

ESSO MALAYSIA BERHAD
(Company Number 3927 V)

The Directors of Esso Malaysia Berhad are pleased to announce the financial results of the Company for the quarter ended September 30, 2010.

**CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2010**

	<u>Note</u>	Quarter ended		9 months ended	
		30.09.2010 <u>RM'000</u>	30.09.2009 <u>RM'000</u>	30.09.2010 <u>RM'000</u>	30.09.2009 <u>RM'000</u>
Revenues		1,812,705	2,370,433	6,067,909	5,779,385
Cost of sales		<u>(1,686,485)</u>	<u>(2,291,211)</u>	<u>(5,556,988)</u>	<u>(5,258,653)</u>
Gross profit		126,220	79,222	510,921	520,732
Other income		5,174	6,628	16,124	17,092
Expenses		(105,057)	(105,615)	(302,199)	(295,417)
Finance cost		<u>(5,020)</u>	<u>(4,913)</u>	<u>(20,590)</u>	<u>(17,223)</u>
Profit/(loss) before tax		21,317	(24,678)	204,256	225,184
Tax (expense) / credit	16	<u>(5,969)</u>	<u>6,910</u>	<u>(57,192)</u>	<u>(63,051)</u>
Net profit/(loss) for the period attributable to shareholders		15,348	(17,768)	147,064	162,133
		=====	=====	=====	=====
Other comprehensive income		-	-	-	-
Total comprehensive income attributable to shareholders		15,348	(17,768)	147,064	162,133
		=====	=====	=====	=====
Earnings/(loss) per ordinary stock unit (sen)	24	5.7	(6.6)	54.5	60.0
		=====	=====	=====	=====

(The condensed statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended December 31, 2009)

ESSO MALAYSIA BERHAD
(Company Number 3927 V)

CONDENSED STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2010 (UNAUDITED)

	<u>Note</u>	As at 30.09.2010 <u>RM'000</u>	As at 31.12.2009 <u>RM'000</u>
NON-CURRENT ASSETS			
Property, plant and equipment		815,131	806,203
Long-term assets and receivables		312,569	315,310
Intangible assets - software		<u>252</u>	<u>671</u>
TOTAL NON-CURRENT ASSETS		<u>1,127,952</u>	<u>1,122,184</u>
CURRENT ASSETS			
Inventories		509,619	456,380
Assets held for sale		-	2,552
Receivables		130,433	143,924
Amounts due from related corporations		203,772	181,699
Deposit, cash and bank balances		15,721	75,869
Taxation		<u>-</u>	<u>35,234</u>
TOTAL CURRENT ASSETS		<u>859,545</u>	<u>895,658</u>
CURRENT LIABILITIES			
Payables		136,946	135,467
Retirement benefits obligations		1,067	2,721
Amounts due to related corporations		463,826	443,040
Borrowings (unsecured)	20	578,187	807,950
Taxation		<u>31,862</u>	<u>-</u>
TOTAL CURRENT LIABILITIES		<u>1,211,888</u>	<u>1,389,178</u>
NET CURRENT LIABILITIES		(352,343)	(493,520)
LESS: NON-CURRENT LIABILITIES			
Retirement benefits obligations		50,529	48,449
Deferred taxation and other provisions		<u>89,073</u>	<u>66,972</u>
		<u>139,602</u>	<u>115,421</u>
TOTAL NET ASSETS EMPLOYED		636,007	513,243
		=====	=====
FINANCED BY:			
SHARE CAPITAL		135,000	135,000
RESERVES		8,000	8,000
RETAINED PROFITS		<u>493,007</u>	<u>370,243</u>
SHAREHOLDERS' EQUITY		636,007	513,243
		=====	=====

(The condensed statement of financial position should be read in conjunction with the audited financial statements for the year ended December 31, 2009)

ESSO MALAYSIA BERHAD
(Company Number 3927 V)

