance leases.

Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate of interest on the remaining balance of the liability. The corresponding rental obligations, net of finance charges are included in borrowings.

The interest element of the finance charge is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term. Property, plant and equipment acquired under finance lease are depreciated over the shorter of the estimated useful life of the asset and the lease term.

(b) Operating leases

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the lease period.

Initial direct costs incurred by the Company in negotiating and arranging operating leases are capitalised as prepayments and recognised in profit or loss over the lease term on a straight-line basis.

2.8 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost comprises direct purchase costs (including transportation, insurance and premium) and is determined using the first in, first out method. The cost of finished products includes oil, direct materials, labour and an appropriate proportion of fixed and variable manufacturing overheads.

Net realisable value is the estimate of selling price in the ordinary course of business, less the cost of completion and selling expenses.

2 Summary Of Significant Accounting Policies (Continued)

2.9 Trade Receivables

Trade receivables are amounts due from customers for oil products sold in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less allowance for impairment.

2.10 Cash And Cash Equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash, bank balances, deposits with licensed banks, other short-term and highly liquid investments with original maturities of three months or less.

2.11 Share Capital

(a) Classification

Ordinary shares are classified as equity.

(b) Dividends to shareholders of the Company

Dividends on ordinary shares are recognised as a liability in the period in which they are declared.

2.12 Trade Payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.13 Borrowings And Borrowing Costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the fair value (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method, except for borrowing costs incurred for construction of any qualifying asset.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2 Summary Of Significant Accounting Policies (Continued)

2.14 Current and Deferred Income Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. This liability is measured using the single best estimate of the most likely outcome.

Deferred tax is recognised, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences or unused tax losses can be utilised.

Deferred and income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.15 Employee Benefits

(a) Short-term employee benefits

The Company recognises a liability and an expense for bonuses, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Wages, salaries, paid annual leave, sick leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Company.

(b) Post-employment benefits

The Company's post-employment benefit scheme comprises only of the defined contribution plan.

Contributions to the Employees' Provident Fund, which is a defined contribution plan, are charged to profit or loss when incurred. Once the contributions have been paid, the Company has no further payment obligations.

(i) Long-term employee benefits

The Company provides death in service and long-term disability benefits to its employees. The benefit is on a lump sum basis based on a multiplier of the last drawn average annual salary of the employee and is not dependent on the employee's length of service. Accordingly, it is charged to profit or loss when incurred.

2 Summary Of Significant Accounting Policies (Continued)

2.16 Contingent Liabilities And Contingent Assets

The Company does not recognise contingent liability but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past event whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company. The Company does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

2.17 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.18 Government Grants

Grants from the Government are recognised at their fair value where there is a reasonable assurance that the grants will be received and the Company will comply with all attached conditions.

Government grants relating to costs are recognised in profit or loss over the period necessary to match the related costs for which the grants are intended to compensate.

Government grants relating to the purchase of assets are deducted in arriving at the carrying amount of the assets. The grants are recognised in profit or loss over the life of a depreciable asset by way of a reduced depreciation charge.

2.19 Foreign Currencies

The basis of accounting for foreign currency transactions is as follows:

(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the "functional currency").The financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in profit or loss within 'finance cost'. Foreign exchange gains and losses that are relating to acquisition of inventories are presented in profit and loss within 'purchases'. All other foreign exchange gains and losses are under 'other expenses'.

2 Summary Of Significant Accounting Policies (Continued)

2.20 Financial Assets

(a) Classification

The Company classifies its financial assets in the following categories: at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Company's loans and receivables comprise trade and other receivables, amounts due from related companies and cash and cash equivalents in the statement of financial position.

(b) Recognition and initial measurement

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Company commits to purchase or sell the asset.

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in profit or loss.

(c) Subsequent measurement – gains and losses

Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables financial assets are subsequently carried at amortised cost using the effective interest method.

Changes in the fair values of financial assets at fair value through profit or loss, including the effects of currency translation, interest and dividend income are recognised in profit or loss in the period in which the changes arise.

2 Summary Of Significant Accounting Policies (Continued)

2.20 Financial Assets (Continued)

(d) Subsequent measurement – impairment of financial assets

Assets carried at amortised cost

The Company assesses at the end of the reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Company uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the customers;
- A breach of contract, such as a default or delinquency in interest or principal payments; or
- It becomes probable that the customers will enter bankruptcy or other financial reorganisation.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount is reduced and the amount of the loss is recognised in profit or loss. If loans and receivables have a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Company may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

When an asset is uncollectible, it is written off against the related allowance account. Such assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

(e) De-recognition

Financial assets are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

2.21 Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

2.22 Derivative Financial Instruments and Hedging Activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value.

The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and the nature of the item being hedged. Derivatives that do not qualify for hedge accounting are classified as held for trading and accounted for in accordance with the accounting policy set out in Note 2.20.

2 Summary Of Significant Accounting Policies (Continued)

2.23 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions.

2.24 Share Based Payments

Royal Dutch Shell Plc ("RDS"), the Company's ultimate holding company operates a number of equity settled, share-based compensation plan for the employees of RDS and its subsidiaries.

Employee services received in exchange for the grant of the share options are recognised as an expense in the profit or loss over the vesting period of the grant, with a corresponding increase in equity as a contribution from RDS.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the share options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in the assumptions about the number of options that are expected to vest. At the end of reporting date, the ultimate holding company revises its estimates of the number of share options that are expected to vest. It recognises the impact of the revision of original estimates, if any, in profit or loss, with a corresponding adjustment to equity as an employees' share option scheme reserve.

Where RDS recharges the Company for the equity instruments granted, the recharge is treated as an adjustment to the equity contribution from RDS.

3 Critical Accounting Estimates And Judgments

Estimates and judgments are continually evaluated by the Directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Directors believe that there are no other critical accounting estimates and judgments being formed for the current financial year.

(i) Property, plant and equipment

The Company reviews the recoverable amount of its property plant and equipment whenever events or changes in circumstances indicate that the impairment loss recognised in prior year may no longer exist or may have decreased based on its accounting policy stated in Note 2.6. The Company's results of operations in any given period are principally driven by the demand for and price of petroleum products relative to the supply and cost of crude oil.

During the year, with the significant movement in refining margins, a review of recoverable amount of its property plant and equipment was performed. The positive refining margin in current year remains to be uncertain going forward due to market stabilisation and dampened global economic environment. Accordingly the Company did not perform any reversals to the impairment as volatility in the market continues and of future projections.

(ii) Change in accounting estimates over estimated useful life of refinery

In 2014, the Board has reviewed the remaining useful lives of the refinery's assets to be at the end of year 2025 as a result of a review performed over the future margin outlook of the Company. No further changes made in current year.

4 Financial Risk Management Objectives And Policies

The Company is exposed to a variety of financial risks; market risk (including foreign currency exchange risk and interest rate risk), credit risk, liquidity and cash flow risk, capital risk and refining margin risk. The Company's overall financial risk management objective is to ensure the Company creates value for its shareholders. The Company focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company. Financial risk management is carried out through risk reviews, assurance plans, internal control systems, insurance programmes and adherence to the Company's Treasury Policy and Procedures.

The Company may enter into foreign exchange forward contracts to manage the exposure to foreign currency risks in receivables and payables. In addition, financial instruments such as trade receivables, trade payables and long-term borrowings arise directly from the Company's operations. Straightforward derivative financial instruments are utilised by the Company to manage the exposure to foreign currency and interest rate risks. The Company does not enter into derivative financial instruments for trading purposes.

(a) Market risk

(i) Foreign currency exchange risk

The objectives of the Company's currency risk management policies are to allow the Company to effectively manage exposures that may arise from operating and financing activities.

The Company is exposed to currency risk as a result of the foreign currency transactions entered into in currencies other than its functional currency. Financial instruments affected by foreign currency exchange risk include intercompany balances, receivables and payables, deposit and bank balances, bank borrowings and derivative financial instruments.

The Company may enter into foreign exchange swaps and forward contracts to limit its exposure on foreign currency receivables and payables and on cash flows generated from anticipated transactions denominated in foreign currencies.

