

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 March 31, 2012.

CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2012

	Note	Quarter ended		3 months ended	
		31.03.2012 RM'000	31.03.2011 RM'000 (restated)	31.03.2012 RM'000	31.03.2011 RM'000 (restated)
Revenues		2,756,995	2,604,774	2,756,995	2,604,774
Cost of sales		<u>(2,550,455)</u>	<u>(2,300,824)</u>	<u>(2,550,455)</u>	<u>(2,300,824)</u>
Gross profit		206,540	303,950	206,540	303,950
Other income		7,194	5,795	7,194	5,795
Expenses		(92,046)	(89,973)	(92,046)	(89,973)
Finance cost		<u>(7,028)</u>	<u>(4,671)</u>	<u>(7,028)</u>	<u>(4,671)</u>
Profit / (Loss) before tax		114,660	215,101	114,660	215,101
Tax (expense) / credit	18	<u>(32,105)</u>	<u>(60,226)</u>	<u>(32,105)</u>	<u>(60,226)</u>
Net profit / (loss) for the period attributable to shareholders		<u>82,555</u>	<u>154,875</u>	<u>82,555</u>	<u>154,875</u>
Other comprehensive income		-	-	-	-
Total comprehensive income attributable to shareholders		<u>82,555</u>	<u>154,875</u>	<u>82,555</u>	<u>154,875</u>
Earnings / (Loss) per ordinary stock unit (sen)	23	<u>30.6</u>	<u>57.4</u>	<u>30.6</u>	<u>57.4</u>

Certified by


DENNIS S. JANSON
Chief Finance Officer

(The condensed statement of comprehensive income should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.)

ESSO MALAYSIA BERHAD
(Company Number 3927 V)

**CONDENSED STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2012
(UNAUDITED)**

	As at 31.03.2012	As at 31.12.2011	As at 01.01.2011
Note	<u>RM'000</u>	<u>RM'000</u> (restated)	<u>RM'000</u> (restated)
NON-CURRENT ASSETS			
Property, plant and equipment	797,067	809,012	830,244
Long-term assets	294,763	299,811	306,825
Intangible assets - software	<u>132</u>	<u>-</u>	<u>148</u>
TOTAL NON-CURRENT ASSET	<u>1,091,962</u>	<u>1,108,823</u>	<u>1,137,217</u>
CURRENT ASSETS			
Inventories	751,764	659,213	468,109
Receivables	481,079	568,595	243,830
Amounts due from related corporations	157,216	156,095	140,417
Deposit, cash and bank balances	166,391	30,910	102,261
Taxation	<u>-</u>	<u>6,710</u>	<u>-</u>
TOTAL CURRENT ASSETS	<u>1,556,450</u>	<u>1,421,523</u>	<u>954,617</u>
CURRENT LIABILITIES			
Payables	124,521	139,383	142,327
Retirement benefits obligations	3,987	3,987	1,006
Amounts due to related corporations	775,661	569,264	396,907
Borrowings (unsecured)	20 666,307	821,553	616,307
Taxation	<u>4,566</u>	<u>-</u>	<u>54,257</u>
TOTAL CURRENT LIABILITIES	<u>1,575,042</u>	<u>1,534,187</u>	<u>1,210,804</u>
NET CURRENT LIABILITIES	(18,592)	(112,664)	(256,187)
LESS: NON-CURRENT LIABILITIES			
Retirement benefits obligations	43,291	46,698	50,383
Deferred taxation	<u>66,330</u>	<u>68,267</u>	<u>74,542</u>
	<u>109,621</u>	<u>114,965</u>	<u>124,925</u>
TOTAL NET ASSETS EMPLOYED	<u>963,749</u>	<u>881,194</u>	<u>756,105</u>
FINANCED BY:			
SHARE CAPITAL	135,000	135,000	135,000
RESERVES	8,000	8,000	8,000
RETAINED PROFITS	<u>820,749</u>	<u>738,194</u>	<u>613,105</u>
SHAREHOLDERS' EQUITY	<u>963,749</u>	<u>881,194</u>	<u>756,105</u>

Certified by


DENNIS S. JANSON
Chief Finance Officer

(The condensed statement of financial position should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.)

