

**ESSO MALAYSIA BERHAD (3927-V)****Financial Results**Announcement Reference No **EM-090211-30535**

Date Announced : 18/02/2009
 Financial Year End : 31/12/2008
 Quarter : 4
 Quarterly report for the : 31/12/2008
 financial period ended
 The figures : have not been audited

SUMMARY OF KEY FINANCIAL INFORMATION
31/12/2008

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31/12/2008 RM'000	31/12/2007 RM'000	31/12/2008 RM'000	31/12/2007 RM'000
1 Revenue	1,811,055	2,938,128	11,735,217	9,740,487
2 Profit/(loss) before tax	-436,956	14,387	-329,725	76,151
3 Profit/(loss) for the period	-327,460	13,937	-251,326	57,172
4 Profit/(loss) attributable to ordinary equity holders of the parent	-327,460	13,937	-251,326	57,172
5 Basic earnings/(loss) per share (sen)	-121.30	5.20	-93.10	21.20
6 Proposed/Declared dividend per share (sen)	0.00	0.00	12.00	12.00
7 Net assets per share attributable to ordinary equity holders of the parent (RM)		AS AT END OF CURRENT QUARTER	AS AT PRECEDING FINANCIAL YEAR END	
		1.4500		2.4700



The Directors of Esso Malaysia Berhad are pleased to announce the financial results of the Company for the quarter ended December 31, 2008.

**CONDENSED INCOME STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED DECEMBER 31, 2008**

	Note	Quarter ended		12 months ended	
		31.12.2008 RM'000	31.12.2007 RM'000	31.12.2008 RM'000	31.12.2007 RM'000
Revenues		1,811,055	2,938,128	11,735,217	9,740,487
Other income		4,763	3,978	23,719	20,993
Cost of sales and expenses		(2,243,317)	(2,919,301)	(12,049,251)	(9,655,420)
Finance cost		<u>(9,457)</u>	<u>(8,418)</u>	<u>(39,410)</u>	<u>(29,909)</u>
Profit/(loss) before tax		(436,956)	14,387	(329,725)	76,151
Tax (expense) / benefit	15	<u>109,496</u>	<u>(450)</u>	<u>78,399</u>	<u>(18,979)</u>
Net profit/(loss) for the period		<u>(327,460)</u>	<u>13,937</u>	<u>(251,326)</u>	<u>57,172</u>
Earnings/(loss) per ordinary stock unit (sen)	23	<u>(121.3)</u>	<u>5.2</u>	<u>(93.1)</u>	<u>21.2</u>

(The condensed income statement should be read in conjunction with the audited financial statements for the year ended December 31, 2007)



**CONDENSED BALANCE SHEET AS AT DECEMBER 31, 2008
(UNAUDITED)**

	<u>Note</u>	As at 31.12.2008 <u>RM'000</u>	As at 31.12.2007 <u>RM'000</u>
NON-CURRENT ASSETS			
Property, plant and equipment		828,178	844,935
Long term assets and receivables		346,292	325,497
Intangible assets - software		<u>1,516</u>	<u>2,748</u>
TOTAL NON-CURRENT ASSETS		<u>1,175,986</u>	<u>1,173,180</u>
CURRENT ASSETS			
Inventories		298,044	662,242
Assets held for sale		-	1,820
Receivables		55,167	429,888
Amounts due from related corporations		173,739	366,477
Deposit, cash and bank balances		15,990	17,913
Taxation		<u>34,999</u>	<u>48,607</u>
TOTAL CURRENT ASSETS		<u>577,939</u>	<u>1,526,947</u>
CURRENT LIABILITIES			
Payables		243,023	265,931
Retirement benefits obligations		2,967	1,722
Amounts due to related corporations		231,679	618,661
Borrowings (unsecured)	19	<u>825,008</u>	<u>1,008,279</u>
TOTAL CURRENT LIABILITIES		<u>1,302,677</u>	<u>1,894,593</u>
NET CURRENT LIABILITIES		(724,738)	(367,646)
LESS: NON-CURRENT LIABILITIES			
Retirement benefits obligations		47,964	49,537
Deferred taxation		<u>11,259</u>	<u>88,670</u>
		<u>59,223</u>	<u>138,207</u>
TOTAL NET ASSETS EMPLOYED		<u>392,025</u>	<u>667,327</u>
FINANCED BY:			
SHARE CAPITAL		135,000	135,000
RESERVES		8,000	8,000
RETAINED PROFITS		<u>249,025</u>	<u>524,327</u>
SHAREHOLDERS' EQUITY		<u>392,025</u>	<u>667,327</u>

