



ESSO MALAYSIA BERHAD (3927-V)

Company Name	: ESSO MALAYSIA BERHAD
Stock Name	: ESSO
Date Announced	: 20/05/2010
Financial Year End	: 31/12/2010
Quarter	: 1
Quarterly report for the financial period ended	: 31/03/2010
The figures	: have not been audited

Currency : Malaysian Ringgit (MYR)

**SUMMARY OF KEY FINANCIAL INFORMATION
31/03/2010**

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR	PRECEDING YEAR	CURRENT YEAR	PRECEDING YEAR
	QUARTER	CORRESPONDING QUARTER	TO DATE	CORRESPONDING PERIOD
	R	QUARTER	PERIOD	PERIOD
	31/03/2010	31/03/2009	31/03/2010	31/03/2009
	\$'\$'000	\$'\$'000	\$'\$'000	\$'\$'000
1 Revenue	2,000,461	1,531,012	2,006,461	1,531,012
2 Profit/(loss) before tax	84,647	70,995	84,647	70,995
3 Profit/(loss) for the period	60,946	51,116	60,946	51,116
4 Profit/(loss) attributable to ordinary equity holders of the parent	60,946	51,116	60,946	51,116
5 Basic earnings/(loss) per share (Subunit)	22.60	18.90	22.60	18.90
6 Proposed/Declared dividend per	0.00	0.00	0.00	0.00



share (Subunit)

	AS AT END OF CURRENT QUARTER	AS AT PRECEDING FINANCIAL YEAR END
7 Net assets per share attributable to ordinary equity holders of the parent (\$)	2.1300	1.9000



ESSO MALAYSIA BERHAD
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The Directors of Esso Malaysia Berhad are pleased to announce the financial results of the Company for the quarter ended March 31, 2010.

**CONDENSED STATEMENT OF COMPREHENSIVE INCOME
(UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2010**

	<u>Note</u>	Quarter ended		3 months ended	
		31.03.2010 <u>RM'000</u>	31.03.2009 <u>RM'000</u>	31.03.2010 <u>RM'000</u>	31.03.2009 <u>RM'000</u>
Revenues		2,006,461	1,531,012	2,006,461	1,531,012
Cost of sales		<u>(1,821,010)</u>	<u>(1,367,659)</u>	<u>(1,821,010)</u>	<u>(1,367,659)</u>
Gross profit		185,451	163,353	185,451	163,353
Other income		5,253	5,177	5,253	5,177
Expenses		(96,040)	(90,140)	(96,040)	(90,140)
Finance cost		<u>(10,017)</u>	<u>(7,395)</u>	<u>(10,017)</u>	<u>(7,395)</u>
Profit/(loss) before tax		84,647	70,995	84,647	70,995
Tax (expense) / credit	16	<u>(23,701)</u>	<u>(19,879)</u>	<u>(23,701)</u>	<u>(19,879)</u>
Net profit/(loss) for the period attributable to shareholders		60,946	51,116	60,946	51,116
		=====	=====	=====	=====
Other comprehensive income		-	-	-	-
Total comprehensive income attributable to shareholders		60,946	51,116	60,946	
		51,116			
		=====	=====	=====	=====
Earnings/(loss) per ordinary stock unit (sen)	24	22.6	18.9	22.6	18.9
		=====	=====	=====	=====

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



ESSO MALAYSIA BERHAD
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**CONDENSED STATEMENT OF FINANCIAL POSITION AS AT MARCH 31,
2010 (UNAUDITED)**

	<u>Note</u>	As at 31.03.2010 RM'000	As at 31.12.2009 RM'000
NON-CURRENT ASSETS			
Property, plant and equipment		804,494	806,203
Long-term assets and receivables		314,734	315,310
Intangible assets - software		<u>527</u>	<u>671</u>
TOTAL NON-CURRENT ASSETS		<u>1,119,755</u>	<u>1,122,184</u>
CURRENT ASSETS			
Inventories		539,760	456,380
Assets held for sale		2,552	2,552
Receivables		293,489	143,924
Amounts due from related corporations		126,987	181,699
Deposit, cash and bank balances		226,517	75,869
Taxation		<u>20,474</u>	<u>35,234</u>
TOTAL CURRENT ASSETS		<u>1,209,779</u>	<u>895,658</u>
CURRENT LIABILITIES			
Payables		130,431	135,467
Retirement benefits obligations		1,073	2,721
Amounts due to related corporations		675,188	443,040
Borrowings (unsecured)	20	<u>807,950</u>	<u>807,950</u>
TOTAL CURRENT LIABILITIES		<u>1,614,642</u>	<u>1,389,178</u>
NET CURRENT LIABILITIES		(404,863)	(493,520)
LESS: NON-CURRENT LIABILITIES			
Retirement benefits obligations		50,833	48,449
Deferred taxation and other provisions		<u>89,870</u>	<u>66,972</u>
		<u>140,703</u>	<u>115,421</u>
TOTAL NET ASSETS EMPLOYED		<u>574,189</u>	<u>513,243</u>
FINANCED BY:			
SHARE CAPITAL		135,000	135,000
RESERVES		8,000	8,000
RETAINED PROFITS		<u>431,189</u>	<u>370,243</u>
SHAREHOLDERS' EQUITY		<u>574,189</u>	<u>513,243</u>



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



ESSO MALAYSIA BERHAD
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**CONDENSED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2010**

	Issued and fully paid ordinary stock of RM0.50 each		Non-distributable capital redemption reserves	Distributable retained profits	<u>Total</u>
	<u>Number of ordinary stock unit</u> '000	<u>Nominal 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	-	-	-	51,116	51,116
At March 31, 2009	270,000	135,000	8,000	300,141	443,141
At January 1, 2010	270,000	135,000	8,000	370,243	513,243
Net profit	-	-	-	60,946	60,946
At March 31, 2010	270,000	135,000	8,000	431,189	574,189