ESSO MALAYSIA BERHAD
(Company Number 3927 V)

**CONDENSED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2012**

Note	Issued and fully paid ordinary stock of RM0.50 each		Non-distributable capital redemption reserves RM'000	Distributable retained profits RM'000	<u>Total</u> RM'000
	Number of ordinary stock unit '000	Nominal value RM'000			
At January 1, 2011 (restated)	270,000	135,000	8,000	613,105	756,105
Net profit and total comprehensive income attributable to shareholders	-	-	-	154,875	154,875
At March 31, 2011 (restated)	270,000	135,000	8,000	767,980	910,980
At January 1, 2012 (restated)	270,000	135,000	8,000	738,194	881,194
Net profit and total comprehensive income attributable to shareholders	-	-	-	82,555	82,555
At March 31, 2012	270,000	135,000	8,000	820,749	963,749

Certified by


DENNIS S. JANSON
Chief Finance Officer

(The condensed statement of changes in equity should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.)

ESSO MALAYSIA BERHAD
(Company Number 3927 V)

**CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2012**

	3 months ended	
	<u>2012</u>	<u>2011</u>
	RM'000	RM'000 (restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit / (loss) attributable to shareholders	82,555	154,875
Adjustments for:		
Depreciation on property, plant and equipment	14,486	14,248
Amortisation of intangible assets	2	45
Amortisation of long-term assets	4,294	3,875
Tax expense	32,105	60,226
Interest income	(196)	(385)
Interest expense / commercial papers profit elements incurred	7,028	4,671
Retirement / separation benefits cost	1,418	1,122
(Gain) / Loss on disposal of property, plant and equipment	-	94
(Gain) / Loss on disposal of long-term asset	(2)	-
Write-off of property, plant and equipment	1,014	122
Write-off of intangible asset	-	2
Inventory written-down to net realisable value	5,607	-
Unrealised foreign exchange (gain) / loss	4,501	2,292
Changes in:		
(Increase) / Decrease in long-term assets	2,214	391
(Increase) / Decrease in inventories	(98,158)	(320,286)
(Increase) / Decrease in receivables	88,682	(104,173)
(Increase) / Decrease in amounts due from related corporations	(1,121)	(35,898)
Increase / (Decrease) in amounts due to related corporations	201,793	147,904
Increase / (Decrease) in payables and provisions	(14,909)	197,490
Cash generated from / (used in) operations	<u>331,313</u>	<u>126,615</u>
Interest / commercial papers profit elements paid	(8,202)	(4,187)
Interest received	196	385
Income taxes paid	(22,766)	(60,661)
Retirement / separation benefits paid	(4,722)	(1,140)
Net cash generated from / (used in) operating activities	<u>295,819</u>	<u>61,012</u>

(The condensed statement of changes in equity should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.)

ESSO MALAYSIA BERHAD
(Company Number 3927 V)

CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2012 (Continued)

	3 months ended	
	<u>2012</u>	<u>2011</u>
	RM'000	RM'000 (restated)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(3,555)	(3,834)
Purchase of intangible assets	(134)	-
Payment for long-term assets	(1,732)	(5,769)
Proceeds from disposal of property, plant and equipment	-	70
Proceeds from disposal of long-term asset	274	-
Net cash used in investing activities	<u>(5,147)</u>	<u>(9,533)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from / (repayment of) borrowings – net	(155,246)	(50,000)
Net cash generated from / (used in) in financing activities	<u>(155,246)</u>	<u>(50,000)</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	135,426	1,479
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	22,984	94,572
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>158,410</u>	<u>96,051</u>

Certified by


DENNIS S. JANSON
Chief Finance Officer

(The condensed statement of cash flows should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.)

ESSO MALAYSIA BERHAD
(Company Number 3927 V)

Part A - Explanatory Notes Pursuant to MFRS 134

1. First-time adoption of Malaysian Financial Reporting Standards (“MFRS”)

The interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 134 Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (BMSB). These interim financial statements also comply with IAS 134 Interim Financial Reporting issued by the International Accounting Standards Board. For the periods up to and including the year ended December 31, 2011, the Company prepared its financial statements in accordance with Financial Reporting Standards (“FRS”).

The interim financial statements are the Company’s first MFRS interim financial statements for part of the period covered by the Company’s first MFRS annual financial statements for the year ending December 31, 2012. MFRS 1 First-Time Adoption of Malaysian Financial Reporting Standards (“MFRS 1”) has been applied.

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, 2011.