In 2011, the Company obtained a 5-year USD term loan facility to finance a capital expenditure project as disclosed in Note 15 to the financial statements. The loan has been fully drawn down in 2012. At the same time, the Company entered into cross currency interest rate swaps to hedge its foreign currency borrowings in order to minimise its exposures to movements in foreign currency positions.

The following analysis illustrates the sensitivity to changes in market variables, being the USD to Ringgit Malaysia exchange rate, on the financial instruments:

	Impact on profit/(loss) after tax, equity and net assets	
	2015	**2014**
	RM'000	**RM'000**
10 percent increase in USD	**(92,487)**	(109,409)
10 percent decrease in USD	**92,487**	109,409

The method used for deriving sensitivity information and significant variables did not change from previous year.

4 Financial Risk Management Objectives And Policies (Continued)

(a) Market risk (continued)

(ii) Interest rate risk

The Company finances its operations through a mixture of retained earnings and bank borrowings. The Company's interest rate risk arises from borrowings and is managed in compliance with the treasury policy of the Company.

The Company analyses its cash flow interest rate exposure on a regular basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging.

Based on these scenarios, the Company calculates the impact on profit and loss of a defined interest rate shift. The scenarios are run only for borrowings and deposits that represent the major interest-bearing positions.

	Impact on profit/(loss) after tax, equity and net assets	
	2015	**2014**
	RM'000	**RM'000**
1% (100 basis points) increase in interest rate	**(11,108)**	(13,187)
1% (100 basis points) decrease in interest rate	**11,108**	13,187

The method used for deriving sensitivity information and significant variables did not change from previous year.

(b) Credit risk

Credit risk arises from cash and cash equivalents, as well as credit exposures to third party receivables and related companies, including outstanding receivables. The Company seeks to invest cash assets safely and profitably. Deposits are placed only with financial institutions with strong long-term credit ratings based on independent rating agencies.

Credit risk on customers arises when sales are made on deferred credit terms. It seeks to control credit risk by setting counterparty limits and ensuring that sales of products are made only to approve customers with an appropriate credit history. It is the Company's policy to monitor the financial standing of the customers on an ongoing basis to ensure that the Company is exposed to a minimal credit risk. The maximum credit exposure associated with financial assets is equal to the carrying amount.

4 Financial Risk Management Objectives And Policies (Continued)

(b) Credit risk (continued)

The credit quality of financial assets that are neither past due nor impaired as at the end of reporting date can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:

	2015 RM'000	2014 RM'000
Derivative financial assets		
Counterparties with external credit rating		
– AAA	**305,188**	118,565
Trade receivables		
Counterparties without external credit rating		
– Group B	**15,060**	24,723
Total unimpaired trade receivables	**15,060**	24,723
Cash at bank		
Counterparties with external credit rating		
– AAA	**175,523**	8,737
Amounts receivable from related companies		
Counterparties without external credit rating		
– Group B	**682,937**	740,825

- Group A – new customers (less than 12 months)
- Group B – existing customer including related parties (more than 12 months) with no defaults in the past

None of the financial assets that are fully performing have been renegotiated in the current financial year.

The Company generally has no significant concentration of credit risk other than as set out below:

(i) 76% (2014: 90%) of the Company's total trade receivables at the reporting date were receivable from major customers within the oil & gas industry in Malaysia. The Directors are of the view that such credit risk is minimal in view of the strength of the customers' financial position. Subsequent to year end, 93% of these receivables were collected as at the reporting date.

(ii) 94% (2014: 91%) of the Company's total intercompany receivables at the reporting date was receivable from Shell Malaysia Trading Sendirian Berhad and Shell Timur Sendirian Berhad. The Directors are of the view that the exposure to credit risk is minimal in view of the stability of the fellow subsidiaries' financial position. Sales to the above mentioned related companies constitute 90% (2014: 89%) of the Company's revenue.

(iii) majority of the Company's deposits, bank and cash balances were placed with major financial institutions in Malaysia which are "AAA" rated. The Directors are of the view that the possibility of non-performance by these financial institutions is remote on the basis of their financial strength.

4 Financial Risk Management Objectives And Policies (Continued)

(c) Liquidity and cash flow risks

The Company ensures that cash is available to meet working capital and other financing requirements, and that cash flows are managed efficiently. This is done through cash forecasts to achieve optimal cash management planning. The Company sets a minimum level of cash to be held on a daily basis in order to meet both firm commitments and forecast obligations. In addition, the Company maintains an adequate amount of short term credit facilities and committed funding.

As at 31 December 2015, there are outstanding borrowings amounted to USD240 million, equivalent to RM1,031 million (2014: RM919 million) which becomes due within the next 12 months on 14 Sept 2016, as disclosed in Note 15.1.

The Company plans to repay part of these borrowings, amounting to USD60 million, by 30 June 2016 through cash flow from operations. As disclosed in Note 30, the maturity date of the remaining term loan amounting to USD180 million has been extended to 14 March 2017. The loan agreement requires 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 30, SOHL is in the process of divesting its equity interest in the Company. In view that the completion of the said divestment is anticipated to occur before year end, the Directors intend to put a funding plan in place to refinance the said outstanding borrowings.

The table below summarises the maturity brackets of undiscounted cash flows contractually payable under financial liabilities as at reporting date:

	Within 1 year RM'000	Between 1 to 3 years RM'000	Total RM'000
At 31 December 2015			
Trade and other payables excluding statutory liabilities	**86,070**	**0**	**86,070**
Amounts due to related companies	**705,045**	**0**	**705,045**
Term loan	**1,061,016**	**459,963**	**1,520,979**
Cross currency interest rate swaps (outflow)	**(731,637)**	**0**	**(731,637)**
Cross currency interest rate swaps inflow	**1,036,825**	**0**	**1,036,825**
At 31 December 2014			
Trade and other payables excluding statutory liabilities	73,668	0	73,668
Amounts due to related companies	652,573	0	652,573
Short term borrowings	469,115	0	469,115
Term loan	467,773	845,495	1,313,268
Cross currency interest rate swaps (outflow)	(23,295)	(717,799)	(741,094)
Cross currency interest rate swaps inflow	9,744	851,398	861,142

4 Financial Risk Management Objectives And Policies (Continued)

(d) Capital risk management

The Company's objectives when managing capital are:

- to safeguard the Company's ability to continue as a going concern;
- to maximise returns for shareholders; and
- to maintain an optimal capital structure which minimises the cost of capital while maintaining sufficient liquidity.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt (total borrowings) divided by total capital. The capital structure of the Company consists of borrowings and total equity:

	2015 RM'000	2014 RM'000
Net debt/total borrowings	**1,481,054**	1,758,275
Total equity	**677,090**	324,684
Total capital	**2,158,144**	2,082,959
Gearing ratio	**69%**	84%

5 Fair Value Measurements

(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 2015.

(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).

The Company's policy is to recognise transfer into and transfers out of fair value hierarchy as of the date of the event or changes in circumstances that caused the transfer.

5 Fair Value Measurements (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
At 31 December 2015				
Derivatives – Cross currency interest rate swaps	**0**	**305,188**	**0**	**305,188**
At 31 December 2014				
Derivatives – Cross currency interest rate swaps	0	118,565	0	118,565

The valuation technique used to derive the Level 2 fair value is as disclosed in Note 15.2.

During the financial 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.