**CONDENSED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2010**

	Issued and fully paid ordinary stock of <u>RM0.50 each</u>		Non-distributable capital redemption <u>reserves</u>	Distributable retained <u>profits</u>	<u>Total</u>
	Number of ordinary <u>stock unit</u> '000	Nominal <u>value</u> RM'000	RM'000	RM'000	RM'000
At January 1, 2009	270,000	135,000	8,000	249,025	392,025
Net profit	-	-	-	162,133	162,133
Dividends for the year ended December 31, 2008 (final)	-	-	-	(24,300)	(24,300)
At September 30, 2009	270,000	135,000	8,000	386,858	529,858
At January 1, 2010	270,000	135,000	8,000	370,243	513,243
Net profit	-	-	-	147,064	147,064
Dividends for the year ended December 31, 2009 (final)	-	-	-	(24,300)	(24,300)
At September 30, 2010	270,000	135,000	8,000	493,007	636,007

(The condensed statement of changes in equity should be read in conjunction with the audited financial statements for the year ended December 31, 2009)

ESSO MALAYSIA BERHAD
(Company Number 3927 V)

**CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2010**

	9 months ended	
	30.09.2010	30.09.2009
	<u>RM'000</u>	<u>RM'000</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit/(loss) attributable to shareholders	147,064	162,133
Adjustments for non-cash items	83,876	141,590
Changes in working capital:		
(Increase) / decrease in current assets	(61,939)	(520,773)
Increase / (decrease) in current liabilities and provisions	41,157	162,330
Cash from operations	210,158	(54,720)
Interest / Tax / Retirement benefits refund/(payment)	34,472	(18,865)
Net cash from operating activities	244,630	(73,585)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment and intangibles	(57,519)	(27,885)
(Increase) / decrease in long-term assets and receivables	2,741	23,502
Proceeds from disposal of asset held for sale	3,211	-
Proceeds from disposal of property, plant and equipment and intangibles	725	730
Net cash used in investing activities	(50,842)	(3,653)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings - net	(229,763)	102,548
Dividends paid to shareholders	(24,300)	(24,300)
Net cash (used in) / from financing activities	(254,063)	78,248
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(60,275)	1,010
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	68,358	8,621
CASH AND CASH EQUIVALENTS AT END OF PERIOD	8,083	9,631

(The condensed statement of cash flows should be read in conjunction with the audited financial statements for the year ended December 31, 2009)

Part A - Explanatory Notes Pursuant to FRS 134

1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Financial Reporting Standard (FRS) 134 Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (BMSB).

The interim financial statements should be read in conjunction with the audited financial statements for the year ended December 31, 2009. The explanatory notes to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and the performance of the Company since the financial year ended December 31, 2009.

The same accounting policies and methods of computation are followed in the interim financial statements as for the financial statements for the year ended December 31, 2009 except as disclosed below.

a) Standards, amendments to published standards and interpretations that are applicable to the Company and are effective

The new accounting standards, amendments to published standards and interpretations to existing standards effective for the financial period beginning January 1, 2010 and applicable to the Company are as follows:

- Amendment to FRS 1 First Time Adoption of Financial Reporting Standards
- Amendment to FRS 2 Share-Based Payment
- FRS 8 Operating Segments and Amendment to FRS 8 Operating Segments
- FRS 101 Presentation of Financial Statements
- FRS 123 Borrowing Costs
- Amendment to FRS 127 Consolidated and Separate Financial Statements
- Amendments to FRS 132 Financial Instruments: Presentation
- Amendments to FRS 132 Financial Instruments: Presentation (paragraphs 95A, 97AA and 97AB) relating to classification of the compound financial instrument into its liability and equity elements when the entity first applies FRS 139 Financial Instruments: Recognition and Measurement
- Amendments to FRSs contained in the document entitled “Improvements to FRSs (2009)” The improvements contain amendments to twenty two FRSs which involves changes to presentation, recognition, or measurement and some are changes to terminology with little effect on accounting
- IC Interpretation 9 and Amendment to IC Interpretation 9: Reassessment of Embedded Derivatives
- IC Interpretation 10: Interim Financial Reporting and Impairment
- IC Interpretation 11: FRS 2 Group and Treasury Share Transaction
- IC Interpretation 13: Customer Loyalty Programmes
- IC Interpretation 14: FRS 119 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