In preparing its opening MFRS Statement of Financial Position as at January 1, 2011 (which is also the date of transition), the Company has adjusted the amounts previously reported in financial statements prepared in accordance with FRS. An explanation of how the transition from FRS to MFRS has affected the Company’s financial position, financial performance and cash flows is set out in Note 2 below. These notes include reconciliations of equity and total comprehensive income for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS. The transition from FRS to MFRS has not had a material impact on the statement of cash flows.

2. Basis of Preparation

The audited financial statements of the Company for the year ended December 31, 2011 were prepared in accordance with FRS. Except for certain differences, the requirements under FRS and MFRS are similar. 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, 2011 except as disclosed below:

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

2. Basis of Preparation (Continued)

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, 2012 and applicable to the Company are as follows:

- MFRS 1 “First-time adoption of MFRS” provides for certain optional exemptions and certain mandatory exceptions for first-time MFRS adopters.
- Amendments to IC Interpretation 14 MFRS 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.
- Amendment to MFRS 7 Financial instruments: Disclosures on transfers of financial assets. The amendments promote transparency in the reporting of transfer transactions and improve users’ understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity’s financial position, particularly those involving securitisation of financial assets.
- MFRS 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 adoption of all the standards, amendments to published standards and interpretations to existing standards 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:

ESSO MALAYSIA BERHAD
(Company Number 3927 V)

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

2. 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 (Continued)

i) Standards effective from July 1, 2012

- Amendment to MFRS 101 Financial statement presentation. It requires entities to separate items presented in 'other comprehensive income' (OCI) in the statement of comprehensive income into two groups, based on whether or not they may be recycled to profit or loss in the future. The amendments do not address which items are presented in OCI.

ii) Standard effective from January 1, 2013

- MFRS 9 Financial instruments - classification and measurement of financial assets and financial liabilities. The revised standard replaces the multiple classification and measurement models in MFRS 139 with a single model that has only two classification categories: amortised cost and fair value.
- MFRS 11 Joint arrangements. The standard requires a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations arising from the arrangement, rather than its legal form.
- MFRS 13 Fair value measurement. The standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across MFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards. The enhanced disclosure requirements are similar to those in MFRS 7 "Financial instruments: Disclosures", but apply to all assets and liabilities measured at fair value, not just financial ones.
- Amendment to MFRS 119 Employee benefits. The amendment makes significant changes to the recognition and measurement of defined benefit pension expense and termination benefits, and to the disclosures for all employee benefits. Actuarial gains and losses will no longer be deferred using the corridor approach. MFRS 119 shall be withdrawn on application of this amendment.
- Amendments to MFRS 7 Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities. The disclosure requirements are intended to help investors and other financial statement users to better assess the effect or potential effect of offsetting arrangements on a company's financial position. It also aims to improve transparency in the reporting of how companies mitigate credit risk, including disclosure of related collateral pledged of received.

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

2. 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 (Continued)

iii) Standard effective from January 1, 2014

- Amendments to MFRS 132 Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities. It clarify the requirements for offsetting financial instruments such as the meaning of 'currently has a legally enforceable right of set-off' and that some gross settlement systems may be considered equivalent to net settlement.

iv) Standard effective from January 1, 2015

- Amendments to MFRS 9 Financial Instruments on the Mandatory Effective Date of MFRS 9 and Transition Disclosures. The mandatory effective date is changed from 1 January 2013 to 1 January 2015. The amendments also provided relief from the requirement to restate comparative financial statements for the effect of applying MFRS 9. This relief was originally only available to companies that chose to apply MFRS 9 prior to 2012.

The Company will apply the above standards, amendments and interpretations from financial period beginning January 1, 2013, January 1, 2014 and January 1, 2015 respectively. 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.

c) Property, plant and equipment

The Company has previously adopted the transitional provisions available on the first application of the MASB Approved Accounting Standard IAS 16 (Revised) Property, Plant and Equipment which was effective for periods ending on or after September 1, 1998. By virtue of this transitional provision, the company had recorded certain property, plant and equipment at revalued amounts but had not adopted a policy of revaluation and continued to carry those property, plant and equipment on the basis of their previous revaluations subject to continuity in its depreciation policy and requirement to write down the assets to their recoverable amounts for impairment adjustments.

