





(Company Number 3927 V)

The Directors of Esso Malaysia Berhad are pleased to announce the financial results of the Company for the quarter ended December 31, 2009.

**CONDENSED INCOME STATEMENT (UNAUDITED)  
FOR THE QUARTER ENDED DECEMBER 31, 2009**

	<u>Note</u>	Quarter ended		12 months ended	
		31.12.2009 <u>RM'000</u>	31.12.2008 <u>RM'000</u>	31.12.2009 <u>RM'000</u>	31.12.2008 <u>RM'000</u>
Revenues		2,253,055	1,811,055	8,032,440	11,735,217
Other income		5,855	4,763	22,947	23,719
Cost of sales and expenses		(2,278,126)	(2,243,317)	(7,832,196)	(12,049,251)
Finance cost		<u>(4,972)</u>	<u>(9,457)</u>	<u>(22,195)</u>	<u>(39,410)</u>
Profit/(loss) before tax		(24,188)	(436,956)	200,996	(329,725)
Tax (expense) / credit	16	<u>7,573</u>	<u>109,496</u>	<u>(55,478)</u>	<u>78,399</u>
Net profit/(loss) for the period		<u>(16,615)</u>	<u>(327,460)</u>	<u>145,518</u>	<u>(251,326)</u>
Earnings/(loss) per ordinary stock unit (sen)	24	<u>(6.2)</u>	<u>(121.3)</u>	<u>53.9</u>	<u>(93.1)</u>

(The condensed income statement should be read in conjunction with the audited financial statements for the year ended December 31, 2008)



**ESSO MALAYSIA BERHAD**  
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**CONDENSED BALANCE SHEET AS AT DECEMBER 31, 2009 (UNAUDITED)**

	<u>Note</u>	As at 31.12.2009 <u>RM'000</u>	As at 31.12.2008 <u>RM'000</u>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		806,203	828,178
Long-term assets and receivables		315,310	346,292
Intangible assets - software		<u>671</u>	<u>1,516</u>
<b>TOTAL NON-CURRENT ASSETS</b>		<u>1,122,184</u>	<u>1,175,986</u>
<b>CURRENT ASSETS</b>			
Inventories		456,380	298,044
Assets held for sale		2,552	-
Receivables		143,924	55,167
Amounts due from related corporations		181,699	173,739
Deposit, cash and bank balances		75,869	15,990
Taxation		<u>35,234</u>	<u>34,999</u>
<b>TOTAL CURRENT ASSETS</b>		<u>895,658</u>	<u>577,939</u>
<b>CURRENT LIABILITIES</b>			
Payables		135,467	243,023
Retirement benefits obligations		2,721	2,967
Amounts due to related corporations		443,040	231,679
Borrowings (unsecured)	20	<u>807,950</u>	<u>825,008</u>
<b>TOTAL CURRENT LIABILITIES</b>		<u>1,389,178</u>	<u>1,302,677</u>
<b>NET CURRENT LIABILITIES</b>		(493,520)	(724,738)
<b>LESS: NON-CURRENT LIABILITIES</b>			
Retirement benefits obligations		48,449	47,964
Deferred taxation		<u>66,972</u>	<u>11,259</u>
		<u>115,421</u>	<u>59,223</u>
<b>TOTAL NET ASSETS EMPLOYED</b>		<b>513,243</b>	<b>392,025</b>
		=====	=====
<b>FINANCED BY:</b>			
SHARE CAPITAL		135,000	135,000
RESERVES		8,000	8,000
RETAINED PROFITS		<u>370,243</u>	<u>249,025</u>
<b>SHAREHOLDERS' EQUITY</b>		<b>513,243</b>	<b>392,025</b>
		=====	=====

The condensed balance sheet should be read in conjunction with the audited financial statements for the year ended December 31, 2008)



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**CONDENSED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)  
FOR THE QUARTER ENDED DECEMBER 31, 2009**

	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
<b>At January 1, 2008</b>	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)
<b>At December 31, 2008</b>	<b>270,000</b>	<b>135,000</b>	<b>8,000</b>	<b>249,025</b>	<b>392,025</b>
<b>At January 1, 2009</b>	270,000	135,000	8,000	249,025	392,025
Net profit	-	-	-	145,518	147,518
Dividends for the year ended December 31, 2008 (final)	-	-	-	(24,300)	(24,300)
<b>At December 31, 2009</b>	<b>270,000</b>	<b>135,000</b>	<b>8,000</b>	<b>370,243</b>	<b>513,243</b>

(The condensed statement of changes in equity should be read in conjunction with the audited financial statements for the year ended December 31, 2008)



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**CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)  
FOR THE QUARTER ENDED DECEMBER 31, 2009**

	<b>12 months ended</b>	
	31.12.2009	31.12.2008
	<u>RM'000</u>	<u>RM'000</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net profit/(loss) attributable to shareholders	145,518	(251,326)
Adjustments for non-cash items	155,987	22,493
Changes in working capital:		
(Increase) / decrease in current assets	(257,648)	933,880
Increase / (decrease) in current liabilities	93,444	(407,560)
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Cash from operations	137,301	297,487
Interest / Tax / Retirement benefits payments	(26,958)	(26,455)
	-----	-----
<b>Net cash from operating activities</b>	<b>110,343</b>	<b>271,032</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment and intangibles	(47,096)	(47,719)
(Increase) / decrease in long-term assets and receivables	30,982	(20,795)
Proceeds from disposal of property, plant and equipment and intangibles	992	2,646
Proceeds from disposal of assets held for sale	5,874	-
	-----	-----
<b>Net cash used in investing activities</b>	<b>(9,248)</b>	<b>(65,868)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of borrowings - net	(17,058)	(183,271)
Dividends paid to shareholders	(24,300)	(23,976)
	-----	-----
<b>Net cash (used in) / from financing activities</b>	<b>(41,358)</b>	<b>(207,247)</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>59,737</b>	<b>(2,083)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>8,621</b>	<b>10,704</b>
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<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>68,358</b>	<b>8,621</b>
	=====	=====

(The condensed statement of cash flows should be read in conjunction with the audited financial statements for the year ended December 31, 2008)



**ESSO MALAYSIA BERHAD**  
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**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, 2008. 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, 2008.