(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 MARCH 31, 2010**

ended	3 months	
	31.03.2010 <u>RM'000</u>	31.03.2009 <u>RM'000</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit/(loss) attributable to shareholders	60,946	51,116
Adjustments for non-cash items	44,220	51,817
Changes in working capital:		
(Increase) / decrease in current assets	(182,678)	(179,161)
Increase / (decrease) in current liabilities and provisions	252,984	26,615
	-----	-----
Cash from operations	175,472	(49,613)
Interest / Tax / Retirement benefits payments	(9,505)	(8,091)
	-----	-----
Net cash from operating activities	165,967	(57,704)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment and intangibles	(16,142)	(1,695)
(Increase) / decrease in long-term assets and receivables	576	9,116
Proceeds from disposal of property, plant and equipment and intangibles	210	20
	-----	-----
Net cash used in investing activities	(15,356)	7,441
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings - net	-	46,258
	-----	-----
Net cash (used in) / from financing activities	-	46,258
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	150,611	(4,005)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	68,358	8,621
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CASH AND CASH EQUIVALENTS AT END OF PERIOD	218,969	4,616
	=====	=====



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



ESSO MALAYSIA BERHAD
(Company Number 3927 V)

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



ESSO MALAYSIA BERHAD
(Company Number 3927 V)

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.
- 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.



ESSO MALAYSIA BERHAD
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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 and are not early adopted by the Company, are as follows:

i) Standards effective from July 1, 2010

- FRS 1 First-time Adoption of Financial Reporting Standards. This is a revision to 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. Relevant disclosure should be made for this subsidiary if the definition of a discontinued operation is 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 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.

ii) 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 rights issues are classified equity regardless of the currency in which the exercise price is denominated, provided certain conditions are met. Previously such rights issues were accounted for as derivative liabilities.



ESSO MALAYSIA BERHAD
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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 as noted in the previous paragraph.
- Amendment to FRS 7 (Improving Disclosures about Financial Instruments) reinforces existing principles for disclosures about liquidity risk. Also, the amendments require enhanced disclosures about fair value measurements in which a three-level fair value hierarchy is introduced. An entity is required to classify fair value measurements using this hierarchy which aims to reflect the inputs used in making the measurement.

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.

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

There were no dividends paid in the current quarter.



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

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 from external customers are mainly derived from the sales of petroleum products to domestic customers and sales to ExxonMobil Asia Pacific Pte. Ltd. (EMAPPL), Singapore. A breakdown of the revenue from external customers is as follows:

	Quarter ended		3 months ended	
	31.03.2010	31.03.2009	31.03.2010	31.03.2009
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Sales to EMAPPL	265,436	267,536	265,436	267,536
Domestic sales	1,734,601	1,257,240	1,734,601	1,257,240
Licence fees on land and buildings	6,166	6,215	6,166	6,215
Others	258	21	258	21
Total External Revenues	2,006,461	1,531,012	2,006,461	1,531,012

The Company derived more than 10% of its revenues from sales to related parties of approximately RM706,296,000 (2009: RM572,882,000). All non-current assets of the Company are located in Peninsular Malaysia.

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 balance sheet as at December 31, 2009.



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

12. Capital Commitments

Capital commitments not provided for in the Interim Financial Report as at March 31, 2010 are as follows:

Property, plant & equipment	RM'000
Approved and contracted for	41,762
Approved but not contracted for	<u>7,366</u>
	<u>49,128</u>



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

13. Review of Performance - Current Financial Period ended March 31, 2010

The Company recorded an after tax profit of RM61 million in the first quarter, compared to RM51 million profit recorded in the same period last year and RM17 million loss in the fourth quarter 2009. Overall, the current quarter's results were driven by higher margins partially offset by lower exports.

Revenues for the quarter were RM2.0 billion, higher compared to the RM1.5 billion recorded in the first quarter of 2009 reflecting higher average product prices.

14. Commentary on Prospects

Looking forward, domestic economic recovery supported by strong first quarter growth will potentially increase demand for petroleum products. However, 2010 remains a challenging year for the industry in view of uncertain global economy and crude price environment. Recognising these challenges, the Company will continue to strengthen its financial position through strategic investments and focusing 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		3 months ended	
	31.03.2010	31.03.2009	31.03.2010	31.03.2009
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Current taxation	14,760	-	14,760	-
Deferred taxation	8,941	19,879	8,941	19,879
	<u>23,701</u>	<u>19,879</u>	<u>23,701</u>	<u>19,879</u>



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



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

17. Sale of Unquoted Investments and Properties

There were no sales of land in the current quarter.

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 March 31, 2010 are as follows:

	<u>RM'000</u>
Short-term, unsecured	807,950
	=====
	<u>USD'000</u> <u>RM'000</u>
Borrowings include a floating rate term loan at fixed foreign exchange rate from a related party	140,000 507,950

21. Off Balance Sheet Financial Instruments

There were no financial arrangements with off balance sheet risk.

22. Changes in Material Litigation

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



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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 March 31, 2010.

24. Earnings Per Ordinary Stock Unit

Quarter ended	3 months ended		<u>31.03.2010</u>	<u>31.03.2009</u>
	<u>31.03.2010</u>	<u>31.03.2009</u>		
Net profit/(loss) for the period (RM'000)	60,946	51,116	60,946	51,116
Number of ordinary stock unit in issue ('000)	270,000	270,000	270,000	270,000
Earnings/(loss) per stock unit (sen)	22.6	18.9	22.6	18.9
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25. 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.