ESSO MALAYSIA BERHAD
(Company Number 3927 V)

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

2. Basis of Preparation (Continued)

c) Property, plant and equipment (Continued)

Upon transition to MFRS, the Company has elected to measure all its property, plant and equipment using the cost model under MFRS 116 Property, Plant and Equipment. At the date of transition to MFRS, the Company elected to regard the revalued amounts of property, plant and equipment as at 1982 as deemed cost at the date of the revaluation as these amounts were broadly comparable to fair value at that time. The revaluation surplus from the revaluation had been fully distributed.

d) Prepaid lease payments

In accordance with the transitional provision of FRS 117 Leases, the Company retained the unamortised revalued amount of leasehold land as the surrogate carrying amount of prepaid lease payments. The prepaid lease payments were amortised over the lease term. Upon transition to MFRS, the transitional provision has been removed. Thus, MFRS 117 Leases has been applied retrospectively up to the date of transition from 1 January 2011.

The carrying amount of prepaid lease payments was reduced by RM1,889,000 (March 31, 2011: RM1,817,000; December 31, 2011: RM1,779,000). Retained earnings was reduced by RM1,417,000 (March 31, 2011: RM1,363,000; December 31, 2011: RM1,334,000) since the revaluation surplus from the revaluation had been fully distributed. In addition, amortisation of prepaid lease payments was reduced by RM72,000 for the period ended March 31, 2011 (December 31, 2011: RM110,000)

The adjustments to the carrying amount of prepaid lease payments also reduced the deferred tax liabilities by RM472,000 (March 31, 2011: RM454,000; December 31, 2011: RM445,000) and increased the income tax expense for the period ended March 31, 2011 and for the year ended December 31, 2011 by RM18,000 and RM27,000 respectively.

e) Estimates

The estimates at January 1, 2011 and December 31, 2011 were consistent with those made for the same dates in accordance with FRS. The estimates used by the Company to present these amounts in accordance with MFRS reflect conditions at January 1, 2011, the date of transition to MFRS and as of December 31, 2011.

The reconciliations of equity and total comprehensive income for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS are provided below:

ESSO MALAYSIA BERHAD
(Company Number 3927 V)

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

2. Basis of Preparation (Continued)

(i) Reconciliations of equity

	Note	FRS as at 1 January 2011 RM'000	Adjustment RM'000	MFRS as at 1 January 2011 RM'000	FRS as at 31 March 2011 RM'000	Adjustment RM'000	MFRS as at 31 March 2011 RM'000	FRS as at 31 December 2011 RM'000	Adjustment RM'000	MFRS as at 31 December 2011 RM'000
NON-CURRENT ASSETS										
Property, plant and equipment		830,244		830,244	819,544		819,544	809,012		809,012
Long-term assets	2 (d)	308,714	(1,889)	306,825	310,145	(1,817)	308,328	301,590	(1,779)	299,811
Intangible assets - software		148		148	101		101	-		-
TOTAL NON-CURRENT ASSETS		1,139,106		1,137,217	1,129,790		1,127,973	1,110,602		1,108,823
CURRENT ASSETS										
Inventories		468,109		468,109	788,395		788,395	659,213		659,213
Receivables		243,830		243,830	347,519		347,519	568,595		568,595
Amounts due from related corporations		140,417		140,417	176,315		176,315	156,095		156,095
Deposit, cash and bank balances		102,261		102,261	103,792		103,792	30,910		30,910
Taxation		-		-	-		-	6,710		6,710
TOTAL CURRENT ASSETS		954,617		954,617	1,416,021		1,416,021	1,421,523		1,421,523
CURRENT LIABILITIES										
Payables		142,327		142,327	339,869		339,869	139,383		139,383
Retirement benefits obligations		1,006		1,006	1,006		1,006	3,987		3,987
Amounts due to related corporations		396,907		396,907	547,103		547,103	569,264		569,264
Borrowings (unsecured)		616,307		616,307	566,307		566,307	821,553		821,553
Taxation		54,257		54,257	56,104		56,104	-		-
TOTAL CURRENT LIABILITIES		1,210,804		1,210,804	1,510,389		1,510,389	1,534,187		1,534,187

ESSO MALAYSIA BERHAD
(Company Number 3927 V)

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

2. Basis of Preparation (Continued)

(i) Reconciliations of equity (Continued)