6 Revenue

	2015 RM'000	2014 RM'000
Sale of oil products:		
– refined	**9,074,869**	14,259,287
– crude oil	**4,768**	3,486
	9,079,637	14,262,773

7 Other Income

	2015 RM'000	2014 RM'000
Operating and transport fees	**18,601**	14,348
Interest income	**2,497**	92
	21,098	14,440

8 Finance Cost

	2015 RM'000	2014 RM'000
Interest expense:		
– term loan	**(29,754)**	(24,930)
– short-term borrowings	**(9,491)**	(19,513)
– cross-currency interest rate swap ('CCIRS')	**(11,777)**	(14,312)
Total interest expense	**(51,022)**	(58,755)
Foreign exchange loss on term loan:		
– unrealised	**(191,280)**	(53,040)
Fair value gain on derivative financial instruments	**186,623**	43,236
Others	**(1,624)**	(134)
	(57,303)	(68,693)

9 Profit/(Loss) Before Taxation

	2015 RM'000	2014 RM'000
The profit/(loss) before taxation (exclude Notes 7 to 8) is arrived at after charging/(crediting):		
Auditors' remuneration:		
– statutory audit fees	**224**	308
– audit-related fees	**218**	18
Cost of inventories	**7,917,286**	14,158,807
Staff cost:		
– salaries, bonus and allowances	**60,385**	52,421
– defined contribution plan	**9,586**	8,498
– other employee benefits	**5,599**	6,186
– share based payments	**2,347**	1,213
(Write back of)/ allowance for inventories write-down to net realisable value (included in purchases)	**(76,260)**	80,167
Allowance for slow moving inventories	**437**	512
Foreign exchange losses/(gains)		
– realised	**62,575**	17,026
– unrealised	**(1,813)**	(2,224)
Depreciation	**167,577**	151,435
Amortisation of prepaid lease payments	**21**	21
Impairment of property, plant and equipment	**0**	460,878
Included in other expenses:		
Gain on disposal	**(26)**	0
Bad debts written off	**110**	0
Write off of property, plant and equipment	**948**	134
Allowance for/(reversal of) doubtful debts	**343**	(891)

10 Taxation

	2015 RM'000	2014 RM'000
Current tax		
– current financial year	**(797)**	0
Deferred taxation (Note 24)		
– origination and reversal of temporary differences (Note 24)	**0**	34,705
	(797)	34,705

The numerical reconciliation between the effective tax rate and the applicable statutory tax rate is as follows:

	2015 %	2014 %
Applicable tax rate	**25**	25
Tax effects in respect of:		
– expenses not deductible for tax purposes	**1**	(1)
– tax losses and deductible temporary differences for which no deferred tax asset was recognised	**0**	(21)
– utilisation of previous year's unrecognised deferred tax assets	**(26)**	0
Effective tax rate	**0**	3

11 Earnings/(Loss) Per Unit Of Share

Basic earnings/(loss) per unit of share of the Company is calculated by dividing the profit/(loss) for the financial year by the weighted average number of ordinary shares in issue during the financial year.

	2015	2014
Profit/(loss) for the financial year (RM'000)	**351,788**	(1,188,768)
Weighted average number of ordinary shares in issue ('000)	**300,000**	300,000
Basic earnings/(loss) per RM1 unit of share (sen)	**117**	(396)

12 Directors' Remuneration

	2015 RM'000	2014 RM'000
Fees	**441**	465
Salaries, bonus and allowances	**1,002**	1,009
Defined contribution plan	**138**	136
Share based payment	**52**	291
	1,633	1,901

The estimated monetary value of benefits provided to Directors during the year by way of usage of the Company's assets and the provision of accommodation and other benefits amounted to RM NIL (2014: RM3,125).

13 Property, Plant And Equipment

2015	Freehold land RM'000	Land improvements RM'000	Buildings RM'000	Plant, machinery, equipment and motor vehicles RM'000	Work-in-progress RM'000	Total RM'000
Cost or deemed cost						
At 1 January	**50,598**	**15,654**	**109,242**	**3,336,023**	**66,576**	**3,578,093**
Additions	**0**	**0**	**0**	**0**	**93,039**	**93,039**
Disposals	**0**	**0**	**0**	**(263)**	**0**	**(263)**
Write-off	**0**	**0**	**0**	**(55,446)**	**0**	**(55,446)**
Capitalisation	**0**	**0**	**0**	**150,670**	**(150,670)**	**0**
At 31 December	**50,598**	**15,654**	**109,242**	**3,430,984**	**8,945**	**3,615,423**
Accumulated depreciation						
At 1 January	**0**	**13,496**	**56,698**	**1,942,200**	**0**	**2,012,394**
Charge for the financial year	**0**	**338**	**2,475**	**164,764**	**0**	**167,577**
Disposals	**0**	**0**	**0**	**(263)**	**0**	**(263)**
Write-off	**0**	**0**	**0**	**(54,498)**	**0**	**(54,498)**
At 31 December	**0**	**13,834**	**59,173**	**2,052,203**	**0**	**2,125,210**
Accumulated impairment losses						
At 1 January/At 31 December	**0**	**0**	**0**	**460,878**	**0**	**460,878**
Net book value						
At 31 December	**50,598**	**1,820**	**50,069**	**917,903**	**8,945**	**1,029,335**

13 Property, Plant And Equipment (Continued)

2014	Freehold land RM'000	Land improvements RM'000	Buildings RM'000	Plant, machinery, equipment and motor vehicles RM'000	Work-in-progress RM'000	Total RM'000
Cost or deemed cost						
At 1 January	50,598	15,654	109,242	3,300,642	55,939	3,532,075
Additions	0	0	0	0	49,446	49,446
Write-off	0	0	0	(3,428)	0	(3,428)
Capitalisation	0	0	0	38,809	(38,809)	0
At 31 December	50,598	15,654	109,242	3,336,023	66,576	3,578,093
Accumulated depreciation						
At 1 January	0	13,157	54,211	1,796,885	0	1,864,253
Charge for the financial year	0	339	2,487	148,609	0	151,435
Write-off	0	0	0	(3,294)	0	(3,294)
At 31 December	0	13,496	56,698	1,942,200	0	2,012,394
Accumulated impairment losses						
At 1 January	0	0	0	0	0	0
Charge for the financial year	0	0	0	460,878	0	460,878
At 31 December	0	0	0	460,878	0	460,878
Net book value						
At 31 December	50,598	2,158	52,544	932,945	66,576	1,104,821

14 Prepaid Lease Payments

	2015 RM'000	2014 RM'000
As at 1 January	**1,864**	1,885
Amortisation of prepaid lease payments	**(21)**	(21)
As at 31 December	**1,843**	1,864

15 Borrowings/Derivative Financial Assets

15.1 Borrowings

	2015 RM'000	2014 RM'000
Term loan (unsecured):		
– current (less than 1 year)	**1,031,054**	452,375
– non-current (between 1 to 3 years)	**450,000**	839,160
	1,481,054	1,291,535
Short term borrowings:		
– current (less than 1 year)	**0**	466,740

As at 31 December 2015, the Company has in place revolving credit facilities amounting to RM540 million with local banks for working capital purposes. This revolving credit facilities is unutilised as at year end (2014: RM73.26 million). The facilities carry interest rates at a range of COF+0.25% (Cost of Funds) to KLIBOR+0.3% (Kuala Lumpur Interbank Offer Rate).

On 7 December 2015, the Company obtained a new 18 months RM450 million term loan with an interest rate of KLIBOR + 0.6% to refinance a term loan that was repaid on 28 December 2015. Interest is payable over six quarterly payments with a bullet repayment of the loan principal payable on 7 June 2017. The loan agreement requires 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 30, SOHL is in the process of divesting its equity interest in the Company. The loan repaid on 28 December 2015 carried an interest rate of KLIBOR + 0.3% over twenty two quarterly payments from 15 June 2010.

In 2011, the Company obtained a USD240 million 5-year term loan facility primarily to finance a capital expenditure project. The term loan carries interest based on LIBOR+0.75% (London Interbank Offered Rate). The loan will be maturing on 14 September 2016. The interest is payable over twenty quarterly payments and a bullet repayment of the entire principal payable on 14 September 2016. Subsequent to the financial year end, the Company plans to repay part of these borrowings, amounting to USD60 million, by 30 June 2016 through cash flow from operations. As disclosed in Note 30, the maturity date of the remaining term loan amounting to USD180 million has been extended to 14 March 2017. The loan agreement requires 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 30, SOHL is in the process of divesting its equity interest in the Company. In view that the completion of the said divestment is anticipated to occur before year end, the Directors intend to put a funding plan in place to refinance the said outstanding borrowings.