Part A - Explanatory Notes Pursuant to FRS 134 (Continued)

1. Basis of Preparation (Continued)

- FRS 7 Financial Instruments: Disclosures and Amendment to FRS 7 Financial Instruments: Disclosures
- FRS 139 Financial Instruments: Recognition and Measurement and Amendment to FRS 139 Financial Instruments: Recognition and Measurement.

The adoption of all the standards and interpretations above does not have any material impact on the financial position of the Company. All changes in accounting policies have been made in accordance with the adoption of all the standards which do not result in significant changes in accounting policies and disclosures, except as disclosed below:

- FRS 8 Operating Segments and Amendment to FRS 8 Operating Segments. FRS 8 replaces FRS 114₂₀₀₄ Segment Reporting. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The improvement to the standard clarifies that entities that do not provide information about segment assets to the chief operating decision-maker will no longer need to report this information. The Company determined that the operating segment was unchanged as previously identified under FRS 114₂₀₀₄ and additional disclosures about the segment is shown in Note 7. Comparative information has been presented in conformity with the transitional requirements of such standard.
- FRS 101 Presentation of Financial Statements. It prohibits the presentation of items of income and expenses (non-owner changes in equity) in the statement of changes in equity. 'Non-owner changes in equity' are to be presented separately from owner changes in equity in a statement of comprehensive income. The revised standards has resulted in a number of changes in presentation and disclosure including revised titles for the condensed financial statements.
- FRS 123 Borrowing Costs. The new standard requires an entity to capitalise borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Previously the Company immediately recognised all borrowing costs as an expense.
- FRS 139 Financial Instruments: Recognition and Measurement and Amendment to FRS 139 Financial Instruments: Recognition and Measurement. On adoption of FRS 139, the Company measures financial assets and financial liabilities initially at fair value and subsequently carried at amortised cost using the effective interest rate method.

The remaining standards and interpretations that are effective for financial period beginning January 1, 2010 are not relevant to the Company's operations.

Part A - Explanatory Notes Pursuant to FRS 134 (Continued)

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

The new standards, amendments to published standards and interpretations to existing standards applicable to the Company that will be effective but have not been early adopted by the Company, are as follows:

i) Standards effective from March 1, 2010

- Amendment to FRS 132 Financial Instruments: Presentation (paragraphs 11, 16 and 97E of FRS 132) relating to Classification of Rights Issues. The amendments require that rights issues be classified as equity regardless of the currency in which the exercise price is denominated, provided certain conditions are met.

ii) Standards effective from July 1, 2010

- FRS 1 First-time Adoption of Financial Reporting Standards. This is a revision to the existing FRS 1 merely to improve the structure of the standard.
- FRS 127 Consolidated and Separate Financial Statements. The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses.
- IC Interpretation 17: Distributions of Non-cash Assets to Owners. It provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends.
- Amendment to FRS 2 Share-based Payment. It clarifies that contributions of a business on formation of a joint venture and common control transactions are outside the scope of FRS 2.
- Amendment to FRS 5 Non-current Assets Held for Sale and Discontinued Operations. It clarifies that all of a subsidiary's assets and liabilities are classified as held for sale if a partial disposal sale plan results in loss of control.
- Amendment to FRS 138 Intangible Assets. It clarifies that a group of complementary intangible assets acquired in a business combination is recognised as a single asset if the individual asset has similar useful lives.
- Amendment to IC 9: Reassessment of Embedded Derivatives. The amendments clarify that the Interpretation does not apply to embedded derivatives in contracts acquired in a business combination, businesses under common control or the formation of a joint venture.