(The condensed balance sheet should be read in conjunction with the audited financial statements for the year ended December 31, 2007)



**CONDENSED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE QUARTER ENDED DECEMBER 31, 2008**

	Issued and fully paid ordinary stock of RM0.50 each		Non-distributable capital redemption reserves	Distributable retained profits	Total
	Number of ordinary stock unit '000	Nominal value RM'000	RM'000	RM'000	RM'000
At January 1, 2007	270,000	135,000	8,000	490,807	633,807
Net profit	-	-	-	57,172	57,172
Dividends for the year ended December 31, 2006 (final)	-	-	-	(23,652)	(23,652)
At December 31, 2007	270,000	135,000	8,000	524,327	667,327
At January 1, 2008	270,000	135,000	8,000	524,327	667,327
Net loss	-	-	-	(251,326)	(251,326)
Dividends for the year ended December 31, 2007 (final)	-	-	-	(23,976)	(23,976)
At December 31, 2008	270,000	135,000	8,000	249,025	392,025

(The condensed statement of changes in equity should be read in conjunction with the audited financial statements for the year ended December 31, 2007)



**CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE QUARTER ENDED DECEMBER 31, 2008**

	12 months ended	
	31.12.2008	31.12.2007
	<u>RM'000</u>	<u>RM'000</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit/(loss) attributable to shareholders	(251,326)	57,172
Adjustments for non-cash items	22,493	120,821
Changes in working capital:		
(Increase) / decrease in current assets	933,880	(746,632)
Increase / (decrease) in current liabilities	(407,560)	309,765
Cash (used in)/generated from operations	297,487	(258,874)
Interest / Tax / Retirement benefits payments	(26,455)	(67,306)
Net cash (used in)/generated from operating activities	271,032	(326,180)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment and intangibles	(47,719)	(27,811)
(Increase) / decrease in long term assets and receivables	(20,795)	2,783
Proceeds from disposal of property, plant and equipment and intangibles	2,646	1,274
Net cash used in investing activities	(65,868)	(23,754)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from / (repayment of) borrowings - net	(183,271)	374,501
Dividends paid to shareholders	(23,976)	(23,652)
Net cash from financing activities	(207,247)	350,849
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,083)	915
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	10,704	9,789
CASH AND CASH EQUIVALENTS AT END OF PERIOD	8,621	10,704

(The condensed statement of cash flows should be read in conjunction with the audited financial statements for the year ended December 31, 2007)



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 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, 2007. 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, 2007.

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, 2007 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, 2008 and applicable to the Company are as follows:

FRS 107	Cash Flow Statements
FRS 112	Income Taxes
FRS 118	Revenue
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
Amendment to FRS 121	The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets
IC Interpretation 1	Changes in Existing Decommissioning, Restoration & Similar Liabilities
IC Interpretation 5	Rights to Interests arising from Decommissioning, Restoration & Environmental Rehabilitation Funds
IC Interpretation 8	Scope of FRS 2



The remaining standards and interpretations that are effective for financial period beginning January 1, 2008 are not relevant to the Company's operations.

All changes in accounting policies have been made in accordance with the transition provisions in the respective standards, amendments to published standards and interpretations. The adoption of all the standards and interpretations above does not have any material impact on the financial position of the Company.



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Part A - Explanatory Notes Pursuant to FRS 134

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 are not yet effective and are not early adopted by the Company, are as follows:

- FRS 8 Operating Segments (effective from July 1, 2009). 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 Company will apply this standard from financial period beginning on January 1, 2010. The expected impact is still being assessed by management, but the adoption of this standard is not expected to have a material impact to the disclosures in the financial statements.
- IC Interpretation 10 Interim Financial Reporting and Impairment (effective from January 1, 2010). IC Interpretation 10 prohibits the impairment losses recognised in an interim period on goodwill and investments in equity instruments and in financial assets carried at cost to be reversed at a subsequent balance sheet date. The Company will apply this standard from financial period beginning on January 1, 2010. The adoption of this standard is not expected to have a material impact on the financial position of the Company.
- The following standards will be effective from January 1, 2010. The Company will apply these standards from financial period beginning on January 1, 2010. The Company has applied transitional provision in the respective standards which exempts entities from disclosing possible impact arising from initial application of the standards on the financial statements of the Company.
 - FRS 7 Financial Instruments: Disclosures
 - FRS 139 Financial Instruments: Recognition and Measurement

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



Part A - Explanatory Notes Pursuant to FRS 134

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

The amount of dividends paid since December 31, 2007 are as follows:

RM'000

In respect of the year ended December 31, 2007:

Final dividend per stock unit, paid on June 20, 2008:

Ordinary - 12 sen gross less income tax at 26%	23,976
	23,976

7. Segmental Information

No segmental analysis is prepared, as the Company's principal business of manufacturing and marketing of petroleum products is one business segment.