The fair value of the borrowing approximates the carrying value. The fair values are based on cash flows discounted using a rate based on the borrowing rate of 4.44% on the RM450 million loan and 0.99% on non-current USD240 million loan per annum (2014: 3.74%; 0.94%).

15 Borrowings/Derivative Financial Assets (Continued)

15.2 Derivative financial instrument – Cross currency interest rate swap ('CCIRS')

	2015 RM'000	2014 RM'000
Derivative financial assets	**305,188**	118,565

The Company entered into CCIRS to hedge against the fluctuations in USD/RM exchange rate on its USD term loan. The fair values were obtained from the counterparty banks. Details are as follows:

Contract Amount	Principal exchange rate	Interest rate swapped	Period entered
USD 60 Million	USD 1 = RM 3.03	Pay [1]KLIBOR – 0.62% Receive [2]LIBOR + 0.75%	27 February 2012 to 14 September 2016
USD 60 Million	USD 1 = RM 3.03	Pay [1]KLIBOR – 0.68% Receive [2]LIBOR + 0.75%	27 February 2012 to 14 September 2016
USD 120 Million	USD 1 = RM 3.05	Pay [1]KLIBOR – 0.56% Receive [2]LIBOR + 0.75%	14 September 2011 to 14 September 2016

[1]KLIBOR – Kuala Lumpur Inter Bank Offer rate
[2]LIBOR – London Inter Bank Offer rate

The effective interest rates of the Company's term loans at the end of the reporting period ranged from 1.36% to 4.4% (2014: 1.01% to 4.16%) per annum. After executing the swap, the Company's effective interest rate at the end of the reporting period ranged from 3.16% to 3.28% per annum (2014: 3.18% to 3.30%).

Financial instruments	Functional currency/ currency exposure	Applicable interest rate	Total carrying amount RM'000	Effective interest rate at end of reporting date %
As at 31 December 2015				
Term loan	**RM/RM**	**[1]KLIBOR + 0.60%**	**450,000**	**4.44**
	RM/USD	**[2]LIBOR + 0.75%**	**1,031,054**	**1.36**
CCIRS	**RM/USD**	**[1]KLIBOR – 0.56%**	**152,607**	**3.28**
		[1]KLIBOR – 0.62%	**76,918**	**3.22**
		[1]KLIBOR – 0.68%	**75,663**	**3.16**
As at 31 December 2014				
Term loan	RM/RM	[1]KLIBOR + 0.30%	450,874	4.16
	RM/USD	[2]LIBOR + 0.75%	840,661	1.01
CCIRS	RM/USD	[1]KLIBOR – 0.56%	57,829	3.30
		[1]KLIBOR – 0.62%	30,379	3.24
		[1]KLIBOR – 0.68%	30,357	3.18
STRC	RM/RM	COF + 0.35%	250,000	3.63
	RM/RM	[1]KLIBOR + 0.26%	140,000	3.69
	RM/RM	COF + 0.35%	76,740	3.73

16 Inventories

	2015 RM'000	2014 RM'000
Crude oil	**430,810**	393,132
Less: Allowance for inventories write-down to net realisable value	**(2,756)**	(12,990)
	428,054	380,142
Petroleum products	**248,300**	462,282
Less: Allowance for inventories write-down to net realisable value	**(1,694)**	(67,720)
	246,606	394,562
Materials	**21,993**	26,991
Less: Allowance for slow moving inventories	**(949)**	(512)
	21,044	26,479
	695,704	801,183

Included within crude oil is stock in transit as at 31 December 2015 of RM115,405,927 (2014: RM5,495,211).

17 Trade Receivables

	2015 RM'000	2014 RM'000
Trade receivables	**24,513**	26,980
Less: Allowance for doubtful debts	**0**	(9)
	24,513	26,971

The credit terms range between 15 to 30 days (2014: 15 to 30 days).

As at 31 December 2015, trade receivables amounting to RM9,453,000 (2014: RM2,248,000) were past due but not impaired as management is of the view that these amount will be recoverable. Subsequent to year end, 85% of the amount has been recovered as at the reporting date.

Ageing of trade receivable balances as at the reporting date that are past due but not impaired and impaired receivables are as follows:

	Less than 30 days RM'000	Between 30 to 180 days RM'000	Over 180 days RM'000	Total RM'000
As at 31 December 2015				
Past due but not impaired	**6,194**	**2,651**	**608**	**9,453**
Impaired	**0**	**0**	**0**	**0**
As at 31 December 2014				
Past due but not impaired	211	1,349	688	2,248
Impaired	0	0	9	9

The carrying amounts of trade receivables at the end of reporting date approximated their fair values due to the short-term maturities of the instruments.

As of 31 December 2015 RM NIL (2014: RM8,696) was impaired. The individually impaired receivables mainly relate to contentious balances and customer facing financial distress. The impaired receivables are overdue for more than a year.

17 Trade Receivables (Continued)

Movement on the allowance for impairment of trade receivables is as follows:

	2015 RM'000	2014 RM'000
As at 1 January	**9**	281
Reversal of doubtful debts	**(9)**	(272)
As at 31 December	**0**	9

Amounts charged to allowance account are generally written off, when there is no expectation of recovering additional cash.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Company does not hold any collateral as security.

18 Other Receivables And Prepayments

	2015 RM'000	2014 RM'000
Goods and Service Tax ('GST')	**28,925**	0
Other receivables	**827**	653
Staff car loan	**0**	273
Prepayments	**512**	478
	30,264	1,404

The carrying amounts of financial assets (excluding prepayments and GST) at the end of reporting date approximated their fair values. Other receivables and staff car loan do not contain impaired assets. The entire GST receivable is from Customs authorities.

19 Amounts Receivable From/(Payable To) Related Companies

As at 31 December 2015, the amounts receivable from related companies of RM1,106,372 (2014: RM2,344,260) were past due but not impaired. The Directors are of the view that such credit risk is minimal in view of the stability of the fellow subsidiaries' financial position. Ageing analysis of these amounts receivable from related companies is as follows:

	Less than 30 days RM'000	Between 30 to 180 days RM'000	Over 180 days RM'000	Total RM'000
As at 31 December 2015				
Past due but not impaired	**0**	**0**	**1,106**	**1,106**
Impaired	**0**	**0**	**759**	**759**
As at 31 December 2014				
Past due but not impaired	16	589	1,739	2,344
Impaired	0	0	407	407

The fair values of related party balances approximate the carrying value as the impact of discounting is not significant. The fair values are based on cash flows discounted using a rate based on the weighted average borrowing rate of 2.71% per annum (2014: 2.97%). The discount rate equals to KLIBOR plus appropriate credit rating.

19 Amounts Receivable From/(Payable To) Related Companies (Continued)

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Company does not hold any collateral as security.

As of 31 December 2015 receivables from related companies of RM759,124 (2014: RM407,714) was impaired. The individually impaired receivables mainly relate to long-outstanding balances with related host companies for pension fund paid on behalf of crosspostees.

Movement on the allowance for impairment of amounts receivables from related Companies is as follows:

	2015 RM'000	2014 RM'000
As at 1 January	**407**	1,026
Reversal of doubtful debts	**(407)**	(619)
Allowance for doubtful debts	**759**	0
As at 31 December	**759**	407

Amounts charged to allowance account are generally written off, when there is no expectation of recovering additional cash.

20 Cash And Cash Equivalents

	2015 RM'000	2014 RM'000
Deposits with licensed banks	**171,820**	0
Bank balances	**3,703**	8,737
	175,523	8,737

The deposits held at call with banks are at an interest rate of 3.5% which matured on 4 January 2016.

21 Share Capital

	2015 RM'000	2014 RM'000
At 1 January/At 31 December		
Authorised 300,000,000 units of ordinary shares of RM1 each	**300,000**	300,000
At 1 January/At 31 December		
Issued and fully paid 300,000,000 units of ordinary shares of RM1 each	**300,000**	300,000

22 PSP From RDS

Performance share plans ("PSP") are awarded to eligible employees based on their sustained performance and forms part of their remuneration package. Nominated employees are awarded a conditional notional number of Royal Dutch Shell Plc ("RDS") shares. A number of real shares may be transferred to them depending on the outcomes of prescribed performance conditions over a three-year period beginning on January 1 of the award year.