Part A - Explanatory Notes Pursuant to FRS 134 (Continued)

1. Basis of Preparation (Continued)

iii) Standards effective from January 1, 2011

- Amendment to FRS 1 (Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters) relieves first-time adopters of Financial Reporting Standards from providing the additional disclosures required from the amendments to FRS 7.
- Amendments to FRS 7 (Improving Disclosures about Financial Instruments) reinforce existing principles for disclosures about liquidity risk and require enhanced disclosures about fair value measurements.
- Amendments to FRS 1 (Additional Exemptions for First-time Adopters) exempts oil and gas entities using the full cost method from retrospective application of FRSs for its oil and gas assets.
- Amendments to FRS 2 (Share-based Payment) clarifies that an entity must account for goods or services received in a share-based payment arrangement regardless of which entity in the group settles the transaction and whether the settlement is in shares or cash.
- Amendment to IC Interpretation 4: Determining whether an Arrangement contains a Lease. It clarifies that although an arrangement does not take the legal form of a lease, it is a lease when the fulfilment of the arrangement is dependent on the use of a specific asset and the arrangement to convey a right to use the asset.
- Amendment to IC Interpretation 18: Transfers of Assets from Customers clarifies that if an entity receives Property, plant and equipment (PPE) and such PPE meet the definition of an asset, it shall recognise it in accordance with FRS 116 Property, Plant and Equipment.

The Company will apply the above standards, amendments and interpretations from financial period beginning January 1, 2011. The adoptions of these standards are not expected to have a material impact on the financial position of the Company.

The remaining standards and interpretations that are issued but not yet effective are not relevant to the Company's operations.

2. Comments about Seasonal or Cyclical Factors

The operations of the business are not seasonal or cyclical in nature.

3. Unusual Items Due to their Nature, Size or Incidence

There were no unusual items affecting assets, liabilities, equity, net income and cash flows of the Company during the current quarter.

Part A - Explanatory Notes Pursuant to FRS 134 (Continued)

4. Changes in Estimates

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

5. Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale or repayments of debt and equity securities during the current quarter.

6. Dividend Paid

The amount of dividends paid since December 31, 2009 are as follows:

	<u>RM'000</u>
In respect of the year ended December 31, 2009:	
Final dividend per stock unit, paid on June 21, 2010:	
Ordinary - 12 sen gross less income tax at 25%	24,300
	=====

7. Segmental Information

The Company is organised into one business segment which operates to manufacture and sell petroleum products. These integrated activities are known across the petroleum industries as Downstream segment.

Revenues are mainly derived from the sales of petroleum products to domestic customers including its affiliates and competitors, and sales to ExxonMobil Asia Pacific Pte. Ltd. (EMAPPL), Singapore. A breakdown of the revenues is as follows:

	Quarter ended		9 months ended	
	30.09.2010	30.09.2009	30.09.2010	30.09.2009
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Sales to EMAPPL	181,619	519,117	905,361	1,096,898
Domestic sales	1,623,566	1,844,759	5,141,730	4,663,611
Licence fees on land and buildings	6,588	6,355	19,064	18,417
Others	932	202	1,754	459
Total Revenues	<u>1,812,705</u>	<u>2,370,433</u>	<u>6,067,909</u>	<u>5,779,385</u>

For the nine months ended September 30, 2010 approximately RM2,181,894,000 (2009: RM2,273,465,000) of the revenues are derived from sales to related parties.

All non-current assets of the Company are located in Peninsular Malaysia.

Part A - Explanatory Notes Pursuant to FRS 134 (Continued)

8. Carrying Amount of Revalued Assets

The valuations of property, plant and equipment have been brought forward without amendment from the financial statements for the year ended December 31, 2009.

9. Subsequent Events

There were no material events subsequent to the end of the current quarter.

10. Changes in Composition of the Company

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

11. Changes in Contingent Liabilities

There were no significant changes in contingent liabilities or contingent assets since the last annual statement of financial position as at December 31, 2009.