	Note	FRS as at 1 January 2011 RM'000	Adjustment RM'000	MFRS as at 1 January 2011 RM'000	FRS as at 31 March 2011 RM'000	Adjustment RM'000	MFRS as at 31 March 2011 RM'000	FRS as at 31 December 2011 RM'000	Adjustment RM'000	MFRS as at 31 December 2011 RM'000
NET CURRENT LIABILITIES		(256,187)		(256,187)	(94,368)		(94,368)	(112,664)		(112,664)
LESS: NON-CURRENT LIABILITIES										
Retirement benefits obligations		50,383		50,383	50,365		50,365	46,698		46,698
Deferred taxation	2 (d)	75,014	(472)	74,542	72,714	(454)	72,260	68,712	(445)	68,267
		125,397		124,925	123,079		122,625	115,410		114,965
TOTAL NET ASSETS EMPLOYED		757,522		756,105	912,343		910,980	882,528		881,194
FINANCED BY:										
SHARE CAPITAL		135,000		135,000	135,000		135,000	135,000		135,000
RESERVES		8,000		8,000	8,000		8,000	8,000		8,000
RETAINED PROFITS	2 (d)	614,522	(1,417)	613,105	769,343	(1,363)	767,980	739,528	(1,334)	738,194
SHAREHOLDERS' EQUITY		757,522		756,105	912,343		910,980	882,528		881,194

ESSO MALAYSIA BERHAD
(Company Number 3927 V)

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

2. Basis of Preparation (Continued)

(ii) Reconciliations of total comprehensive income for the period ended 31 March 2011 and for the year ended 31 December 2011

	FRS as at		Prepaid		MFRS as at		Prepaid		MFRS as at	
	31 March		lease		31 March		lease		31 December	
	2011		payments		2011		payments		2011	
	RM'000		RM'000		RM'000		RM'000		RM'000	
Revenue	2,604,774		2,604,774		11,266,494		11,266,494		11,266,494	
Cost of sales	(2,300,824)		(2,300,824)		(10,685,180)		(10,685,180)		(10,685,180)	
Gross profit	303,950		303,950		581,314		581,314		581,314	
Other income	5,795		5,795		46,459		46,459		46,459	
Expenses	(90,045)		(89,973)	72	(401,145)		(401,145)	110	(401,035)	
Finance cost	(4,671)		(4,671)		(23,255)		(23,255)		(23,255)	
Profit / (Loss) before tax	215,029		215,101		203,373		203,373		203,483	
Tax (expense) / credit	(60,208)		(60,226)	(18)	(50,017)		(50,017)	(27)	(50,044)	
Net profit / (loss) for the period attributable to shareholders	154,821		154,875		153,356		153,356		153,439	
Other comprehensive income	-		-		-		-		-	
Total comprehensive income attributable to shareholders	154,821		154,875		153,356		153,356		153,439	

ESSO MALAYSIA BERHAD

(Company Number 3927 V)

Part A - Explanatory Notes Pursuant to MFRS 134 (Continued)**3. Comments about Seasonal or Cyclical Factors**

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

4. 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.

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

There were no dividends paid in the current quarter.

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		3 months ended	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Singapore	308,405	482,816	308,405	482,816
Domestic	<u>2,448,590</u>	<u>2,121,958</u>	<u>2,448,590</u>	<u>2,121,958</u>
Total Revenues	<u>2,756,995</u>	<u>2,604,774</u>	<u>2,756,995</u>	<u>2,604,774</u>

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

8. Segmental Information (Continued)

For the three months ended March 31, 2012 approximately RM1,010,540,000 (2011: RM1,028,111,000) 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, 2011. Under MFRS 1, the Company has elected to regard the revalued amount as deemed cost.

10. Subsequent Events

On March 30, 2012, Petron Oil & Gas International Sdn Bhd, an indirect wholly-owned subsidiary of Petron Corporation (“Petron”), completed its acquisition of ExxonMobil International Holdings Inc’s 65% voting shares in the Company. With this acquisition, the Company became a subsidiary of Petron.

The Company had two floating interest rate and fixed foreign exchange rate term loan facilities (“Loan Arrangements”) with its (then) related company, ExxonMobil Services Labuan (EMSL) that were extended until December 31, 2012. On April 27, 2012 the Company fully settled all sums owing to EMSL under the Loan Arrangements amounting to RM367,211,000. The Loan Arrangements is no longer applicable to the Company when ExxonMobil International Holdings Inc divested its entire shareholding in the Company to Petron Oil & Gas International Sdn Bhd and the facility has been terminated. The repayment of the Loan Arrangements was financed by a combination of the Company’s own funds and existing credit facility arrangements with a financial institution. The repayment has no material impact on the Company’s financial position and business operations.