The purchases of shares are originally funded by RDS, which is then recovered from those entities in which the services were provided. These are effectively remuneration costs which should be treated the same as any other remuneration cost.

There are a number of share-based compensation plans for employees of the RDS Group.

	Royal Dutch Shell Plc Class A Shares	
	Number	**Weighted Average Exercise Price**
Under option at 1 January 2014	35,505	
Granted	12,290	
Exercised	(11,300)	35.16
Expired/forfeited	0	35.16
Under option at 31 December 2014	36,495	
Granted	13,765	
Exercised	(11,390)	32.81
Expired/forfeited	(1,700)	32.81
Under option at 31 December 2015	**37,170**	

The weighted average market price for exercises in 2015 was USD32.81 (RM140.87) ((2014: USD35.16) (RM114.88)) for Royal Dutch Shell Plc Class A shares.

The share based compensation expense to the Company amounted to RM1,728,904 (2014: RM1,144,384).

23 Trade And Other Payables

	2015 RM'000	**2014 RM'000**
Trade payables	**32,332**	22,213
Sundry accruals	**31,781**	26,492
Accruals for consumables and services	**14,757**	13,570
Accruals for capital expenditure	**8,157**	13,283
	87,027	75,558

The Company's trade payables are unsecured. The credit terms for trade payables range from 30 to 45 days (2014: 30 to 45 days).

24 Deferred Taxation

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority.

The gross movement on the deferred income tax account is as follows:

	2015 RM'000	2014 RM'000
As at 1 January	**0**	(34,705)
Credited/(charged) to profit or loss (Note 10):		
– property, plant and equipment	**17,828**	75,812
– allowance for doubtful debts	**180**	(68)
– allowance for inventories write-down	**(18,302)**	19,235
– allowance for slow moving inventories	**228**	0
– unused tax losses	**0**	(51,580)
– unused reinvestment allowance	**0**	(8,698)
– performance share plan	**66**	4
	0	34,705
As at 31 December	**0**	0
Deferred tax liabilities (before offsetting):		
– property, plant and equipment	**(1,858)**	(19,686)
Offsetting	**1,858**	19,686
As at 31 December (after offsetting)	**0**	0
Deferred tax assets (before offsetting):		
– allowance for doubtful debts	**182**	2
– allowance for inventories write down	**1,068**	19,370
– allowance for slow moving inventories	**228**	0
– performance share plan	**380**	314
	1,858	19,686
Offsetting	**(1,858)**	(19,686)
As at 31 December (after offsetting)	**0**	0

The amount of deferred tax assets which have not been recognised (stated at gross amounts) is as follow:

	2015 RM'000	2014 RM'000
Tax losses carried forward	**647,655**	705,770
Capital allowances carried forward	**0**	300,664
Unabsorbed reinvestment allowance	**495,177**	495,177

The benefits of unutilised tax losses and reinvestment allowances can be carried forward indefinitely and will be obtained when the Company derives future assessable income of a nature and of an amount sufficient for these carried forward tax losses, capital allowances, other temporary differences and reinvestment allowance to be utilised respectively.

25 Significant Related Parties Transactions

The related party transactions of the Company comprise mainly transactions between the Company and its related companies. Related party transactions also include transactions with entities that are controlled, significantly influenced directly or indirectly by the Directors, key management personnel of the Company or their close family members.

In the normal course of business, the Company undertakes a variety of transactions with fellow subsidiaries whose common ultimate holding company is Royal Dutch Shell Plc. The Directors regard Shell Overseas Holdings Limited as the Company's immediate holding company.

In addition to related party balances mentioned elsewhere in the financial statements, set out below is significant related party transactions, which were carried out on terms and conditions negotiated amongst the related parties:

	2015 RM'000	**2014 RM'000**
(a) Income:		
(i) Sale of refined products to:		
– Shell Malaysia Trading Sendirian Berhad	**6,882,388**	11,228,285
– Shell International Eastern Trading Company	**214,236**	530,532
– Shell Timur Sendirian Berhad	**1,289,837**	1,485,178
– Shell Eastern Chemicals Pte Limited	**257,537**	364,856
(ii) Tariff revenue on the use of properties/facilities:		
– Shell Malaysia Trading Sendirian Berhad	**21,977**	14,166
(b) Expenses:		
(i) Purchase of crude and products from:		
– Shell International Eastern Trading Company	**(7,977,535)**	(13,851,885)
– Shell Eastern Trading Pte Limited	**(176,161)**	(226,191)
– Shell Lubricants Supply Company	**(53,101)**	(47,726)
(ii) Central management and administrative expenses recharged from:		
– Shell Global Solutions International B.V.	**(8,105)**	(1,384)
– Shell Malaysia Trading Sendirian Berhad	**(9,050)**	(3,571)
– Shell Global Solutions (Malaysia) Sendirian Berhad	**(3,456)**	(1,113)
– Shell International Petroleum Company Limited	**(29,766)**	(28,088)
(c) Outstanding balances:		
Receivables		
– Shell Malaysia Trading Sendirian Berhad	**596,180**	628,622
– Shell Timur Sendirian Berhad	**46,861**	49,157
– Shell Eastern Trading Pte Limited	**24,867**	16,597
– Shell International Eastern Trading Company	**14,543**	46,393
Payables		
– Shell International Eastern Trading Company	**(595,061)**	(597,686)
– Shell International Petroleum Company Limited	**(37,202)**	(7,418)
– Shell Malaysia Trading Sendirian Berhad	**(21,260)**	(7,351)
– Shell Eastern Trading Pte Limited	**(12,439)**	(30,413)

25 Significant Related Parties Transactions (Continued)

(d) Capital commitments as at 31 December 2015 include unsecured commitment for purchase of catalysts amounting to RM NIL (2014:RM1,103,707) with Criterion Marketing Asia Pacific Pte. Ltd. (wholly owned subsidiary of Royal Dutch Shell Plc).

Key management personnel are the persons who have authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. Key management personnel of the Company include the Board of Directors (disclosed in Note 12) and senior management personnel of the Company.

	2015 RM'000	**2014 RM'000**
Compensation for key management personnel:		
– salaries, bonus and allowances	**5,890**	5,111
– fees	**441**	465
– defined contribution plan	**978**	1,019
– benefits in kind	**225**	377
– shared based payments	**307**	514

26 Contingent Liabilities

The Company is a member of an oil spill fund, namely the International Oil Pollution Compensation ("IOPC") 1992 Fund. The purpose of the Fund is to help compensate parties that suffer financial loss as a result of oil spill from tankers. The members make contributions to the Funds depending on specific global oil spill incidents, which give rise to payments of compensation by the Funds. The contingent liability is unsecured, and as at the date of this report, there are no material claims outstanding.

27 Capital Commitments

Approved capital expenditure for property, plant and equipment not provided for in the financial statements are as follows:

	2015 RM'000	**2014 RM'000**
Approved and contracted for	**0**	6,604
Approved but not contracted for	**22,940**	64,611

28 Segmental Information

Segmental reporting is not separately presented as the Company is principally engaged in the oil and gas industry namely refining and manufacturing of petroleum products in Malaysia, which are substantially within a single business segment. The Company operates primarily in Malaysia. Accordingly, no segmental information is considered necessary for analysis by industry segments or by geographical segment.

Additionally, performance is measured based on refining margins and profit before tax, as included in the internal management reports which are reviewed by the chief operating decision-maker comprising the Board of Directors.