Part A - Explanatory Notes Pursuant to FRS 134

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, 2007.

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

The withholding tax litigation disclosed as a contingent liability for the year ended December 31, 2007 has been settled in December 2008. The Company signed a Settlement Agreement with Malaysian Inland Revenue Board (MIRB) on December 24, 2008 which evidenced the resolution of this litigation. The agreed settlement did not have a material adverse financial impact to the Company.



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

12. Review of Performance - Current Financial Period ended December 31, 2008

The Company recorded an after tax loss of RM327 million in the fourth quarter, compared to a profit of RM14 million in the same period in 2007. For the full year of 2008 the Company recorded an after tax loss of RM251 million compared to a profit of RM57 million in the prior year.

Revenues for the quarter were RM1.8 billion, RM1.1 billion lower compared to the RM2.9 billion recorded in the fourth quarter of 2007 mainly due to lower product prices. However, the full year revenues of RM11.7 billion, were 20% higher than the RM9.7 billion recorded in 2007.

Fourth quarter and full year results were adversely impacted by inventory holding losses due to the steep decline in crude and product prices in the second half of 2008. Inventory losses in the fourth quarter were RM288 million and for the full year were RM269 million. Excluding these effects, margins had improved over 2007. The Company continued to grow local market sales and opened ten new service stations. Overall operating performance continued to strengthen with outstanding safety performance and efficiency gains.

13. Commentary on Prospects

The outlook for the industry remains challenging in 2009 especially in view of extreme price volatility and growing global economic uncertainty. In this environment our strategy remains focused on product and service quality, flawless operations and cost control. At the same time Company will continue to look for ways to sustain its competitive position while remaining focused on operational efficiency.

14. Profit Forecast or Profit Guarantee

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



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

15. Taxation

	Quarter ended		12 months ended	
	31.12.2008	31.12.2007	31.12.2008	31.12.2007
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Current taxation	(38,398)	5,442	-	32,038
Prior year	(1,083)	41	(1,083)	(190)
Real Property Gains Tax	-	(31)	95	(31)
Deferred taxation	(70,015)	(5,002)	(77,411)	(12,838)
	<u>(109,496)</u>	<u>450</u>	<u>(78,399)</u>	<u>18,979</u>
	=====	=====	=====	=====

The statutory tax rate has been reduced to 26% for the year ended December 31, 2008 (2007: 27%).

16. Sale of Unquoted Investments and Properties

The Company recorded profit of RM1,998,000 in the current quarter and RM1,957,000 for the period ended December 31, 2008 mainly from sales of land and buildings.

17. Quoted Securities

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

18. Corporate Proposals

There were no corporate proposals.

**ESSO MALAYSIA BERHAD (3927-V)****Part B - Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of BMSB****19. Borrowings**

The Company's borrowings as at December 31, 2008 are as follows:

	<u>RM'000</u>
Short-term, unsecured	825,008
	=====
	<u>USD'000</u> <u>RM'000</u>
Borrowings include a floating rate term loan at fixed foreign exchange rate from a related party	100,000 364,670

20. Off Balance Sheet Financial Instruments

There were no financial arrangements with off balance sheet risk.

21. Changes in Material Litigation

There were no significant changes to material litigation since December 31, 2007.

22. Dividend Payable

The Directors propose that a final dividend of 12 sen less Malaysian income tax at 25% per ordinary stock unit, amounting to RM24,300,000, for the year ended December 31, 2008, be payable on June 22, 2009 to stockholders who are registered in the Register of Members and Register of Depositors on June 1, 2009.

23. Earnings Per Ordinary Stock Unit

	Quarter ended		12 months ended	
	<u>31.12.2008</u>	<u>31.12.2007</u>	<u>31.12.2008</u>	<u>31.12.2007</u>
Net profit/(loss) for the period (RM'000)	(327,460)	13,937	(251,326)	57,172
Number of ordinary stock unit in issue ('000)	270,000	270,000	270,000	270,000
Earnings/(loss) per stock unit (sen)	(121.3)	5.2	(93.1)	21.2
	=====	=====	=====	=====



24. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the Company's financial statements for the year ended December 31, 2007 was not qualified.