

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, 2011.

**CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2011**

	Note	Quarter ended		9 months ended	
		30.09.2011 RM'000	30.09.2010 RM'000	30.09.2011 RM'000	30.09.2010 RM'000
Revenues		2,848,360	1,812,705	8,516,281	6,067,909
Cost of sales		<u>(2,794,504)</u>	<u>(1,686,485)</u>	<u>(8,055,620)</u>	<u>(5,556,988)</u>
Gross profit		53,856	126,220	460,661	510,921
Other income		6,139	5,174	16,823	16,124
Expenses		(106,428)	(105,057)	(295,916)	(302,199)
Finance cost		<u>(6,154)</u>	<u>(5,020)</u>	<u>(16,601)</u>	<u>(20,590)</u>
Profit/(loss) before tax		(52,587)	21,317	164,967	204,256
Tax (expense) / credit	18	<u>14,724</u>	<u>(5,969)</u>	<u>(46,191)</u>	<u>(57,192)</u>
Net profit/(loss) for the period attributable to shareholders		<u>(37,863)</u>	<u>15,348</u>	<u>118,776</u>	<u>147,064</u>
Other comprehensive income		-	-	-	-
Total comprehensive income attributable to shareholders		<u>(37,863)</u>	<u>15,348</u>	<u>118,776</u>	<u>147,064</u>
Earnings/(loss) per ordinary stock unit (sen)	26	<u>(14.0)</u>	<u>5.7</u>	<u>44.0</u>	<u>54.5</u>

(The condensed statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended December 31, 2010)

ESSO MALAYSIA BERHAD

(Company Number 3927 V)

CONDENSED STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2011 (UNAUDITED)

	<u>Note</u>	As at 30.09.2011 <u>RM'000</u>	As at 31.12.2010 <u>RM'000</u>
NON-CURRENT ASSETS			
Property, plant and equipment		813,751	830,244
Long-term assets and receivables		302,769	308,714
Intangible assets - software		<u>20</u>	<u>148</u>
TOTAL NON-CURRENT ASSETS		<u>1,116,540</u>	<u>1,139,106</u>
CURRENT ASSETS			
Inventories		673,713	468,109
Assets held for sale		4,695	-
Receivables		420,051	243,830
Amounts due from related corporations		151,398	140,417
Deposit, cash and bank balances		<u>113,923</u>	<u>102,261</u>
TOTAL CURRENT ASSETS		<u>1,363,780</u>	<u>954,617</u>
CURRENT LIABILITIES			
Payables		245,849	142,327
Retirement benefits obligations		1,006	1,006
Amounts due to related corporations		574,324	396,907
Borrowings (unsecured)	22	666,307	616,307
Taxation		<u>31,547</u>	<u>54,257</u>
TOTAL CURRENT LIABILITIES		<u>1,519,033</u>	<u>1,210,804</u>
NET CURRENT LIABILITIES		(155,253)	(256,187)
LESS: NON-CURRENT LIABILITIES			
Retirement benefits obligations		50,500	50,383
Deferred taxation		<u>62,839</u>	<u>75,014</u>
		<u>113,339</u>	<u>125,397</u>
TOTAL NET ASSETS EMPLOYED		<u>847,948</u>	<u>757,522</u>
		=====	=====
FINANCED BY:			
SHARE CAPITAL		135,000	135,000
RESERVES		8,000	8,000
RETAINED PROFITS		<u>704,948</u>	<u>614,522</u>
SHAREHOLDERS' EQUITY		<u>847,948</u>	<u>757,522</u>
		=====	=====

(The condensed statement of financial position should be read in conjunction with the audited financial statements for the year ended December 31, 2010)

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**CONDENSED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2011**

	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, 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
At January 1, 2011	270,000	135,000	8,000	614,522	757,522
Net profit	-	-	-	118,776	118,776
Dividends for the year ended December 31, 2010 (final)	-	-	-	(28,350)	(28,350)
At September 30, 2011	270,000	135,000	8,000	704,948	847,948

(The condensed statement of changes in equity should be read in conjunction with the audited financial statements for the year ended December 31, 2010)

ESSO MALAYSIA BERHAD

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**CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2011**