29 Financial Instruments By Category

	2015 RM'000	2014 RM'000
Financial assets as per statement of financial position		
Loans and receivables		
Trade and other receivables excluding prepayments and GST	**25,340**	27,897
Amounts receivable from related companies	**684,043**	743,169
Cash and cash equivalents	**175,523**	8,737
	884,906	779,803
Assets at fair value through profit or loss		
Derivative financial asset	**305,188**	118,565
Financial liabilities as per statement of financial position		
Other financial liabilities at amortised cost		
Trade and other payables excluding statutory liabilities	**86,070**	73,668
Amounts payable to related companies	**705,045**	652,573
Borrowings	**1,481,054**	1,758,275
	2,272,169	2,484,516

30 Subsequent Events

(a) As announced on 1 February 2016, Shell Overseas Holdings Limited ("SOHL") the major shareholder of the Company had entered into a conditional sale and purchase agreement with Malaysia Hengyuan International Limited ("MHIL") for the acquisition by MHIL of 153,000,000 ordinary shares of RM1.00 each held by SOHL in the Company, representing 51% of the issued and paid up share capital of the Company for a total cash consideration of USD66,300,000, which was announced by the Company on 2 February 2016 ("Proposed Acquisition"). The Proposed Acquisition is expected to complete in 2016 and is conditional upon the fulfilment of several conditions precedent, which include but is not limited to, regulatory approval.

The Board of Directors notes that the Proposed Acquisition will oblige MHIL to extend a mandatory general offer for all the remaining shares in SRC not already held by MHIL.

(b) On 13 April 2016, The Company entered into supplemental agreement to the existing facility agreement to repay USD60,000,000 by 30 June 2016 and extend the maturity date of remaining term loan of USD180,000,000 from 14 September 2016 to 14 March 2017 as disclosed in Note 15.1.

31 Approval Of Financial Statements

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 18 April 2016.

32 Supplementary Information Disclosed Pursuant to Bursa Malaysia Securities Berhad Listing Requirements

The following analysis of realised and unrealised profits or losses 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:

	2015 RM'000	**2014 RM'000**
Realised	**497,743**	96,958
Unrealised	**(122,577)**	(73,580)
Retained earnings as at 31 December	**375,166**	23,378

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

COMPANY PROPERTIES
AS AT 31 DECEMBER 2015

No	Tenure	Address	Land area (square feet)	Description	Age of properties/ buildings	Date of last valuation	Land NBV RM’000	Land Improvement NBV RM’000	Building NBV RM’000	Net book value RM'000
1	Freehold	1236 – 1238 GRN 62766 – 62768 87, Jln Resthouse Port Dickson	76,964	A club house and training centre	51 years	01.01.1991	1,077		1,538	2,615
2	Freehold	Lot 3 HS(D) 1310 Jln Pantai, Port Dickson	6,284,183	Refinery	52 years	01.01.1991	22,194	1,820	40,355	64,369
3	Freehold	Lot 138 GRN 51925 Port Dickson	39,116	Oil Spill Response Centre	51 years	01.01.1991	262		383	645
4	Freehold	Lot 798 GM 1458 Kg Arab, Port Dickson	49,959	Refinery	27 years	01.01.1991	140			140
5	Freehold	Lot 196 GM 1522 Kg Gelam, Port Dickson	242,847	Refinery	28 years	01.01.1991	687			687
6	Freehold	Lot 195 GM 1521 Kg Gelam, Port Dickson	247,072	Refinery	28 years	01.01.1991	694			694
7	Freehold	PT 1369, PT 1370 PT 10747, PT 1371 HSD 35655, 35656 35658, 35657 Port Dickson	98,010	Refinery	29 years	01.01.1991	314			314
8	Freehold	PT 1369, PT 1370 PT 10747, PT 1371 HSD 35655,35656 35658, 35657 Port Dickson	112,490	Refinery	29 years	01.01.1991	360			360
9	Freehold	Lot 12284 &12290 GM 1961 – 1962 Port Dickson	112,019	Refinery	20 years	31.08.2000	480			480
10	Freehold	Lot 596 GRN 244911 Port Dickson	100,729	Crude Tank Farm	20 years	31.08.2000	593			593
11	Freehold	PT 1369, PT 1370 PT 10747, PT 1371 HSD 35655, 35656 35658, 35657 Port Dickson	132,030	Crude Tank Farm	28 years	01.01.1991	423			423
12	Freehold	PT 1369, PT 1370 PT 10747, PT 1371 HSD 35655, 35656 35658, 35657 Port Dickson	212,590	Crude Tank Farm	28 years	01.01.1991	681			681
13	Freehold	PT 1369, PT 1370 PT 10747, PT 1371 HSD 35655, 35656 35658, 35657 Port Dickson	118,439	Crude Tank Farm	29 years	01.01.1991	379			379

No	Tenure	Address	Land area (square feet)	Description	Age of properties/ buildings	Date of last valuation	Land NBV RM'000	Land Improvement NBV RM'000	Building NBV RM'000	Net book value RM'000
14	Freehold	PT 1369, PT 1370 PT 10747, PT 1371 HSD 35655, 35656 35658, 35657 Port Dickson	141,570	Crude Tank Farm	29 years	01.01.1991	454			454
15	Freehold	PT 1369, PT 1370, PT 10747, PT 1371 HSD 35655, 35656 35658, 35657 Port Dickson	124,146	Crude Tank Farm	29 years	01.01.1991	398			398
16	Freehold	PT 1369, PT 1370 PT 10747, PT 1371 HSD 35655, 35656 35658, 35657 Port Dickson	141,047	Crude Tank Farm	29 years	01.01.1991	451			451
17	Freehold	PT 1369, PT 1370 PT 10747, PT 1371 HSD 35655, 35656 35658, 35657 Port Dickson	103,455	Crude Tank Farm	29 years	01.01.1991	331			331
18	Freehold	PT 1369, PT 1370 PT 10747, PT 1371 HSD 35655, 35656 35658, 35657 Port Dickson	123,884	Crude Tank Farm	29 years	01.01.1991	397			397
19	Freehold	Lot 5471 – 5494 GM 994 – 1017 Lot 5496 – 5540 GM 1019 – 1063 Port Dickson	188,799	Crude Tank Farm	18 years	31.08.2000	1,259			1,259
20	Freehold	Lot 950 GM 2721 Port Dickson	104,819	Crude Tank Farm	19 years	31.08.2000	727			727
21	Freehold	Lot 12425 – 12456 GRN 146936 – 146967 Lot 5441 HSD 4418 Lot 12458 – 12486 GRN 146968 – 146996 Port Dickson	212,544	Crude Tank Farm	19 years	31.08.2000	1,216			1,216
22	Freehold	Lot 834 GRN 70791 Port Dickson	348,481	Crude Tank Farm	20 years	31.08.2000	1,705			1,705
23	Freehold	Lot 6674 GM 2774 Port Dickson	115,173	For Pipeline to Jetty	26 years	01.01.1991	585			585
24	Freehold	Lot 1323 GM 1167 Port Dickson	178,596	For Pipeline to Jetty	26 years	01.01.1991	907			907
25	Freehold	Lot 6671 GM 2771 Port Dickson	91,737	For Pipeline to Jetty	26 years	01.01.1991	466			466