12. Capital Commitments

Capital commitments not provided for in the Interim Financial Report as at September 30, 2010 are as follows:

Property, plant & equipment	RM'000
Approved and contracted for	31,325
Approved but not contracted for	3,654
	<u>34,979</u>

Part B - Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of BMSB

13. Review of Performance - Current Financial Period ended September 30, 2010

The Company recorded an after tax profit of RM15 million in the third quarter, an improvement compared to RM18 million loss recorded in the same quarter of 2009, reflecting stronger margin and higher forex gain, which were partially offset by lower volume. This brings the year-to-date profit to RM147 million compared to profit of RM162 million in same period of 2009.

During the quarter, the Port Dickson Refinery safely executed a planned shutdown for major plant maintenance.

Revenues for the third quarter declined to RM1.8 billion from RM2.4 billion recorded in the same quarter last year mainly driven by lower volume due to the refinery planned shutdown. Revenues for the nine months at RM6.1 billion were 5% higher than for the same period of 2009 mainly due to higher average product prices.

14. Commentary on Prospects

Global economic trends will continue to influence the crude price environment and industry outlook. Recognising that potential for earnings volatility remains, the Company will continue to focus on flawless operations, product and service quality and cost control.

15. Profit Forecast or Profit Guarantee

As a matter of policy, the Company does not make profit forecasts or profit guarantees.

16. Taxation

	Quarter ended		9 months ended	
	30.09.2010	30.09.2009	30.09.2010	30.09.2009
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Current taxation	3,526	-	49,049	-
Prior year	-	(120)	(1)	(120)
Deferred taxation	2,443	(6,790)	8,144	63,171
	<u>5,969</u>	<u>(6,910)</u>	<u>57,192</u>	<u>63,051</u>
	=====	=====	=====	=====

The statutory tax rate is 25% for the year ended December 31, 2010 (2009: 25%).

Part B - Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of BMSB

17. Sale of Unquoted Investments and Properties

In the current quarter and period ended September 30, 2010, the Company recorded a gain of RM787,000 from sale of land.

18. Quoted Securities

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

19. Corporate Proposals

There were no corporate proposals.

20. Borrowings

The Company's borrowings as at September 30, 2010 are as follows:

	<u>RM'000</u>
Short-term, unsecured	578,187 =====
	<u>USD'000</u> <u>RM'000</u>
Borrowings include a floating rate term loan at fixed foreign exchange rate from a related party	100,457 366,306

21. Off Statement of Financial Position Financial Instruments

There were no financial arrangements with off statement of financial position risk.

22. Changes in Material Litigation

There were no significant changes to material litigation since December 31, 2009.

Part B - Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of BMSB

23. Dividend Payable

The Company did not declare any dividends for the three months ended September 30, 2010.

24. Earnings Per Ordinary Stock Unit

	Quarter ended		9 months ended	
	<u>30.09.2010</u>	<u>30.09.2009</u>	<u>30.09.2010</u>	<u>30.09.2009</u>
Net profit/(loss) for the period (RM'000)	15,348	(17,768)	147,064	162,133
Number of ordinary stock unit in issue ('000)	270,000	270,000	270,000	270,000
Earnings/(loss) per stock unit (sen)	5.7	(6.6)	54.5	60.0
	=====	=====	=====	=====

25. Reserves

	9 months ended	
	<u>30.09.2010</u>	<u>30.09.2009</u>
	<u>RM'000</u>	<u>RM'000</u>
Capital redemption reserve (non-distributable)	8,000	8,000
Retained profits (distributable)	<u>493,007</u>	<u>386,858</u>
	<u>501,007</u>	<u>394,585</u>
	=====	=====
Realised profit	563,061	
Unrealised losses	<u>(70,054)</u>	
Retained profits (distributable)	<u>493,007</u>	
	=====	

The Company has applied Listing Directive (LD09/10: Disclosure Requirements Pursuant to of FRS 139, Financial Instruments: Recognition and Measurement) which exempts entities from disclosing comparative figures on the breakdown of realised and unrealised profits in the first year of applying the directive requirement.

26. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the Company's financial statements for the year ended December 31, 2009 was not qualified.