	9 months ended	
	30.09.2011	30.09.2010
	<u>RM'000</u>	<u>RM'000</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit/(loss) attributable to shareholders	118,776	147,064
Adjustments for non-cash items	151,114	83,876
Changes in working capital:		
(Increase) / decrease in current assets	(392,048)	(61,939)
Increase / (decrease) in current liabilities and provisions	245,451	41,157
Cash from operations	123,293	210,158
Interest / Tax / Retirement benefits refund/(payment)	(101,079)	34,472
Net cash from operating activities	22,214	244,630
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment and intangibles	(34,288)	(57,519)
(Increase) / decrease in long-term assets and receivables	1,545	2,741
Proceeds from disposal of asset held for sale	-	3,211
Proceeds from disposal of property, plant and equipment and intangibles	360	725
Net cash used in investing activities	(32,383)	(50,842)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds / Repayment of borrowings - net	50,000	(229,763)
Dividends paid to shareholders	(28,350)	(24,300)
Net cash used in financing activities	21,650	(254,063)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	11,481	(60,275)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	94,572	68,358
CASH AND CASH EQUIVALENTS AT END OF PERIOD	106,053	8,083

(The condensed statement of cash flows should be read in conjunction with the audited financial statements for the year ended December 31, 2010)

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, 2010. 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, 2010.

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, 2010 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, 2011 and applicable to the Company are as follows:

- 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.
- Amendment to FRS 1 (Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters) relieves first-time adopters of FRS from providing the additional disclosures required from the amendments to FRS 7.
- Amendments to FRS 1 (Additional Exemptions for First-time Adopters) exempt oil and gas entities using the full cost method from retrospective application of FRS for its oil and gas assets.
- 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.
- Amendments to FRS 2 (Group Cash-Settled Share-based Payment Transactions) 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 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.

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

1. Basis of Preparation (Continued)

- 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.
- 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.
- 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.
- 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 Interpretation 4: Determining whether an Arrangement contains a Lease 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 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.
- Amendments to IC Interpretation 13: Customer Loyalty Programmes clarifies the accounting on awards supplied by the entity.
- 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 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.
- Amendments to FRSs contained in the document entitled “Improvements to FRSs (2010).” The improvements contain amendments to FRSs which involves changes to presentation, recognition, or measurement and some are changes to terminology with little effect on accounting.

ESSO MALAYSIA BERHAD

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

1. Basis of Preparation (Continued)

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

The adoption of all the standards and interpretations above do 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.

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 July 1, 2011

- Amendments to IC Interpretation 14 FRS 119: The Limit on a Defined Benefit Asset, Minimum Funding Requirement and their Interaction. The amendment applies when an entity is subject to minimum funding requirement and makes an early payment of contributions to cover those requirements.
- IC Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments. It clarifies and addresses the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor to extinguish all or part of the financial liability.

(ii) Standards effective from January 1, 2012

- FRS 124 Related Party Disclosures. The revised standard includes partial exemptions from disclosures for government-related entities. It requires disclosure of related party transactions between government-related entities only if the transactions are individually or collectively significant.

The Company will apply the above standards, amendments and interpretations from financial period beginning January 1, 2012. 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 applicable to the Company's operations.

2. Comments about Seasonal or Cyclical Factors

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

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

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.

4. Significant Event during the Quarter

As announced by EMB to Bursa Malaysia Securities Berhad on 17 August 2011, ExxonMobil International Holdings Inc (EMIHI) entered into a sale and purchase agreement on 17 August 2011, to dispose off its entire 65% shareholding in EMB to San Miguel Corporation (SMC). However, the completion of this sale and purchase is subject to certain condition precedents being fulfilled and the transfer of shares from EMIHI to SMC will only occur upon completion of the precedent conditions.

5. Changes in Estimates

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

6. Debt and Equity Securities

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

7. Dividend Paid

The amount of dividends paid since December 31, 2010 are as follows:

RM'000

In respect of the year ended December 31, 2010:

Final dividend per stock unit, paid on June 22, 2011:

Ordinary - 14 sen gross less income tax at 25%

28,350

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

8. Segmental Information

The Company is organised as one integrated business segment which operates to manufacture and sell petroleum products. These integrated activities are known across the petroleum industry as the Downstream segment. As such, the assets and liabilities are disclosed within the financial statements as one segment.

Revenues are mainly derived from the sale 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 by geographical location is as follows:

	Quarter ended		9 months ended	
	30.09.2011	30.09.2010	30.09.2011	30.09.2010
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Singapore	373,195	181,619	1,340,345	905,361
Domestic	<u>2,475,165</u>	<u>1,631,086</u>	<u>7,175,936</u>	<u>5,162,548</u>
Total Revenues	<u>2,848,360</u>	<u>1,812,705</u>	<u>8,516,281</u>	<u>6,067,909</u>

For the nine months ended September 30, 2011 approximately RM3,107,414,000 (2010: RM2,181,894,000) of the revenues are derived from two major customers whom are related parties to the Company.

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

9. 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, 2010.