COMPANY PROPERTIES (Continued)
AS AT 31 DECEMBER 2015

No	Tenure	Address	Land area (square feet)	Description	Age of properties/ buildings	Date of last valuation	Land NBV RM'000	Land Improvement NBV RM'000	Building NBV RM'000	Net book value RM'000
26	Freehold	Lot 6672 GM 868 Kg Gelam Port Dickson	59,383	For Pipeline to Jetty	26 years	01.01.1991	359			359
27	Freehold	Lot 192 GM 1398 Kg Gelam Port Dickson	148,104	For Pipeline to Jetty	27 years	01.01.1991	443			443
28	Freehold	Lot 247 GM 1241 Port Dickson	120,334	For Pipeline to Jetty	27 years	01.01.1991	332			332
29	Freehold	Lot 191 GM 1505 Kg Gelam Port Dickson	134,491	For Pipeline to Jetty	28 years	01.01.1991	620			620
30	Freehold	Lot 190 GM 1289 Kg Gelam Port Dickson	131,769	For Pipeline to Jetty	28 years	01.01.1991	577			577
31	Freehold	Lot 909 GRN 69309 Port Dickson	86,766	For Pipeline to Jetty	24 years	01.01.1991	431			431
32	Freehold	Lot 178 – 180 Grant 1087–1089 Port Dickson	448,668	For Pipeline to Jetty	24 years	01.01.1991	2,172			2,172
33	Freehold	Lot 1300 GM 867 Kg Gelam Port Dickson	88,481	For Pipeline to Jetty	25 years	01.01.1991	403			403
34	Freehold	PT 1369, PT 1370 PT 10747, PT 1371 HSD 35655, 35656 35658, 35657 Port Dickson	153,810	LPG Vessel	29 years	01.01.1991	492			492
35	Freehold	Lot 3948 GM 2619 Port Dickson	1,259	Refinery Buffer Zone	19 years	30.04.2001	86			86
36	Freehold	Lot 3949 GM 2620 Port Dickson	1,259	Refinery Buffer Zone	19 years	30.04.2001	86			86
37	Freehold	Lot 3950 GM 2621 Port Dickson	1,259	Refinery Buffer Zone	19 years	30.04.2001	86			86
38	Freehold	Lot 3951 GM 2622 Port Dickson	1,259	Refinery Buffer Zone	19 years	30.04.2001	86			86
39	Freehold	Lot 3974 GM 2632 Port Dickson	1,259	Refinery Buffer Zone	19 years	30.04.2001	86			86
40	Freehold	Lot 3975 GM 2633 Port Dickson	1,259	Refinery Buffer Zone	19 years	30.04.2001	86			86
41	Freehold	Lot 3976 GM 2634 Port Dickson	1,259	Refinery Buffer Zone	19 years	30.04.2001	86			86
42	Freehold	Lot 3977 GM 2635 Port Dickson	1,259	Refinery Buffer Zone	19 years	30.04.2001	86			86
43	Freehold	Lot 4961 GM 475 Port Dickson	5,769	Refinery Buffer Zone	19 years	30.04.2001	210			210
44	Freehold	Lot 4962 GM 476 Port Dickson	4,058	Refinery Buffer Zone	19 years	30.04.2001	148			148

No	Tenure	Address	Land area (square feet)	Description	Age of properties/ buildings	Date of last valuation	Land NBV RM'000	Land Improvement NBV RM'000	Building NBV RM'000	Net book value RM'000
45	Freehold	Lot 4963 GM 477 Port Dickson	6,060	Refinery Buffer Zone	19 years	30.04.2001	221			221
46	Freehold	Lot 4964 GM 478 Port Dickson	463	Refinery Buffer Zone	19 years	30.04.2001	181			181
47	Freehold	Lot 4965 GM 479 Port Dickson	4,736	Refinery Buffer Zone	19 years	30.04.2001	173			173
48	Freehold	Lot 4966 GM 480 Port Dickson	5,726	Refinery Buffer Zone	19 years	30.04.2001	209			209
49	Freehold	Lot 4967 GM 481 Port Dickson	3,326	Refinery Buffer Zone	19 years	30.04.2001	121			121
50	Freehold	Lot 4968 GM 482 Port Dickson	151	Refinery Buffer Zone	19 years	30.04.2001	5			5
51	Freehold	Lot 5402 GM 345 Port Dickson	1,066	Refinery Buffer Zone	19 years	30.04.2001	44			44
52	Freehold	Lot 5403 GM 346 Port Dickson	4,026	Refinery Buffer Zone	19 years	30.04.2001	166			166
53	Freehold	Lot 5404 GM 347 Port Dickson	4,176	Refinery Buffer Zone	19 years	30.04.2001	172			172
54	Freehold	Lot 5405 GM 348 Port Dickson	4,176	Refinery Buffer Zone	19 years	30.04.2001	172			172
55	Freehold	Lot 5406 GM 349 Port Dickson	4,176	Refinery Buffer Zone	19 years	30.04.2001	172			172
56	Freehold	Lot 5407 GM 350 Port Dickson	4,176	Refinery Buffer Zone	19 years	30.04.2001	172			172
57	Freehold	Lot 10533 GM 1653 Kg Gelam Port Dickson	2,002	Refinery Buffer Zone	22 years	31.08.2000	20			20
58	Freehold	Lot 9196 – 9214 GM 1770 – 1788 & PT4540 HSM 1655 Kg Gelam Port Dickson	40,236	Refinery Buffer Zone	22 years	31.08.2000	398			398
59	Freehold	Lot 12104 GM 2859 Kg Gelam Port Dickson	6,135	Refinery Buffer Zone	22 years	31.08.2000	61			61
60	Freehold	PT 1369, PT 1370 PT 10747, PT 1371 HSD 35655, 35656 35658, 35657 Port Dickson	97,738	Reserved Land	27 years	01.01.1991	313			313
61	Freehold	PT 1369, PT 1370 PT 10747, PT 1371 HSD 35655, 35656 35658, 35657 Port Dickson	86,858	Reserved Land	28 years	01.01.1991	278			278

COMPANY PROPERTIES (Continued)
AS AT 31 DECEMBER 2015

No	Tenure	Address	Land area (square feet)	Description	Age of properties/ buildings	Date of last valuation	Land NBV RM'000	Land Improvement NBV RM'000	Building NBV RM'000	Net book value RM'000
62	Freehold	PT 1369, PT 1370 PT 10747, PT 1371 HSD 35655, 35656 35658, 35657 Port Dickson	78,952	Reserved Land	28 years	01.01.1991	253			253
63	Freehold	PT 1369, PT 1370 PT 10747, PT 1371 HSD 35655, 35656 35658, 35657 Port Dickson	148,626	Reserved Land	29 years	01.01.1991	475			475
64	Freehold	PT 1369, PT 1370 PT 10747, PT 1371 HSD 35655, 35656 35658, 35657 Port Dickson	99,360	Reserved Land	29 years	01.01.1991	318			318
65	Freehold	PT 1369, PT 1370 PT 10747, PT 1371 HSD 35655, 35656 35658, 35657 Port Dickson	216,449	Reserved Land	29 years	01.01.1991	688			688
66	Freehold	PT 1369, PT 1370 PT 10747, PT 1371 HSD 35655, 35656 35658, 35657 Port Dickson	104,805	Reserved Land	29 years	01.01.1991	336			336
67	Freehold	Lot 580 GM 1274 Port Dickson	107,539	Reserved Land	23 years	03.09.1991	311			311
68	Freehold	Lot 581 GM 1275 Port Dickson	98,010	Reserved Land	23 years	03.09.1991	283			283
69	Freehold	Lot 1312 – 1314 GM 1600 – 1602 Lot 1317 – 1318 GM 1605 – 1606 Lot 764 GRN 65945 Port Dickson	47,866	Reserved Land	51 years	01.01.1991	397			397
70	Freehold	Lot 256 GM 1276 Port Dickson	62,614	Reserved Land	8 years	28.03.2008	600			600
71	Freehold	Lot 9060 GM 2720 Port Dickson	17,739	Reserved Land	52 years	01.01.1991	4			4
72	Leasehold	PT 9451 HM 29075 Port Dickson	2,822,688	Jetty Land	23 years	10.04.2004	1,843		7,793	9,636
			15,172,283				52,440	1,820	50,069	104,329

ANALYSIS OF SHAREHOLDINGS
AS AT 31 MARCH 2016

Authorised Capital	: RM300,000,000.00
Issued and Paid-up Capital	: RM300,000,000.00
Class of Shares	: Ordinary shares of RM1.00 each
Voting Rights	: One vote per ordinary share held

	No. of Holders		No. of Holdings		%	
Size of Holdings	**Malaysian**	**Foreign**	**Malaysian**	**Foreign**	**Malaysian**	**Foreign**
1 – 99	849	6	6,727	37	0.00	0.00
100 – 1,000	3,110	140	2,302,596	107,000	0.77	0.04
1,001 – 10,000	3,894	466	15,024,939	1,978,192	5.01	0.66
10,001 – 100,000	566	130	14,812,729	4,064,747	4.94	1.35
100,001 – 14,999,999 (*)	56	26	46,773,200	10,474,786	15.59	3.49
15,000,000 and above (**)	2	1	51,455,047	153,000,000	17.15	51.00
Total	**8,477**	**769**	**130,375,238**	**169,624,762**	**43.46**	**56.54**