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, 2011.

ESSO MALAYSIA BERHAD
(Company Number 3927 V)

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

13. Capital Commitments

Capital commitments not provided for in the Interim Financial Report as at March 31, 2012 are as follows:

Property, plant & equipment	RM'000
Approved and contracted for	5,837
Approved but not contracted for	6,459
	<u>12,296</u>

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

14. Review of Performance - Current Financial Period ended March 31, 2012

The Company recorded an after tax profit of RM83 million in the first quarter, compared to RM 155 million in the same period in 2011. The 46% drop in current quarter's results was due primarily to the decline in margins as higher costing crude and finished products impacted the cost of goods sold.

Revenues for the quarter reached RM2.8 billion, an increase of 8% over the same quarter last year attributable to favorable average product prices and higher retail volume.

15. Commentary on Prospects

Global economic trends will continue to influence the crude price environment and industry outlook. Given the impact these will have on potential earnings, the Company's focus shall remain on sustaining flawless operations, cost control and product and services quality, as well as strengthening its business position through continued emphasis on strategic programs and initiatives.

16. Profit Forecast or Profit Guarantee

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

ESSO MALAYSIA BERHAD
(Company Number 3927 V)

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

17. Commentary on Profit / (Loss) before Tax

The profit / (loss) before tax is arrived at after charging / (crediting) the following items:

	Quarter ended		3 months ended	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Depreciation of property, plant and equipment	14,486	14,248	14,486	14,248
Amortisation of intangible assets	2	45	2	45
Interest income	(196)	(385)	(196)	(385)
Inventory written-down to net realisable value	5,607	-	5,607	-
(Gain) / Loss on disposal of property, plant and equipment	-	94	-	94
Foreign exchange (other than on borrowings)				
Realised (gain) / loss	(27,745)	(6,348)	(27,745)	(6,348)
Unrealised (gain) / loss	4501	(2,292)	4501	(2,292)

The Company does not have derivative transactions and therefore, has no gains or losses to be reported. In line with Note 4, there are also no exceptional items.

18. Taxation

	Quarter ended		3 months ended	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Income tax expense / (credit)	34,042	62,526	34,042	62,526
Deferred taxation	(1,937)	(2,300)	(1,937)	(2,300)
	<u>32,105</u>	<u>60,226</u>	<u>32,105</u>	<u>60,226</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.

ESSO MALAYSIA BERHAD
(Company Number 3927 V)

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

19. Corporate Proposals

There were no corporate proposals.

20. Borrowings

The Company's borrowings as at March 31, 2012 are as follows:

	<u>RM'000</u>
Short-term, unsecured	666,307
	<u>=====</u>
	<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

21. Changes in Material Litigation

There were no significant changes to material litigation since December 31, 2011.

22. Dividend Payable

The Company did not declare any dividends for the three months ended March 31, 2012.

23. Earnings / (Loss) Per Ordinary Stock Unit

	Quarter ended		3 months ended	
	<u>31.03.2012</u>	<u>31.03.2011</u>	<u>31.03.2012</u>	<u>31.03.2011</u>
Net profit / (loss) for the period (RM'000)	82,555	154,875	82,555	154,875
Number of ordinary stock units in issue ('000)	270,000	270,000	270,000	270,000
Earnings / (Loss) per stock unit (sen)	30.6	57.4	30.6	57.4
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>

ESSO MALAYSIA BERHAD
(Company Number 3927 V)

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

24. Reserves

	3 months ended	
	31.03.2012	31.03.2011
	<u>RM'000</u>	<u>RM'000</u>
Capital redemption reserve (non-distributable)	8,000	8,000
Retained profits (distributable)	<u>820,749</u>	<u>767,980</u>
	<u>828,749</u>	<u>775,980</u>

25. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the Company's financial statements for the year ended December 31, 2011 was not qualified.

26. 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 31.03.2012 <u>RM'000</u>	As at 31.12.2011 <u>RM'000</u>
Total retained profits:		
- realised	891,580	814,460
- unrealised	<u>(70,831)</u>	<u>(76,266)</u>
Total retained profits	<u>820,749</u>	<u>738,194</u>

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.