10. Subsequent Events

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

11. Changes in Composition of the Company

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

12. Changes in Contingent Liabilities

There were no significant changes in contingent liabilities or contingent assets since the last annual statement of financial position as at December 31, 2010.

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Part A - Explanatory Notes Pursuant to FRS 134 (Continued)**13. Capital Commitments**

Capital commitments not provided for in the Interim Financial Report as at September 30, 2011 are as follows:

Property, plant & equipment	RM'000
Approved and contracted for	16,984,590
Approved but not contracted for	4,685,180
	<hr/>
	21,669,770
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14. Profit/Loss before Tax

Loss before tax of RM53 million for the current quarter compared to profit before tax of RM3 million in the preceding quarter mainly due to a lower operating margin and forex loss.

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Part B - Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of BMSB**15. Review of Performance - Current Financial Period ended September 30, 2011**

The Company recorded an after tax loss of RM38 million in the third quarter, compared to RM15 million profit in the same quarter last year, caused by lower operating margin and forex loss partially offset by higher sales volume. This brings year-to-date profit to RM119 million, which includes inventory holding gain of RM104 million, compared to profit of RM147 million in the same period of 2010.

Revenues for the third quarter increased by 57% to RM2.8 billion from RM1.8 billion recorded in the same quarter last year, driven by higher average product prices and higher sales volume.

16. Commentary on Prospects

Outlook for the industry remains challenging given the expected slowdown in global economic growth and the continued crude and product prices volatility. In this environment our strategy remains focused on flawless operations, cost control and product and service quality, while sustaining our competitive position.

17. Profit Forecast or Profit Guarantee

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

18. Taxation

	Quarter ended		9 months ended	
	30.09.2011	30.09.2010	30.09.2011	30.09.2010
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Current taxation	(4,533)	3,526	58,366	49,049
Prior year	-	-	-	(1)
Deferred taxation	(10,191)	2,443	(12,175)	8,144
	<u>(14,724)</u>	<u>5,969</u>	<u>46,191</u>	<u>57,192</u>
	=====	=====	=====	=====

The effective tax rate is higher than the statutory tax rate primarily reflecting the varying relationship of the non-deductible expenses (which are relatively fixed over time) to changing levels of profit or loss from period to period.

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Part B - Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of BMSB**19. Sale of Unquoted Investments and Properties**

There were no sales of land in the current quarter.

20. Quoted Securities

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

21. Corporate Proposals

There were no corporate proposals.

22. Borrowings

The Company's borrowings as at September 30, 2011 are as follows:

	<u>RM'000</u>
Short-term, unsecured	666,307
	=====
	<u>USD'000</u> <u>RM'000</u>
Borrowings include a floating rate term loan at fixed foreign exchange rate from a related party	100,457 366,307

23. Off Statement of Financial Position Financial Instruments

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

24. Changes in Material Litigation

There were no significant changes to material litigation since December 31, 2010.

25. Dividend Payable

The Company did not declare any dividends for the nine months ended September 30, 2011.

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Part B - Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of BMSB**26. Earnings Per Ordinary Stock Unit**

	Quarter ended		9 months ended	
	<u>30.09.2011</u>	<u>30.09.2010</u>	<u>30.09.2011</u>	<u>30.09.2010</u>
Net profit/(loss) for the period (RM'000)	(37,863)	15,348	118,776	147,064
Number of ordinary stock unit in issue ('000)	270,000	270,000	270,000	270,000
Earnings/(loss) per stock unit (sen)	(14.0)	5.7	44.0	54.5
	=====	=====	=====	=====

27. Reserves

	9 months ended	
	<u>30.09.2011</u>	<u>30.09.2010</u>
	<u>RM'000</u>	<u>RM'000</u>
Capital redemption reserve (non-distributable)	8,000	8,000
Retained profits (distributable)	<u>704,948</u>	<u>493,007</u>
	712,948	501,007
	=====	=====

28. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the Company's financial statements for the year ended December 31, 2010 was not qualified.

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29. Supplementary information disclosed pursuant to Bursa Malaysia Securities Berhad Listing Requirements

The following analysis of realised and unrealised retained profits 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 whilst the disclosure is based on the prescribed format by the Bursa Malaysia Securities Berhad.

	As at 30.09.2011 <u>RM'000</u>	As at 31.12.2010 <u>RM'000</u>
Total retained profits:		
- realised	803,094	681,723
- unrealised	<u>(98,146)</u>	<u>(67,201)</u>
Total retained profits	704,948	614,522
	=====	=====

The disclosure of realised and unrealised profits/(losses) above is solely for compliance with the directive issued by the Bursa Malaysia Securities Berhad and should not be used for any other purpose.