	No. of Holders	No. of Shares	%
Grand Total	**9,246**	**300,000,000**	**100.00**

*Remark: *Less than 5% of Issued Shares*
***5% and above of Issued Shares*

List of Top 30 Shareholders

No.	Name	Investor ID	Shareholdings	%
1	Citigroup Nominees (Asing) Sdn Bhd Shell Overseas Holdings Limited	263875D	153,000,000	51.00
2	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	267011M	31,598,447	10.53
3	Amanahraya Trustees Berhad Amanah Saham Bumiputera	766894T	19,856,600	6.62
4	Amanahraya Trustees Berhad Amanah Saham Wawasan 2020	766894T	11,036,500	3.68
5	CIMB Group Nominees (Tempatan) Sdn Bhd Yayasan Hasanah (Aur-Vcam)	274740T	3,364,500	1.12
6	Permodalan Nasional Berhad	038218X	3,114,500	1.04
7	Amanahraya Trustees Berhad Amanah Saham Malaysia	766894T	2,356,400	0.79
8	HSBC Nominees (Asing) Sdn Bhd CACEIS BK FR for HMG Globetrotter	4381U	2,338,100	0.78
9	Kumpulan Wang Persaraan (Diperbadankan)	KWAPACT 6622007	2,110,000	0.70
10	Citigroup Nominees (Tempatan) Sdn Bhd Kumpulan Wang Persaraan (Diperbadankan) (VOAM Equity FD)	267011M	1,953,100	0.65

No.	Name	Investor ID	Shareholdings	%
11	Tan Kah Hock	510721-04-5197 4188071	1,900,000	0.63
12	AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Deva Dassan Solomon (8041850)	42234H	1,855,800	0.62
13	HSBC Nominees (Asing) Sdn Bhd Exempt An for The Bank of New York Mellon (Mellon Acct)	4381U	1,467,700	0.49
14	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Deva Dassan Solomon (MY1091)	265449P	1.414,300	0.47
15	Amanahraya Trustees Berhad As 1Malaysia	766894T	1,270,900	0.42
16	Kam Loong Mining Sdn Bhd	9969D	1,248,000	0.42
17	Foo Khen Ling	501025-10-5403 3979761	1,155,000	0.39
18	AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Inbamanay A/P M J Arumanayagam (8061712)	42234H	1,117,600	0.37
19	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Deva Dassan Solomon	47697U	1,026,400	0.34
20	Wong Siew Fah	581130-10-6646 5679976	910,000	0.30
21	Malaysia Nominees (Tempatan) Sendirian Berhad Lee Foundation, States of Malaya (00-00197-000)	6193K	790,000	0.26
22	AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for John Devaraj Solomon (8103033)	42234H	716,500	0.24
23	HSBC Nominees (Asing) Sdn Bhd Exempt An for Bank Lombard Odier & Co Ltd	4381U	700,000	0.23
24	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Inbamanay A/P Marumanayagam	47697U	679,200	0.23
25	Citigroup Nominees (Asing) Sdn Bhd Exempt An for OCBC Securities Private Limited (Client A/C-NR)	263875D	658,091	0.22
26	UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt An for UOB Kay Hian Pte Ltd (A/C Clients)	262422A	645,750	0.22
27	Yap Ah Fatt	461229-10-5209 2166848	610,000	0.20
28	HSBC Nominees (Asing) Sdn Bhd TNTC for National Railroad Retirement Investment Trust	4381U	540,300	0.18
29	Eletechnics Sdn Bhd	342067W	500,000	0.17
30	AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Selina Sharmalar Solomon (8112136)	42234H	490,000	0.16
Total			**250,423,688**	**83.47**

Substantial Shareholders Holdings (5% and above)

No.	Name	Investor ID	Direct	%
1	Citigroup Nominees (Asing) Sdn Bhd Shell Overseas Holdings Limited	263875D	153,000,000	51
2	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	267011M	31,598,447	10.53
3	Amanahraya Trustees Berhad Amanah Saham Bumiputera	766894T	19,856,600	6.62
Total			**204,455,047**	**68.15**

Directors' Shareholdings

No.	Name	No. of Shares Held Through Own Name	No. of Shares Held Through Nominees	Total Shareholdings	Percentage (%)
1	Datuk Iain John Lo	0	0	0.00	0.00
2	David Lau Nai Pek	0	0	0.00	0.00
3	Datuk Yvonne Chia	0	0	0.00	0.00
4	Datuk Zainun Aishah Binti Ahmad	0	0	0.00	0.00
5	Dato' Seri Talaat Bin Haji Hussain	0	0	0.00	0.00
6	Amir Hamzah Bin Abu Bakar	0	0	0.00	0.00
7	Michael John Carey	0	0	0.00	0.00

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PROXY FORM

ORIGINAL ONLY
PLEASE SEE NOTES BELOW

Shell Refining Company
(Federation of Malaya) Berhad (3926-U)
Incorporated in Malaysia

CDS Account No.	
No. of shares held	
Telephone No.	

I/We ____ NRIC No./Passport No./Co. No.: __________________________
(full name as per NRIC/certificate of incorporation in capital letters)

of ____
(full address)

____

being a Member/Members of Shell Refining Company (Federation of Malaya) Berhad, hereby appoint ______________________

____ NRIC No./Passport No. ___________________________________

of ____
(full address)

OR failing him/them, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Fifty-Seventh Annual General Meeting of the Company to be held at Nexus Ballroom 2 & 3, Connexion@Nexus, Bangsar South City, No. 7, Jalan Kerinchi, 59200 Kuala Lumpur on Thursday, 26 May 2016 at 10.30 a.m. and at any adjournment thereof.

Please indicate with an "X" in the boxes provided how you wish your vote to be cast. If this proxy form is returned without any indication as to how the proxy shall vote, the proxy shall vote and abstain as he/she thinks fit.

Resolution No.	Resolution	For	Against
Ordinary Resolution 1	To re-elect Mr Heng Hock Cheng		
Ordinary Resolution 2	To re-elect Datuk Yvonne Chia		
Ordinary Resolution 3	To re-elect Mr David Lau Nai Pek		
Ordinary Resolution 4	To re-elect Datuk Zainun Aishah binti Ahmad		
Ordinary Resolution 5	To re-appoint Messrs PricewaterhouseCoopers as auditors and to authorise the Directors to fix the auditors' remuneration.		
Ordinary Resolution 6	To re-appoint Dato' Seri Talaat bin Haji Hussain		
Ordinary Resolution 7	To approve the Proposed Renewal of the Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		
Special Resolution	To approve the Proposed amendments to the Articles of Association of the Company		

Dated this _________ day of ___________ 2016

____
Signature
(Authorised Representative/Attorney/Common Seal of Shareholder)

Notes Relating to Proxy

1. Pursuant to Article 72 of the Company's Articles of Association, a Member of the Company who is entitled to attend and vote at the meeting may appoint **ONLY ONE (1)** proxy to attend, vote and speak instead of the Member at the Meeting.
2. A proxy need not be a Member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. There shall be no restriction as to the qualification of the proxy.
3. The instrument appointing a proxy shall be in writing and signed by the appointor or by his attorney who is authorised in writing. In the case of a corporation, the instrument appointing a proxy or proxies must be made under seal or signed by an officer or an attorney duly authorised.
4. The signature to the instrument appointing a proxy or proxies executed outside Malaysia must be attested by a solicitor, notary public, consul or magistrate.
5. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or notarised must be deposited at Symphony Share Registrars Sdn Bhd, Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting.
6. Only an original proxy form deposited at Symphony Share Registrars Sdn Bhd, will entitle the proxy holder to attend and vote at the Meeting. **Photocopies of proxy form will not be accepted** for the purposes of the Meeting. Additional original proxy forms are available to Members upon request in writing to the Company.
7. Where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.
8. The Date of Record of Depositors for the purpose of determining Members' entitlement to attend, vote and speak at the Meeting is 20 May 2016.

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