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, 2008 except as disclosed below.

The new standards, amendments to published standards and interpretations to existing standards applicable to the Company but are not yet effective and are not early adopted by the Company, are as follows:

a) Standards are effective from January 1, 2010:

- Amendment to FRS 2 Share-Based Payment, which clarifies treatment of vesting conditions and cancellations.
- Amendment to FRS 8 Operating Segments. 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.
- Amendment to FRS 1 First Time Adoption of Financial Reporting Standards. The amendment allows first time adopter to measure the initial cost of investments in subsidiaries, jointly controlled entities (JCE) and associates either at fair value or the previous carrying amount.
- Amendment to FRS 127 Consolidated and Separate Financial Statements. The amendment mainly deleted the definition of cost method and



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added new paragraphs pertaining to group reorganisation. This has led to consequential amendments to other FRSs.

- 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.



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

**1. Basis of Preparation (Continued)**

- 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. The option of immediately expensing those borrowing costs is removed.
- Amendments to FRS 132 Financial Instruments: Presentation. The amendments will enable non-corporate shareholders' interests in open ended funds, closed ended funds, co-operatives and partnerships to be presented as equity rather than liabilities.
- 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.
- Amendment to IC Interpretation 9: Reassessment of Embedded Derivatives. The amendment prohibits subsequent reassessment of embedded derivatives unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract, in which case reassessment is required.
- IC Interpretation 10: Interim Financial Reporting and Impairment. 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.
- IC Interpretation 11: FRS 2 Group and Treasury Share Transaction. This Interpretation further clarifies the treatment of transactions/ arrangements relating to share-based payment.
- IC Interpretation 13 Customer Loyalty Programmes. This Interpretation explains how entities that grant loyalty award points to its customers should account for their obligation to provide free or discounted goods or services if and when the customers redeem the points.



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- IC Interpretation 14: FRS 119 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction. This Interpretation provides guidance on assessing the limit in FRS 119 on the amount of the surplus that can be recognised as an asset.



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

**1. Basis of Preparation (Continued)**

- Standards on financial instruments. The Company has applied transitional provision which exempts entities from disclosing possible impact arising from the initial application of the following standards:
  - FRS 7 Financial Instruments: Disclosures
  - Amendment to FRS 7 Financial Instruments: Disclosures
  - FRS 139 Financial Instruments: Recognition and Measurement
  - Amendment to FRS 139 Financial Instruments: Recognition and Measurement.

The Company will apply the above standards, amendments and interpretations from financial period beginning January 1, 2010. The adoptions of these standards are not expected to have a material impact on the financial position of the Company.

b) 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



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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.



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

**1. Basis of Preparation (Continued)**

- 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.

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.

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**6. Dividend Paid**



The amount of dividends paid since December 31, 2008 are as follows:

RM'000

In respect of the year ended December 31, 2008:

Final dividend per stock unit, paid on June 22, 2009:

Ordinary - 12 sen gross less income tax at 25%

24,300

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

**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.

**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, 2008.

**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, 2008.

**12. Capital Commitments**

Capital commitments not provided for in the Interim Financial Report as at December 31, 2009 are as follows:

<b>Property, plant &amp; equipment</b>	<b>RM'000</b>
Approved and contracted for	15,316
Approved but not contracted for	9,098
	<u>24,414</u>



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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 December 31, 2009**

The Company recorded an after tax profits of RM146 million for the full year of 2009, compared to a loss of RM251 million in 2008. For the fourth quarter, the Company recorded a loss of RM17 million compared to a loss of RM327 million recorded in the same quarter in 2008. Overall, improvement in 2009 results was mainly due to inventory gains and stronger margins.

Revenues for the full year of 2009 were RM8.0 billion, compared to the RM11.7 billion recorded in 2008. Revenues for the quarter were RM2.3 billion, higher compared to the RM1.8 billion recorded in the fourth quarter of 2008. These trends were largely driven by the movements in prevailing market prices for finished petroleum products.

During the year, the Company opened 6 new service stations and continued to invest in retail site acquisitions, the Smiles loyalty program and brand elevation program to enhance and upgrade its service stations. Our plants and terminals continued to sustain high levels of operating performance, winning several industry awards including the superior Grand Award from the Malaysian Society for Occupational Safety & Health. The Port Dickson Refinery continued to improve refinery operating flexibility through plant optimization for crude diversification and reduce costs through energy efficiency and maintenance best practices.

**14. Commentary on Prospects**

Looking ahead, the industry will remain challenging and subject to the global economic outlook in 2010. Uncertainty in the crude price environment may result in potential earnings volatility. In this environment our strategy remains focused on flawless operations, cost control and product and service quality, while sustaining our competitive position.

**15. Profit Forecast or Profit Guarantee**

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



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**16. Taxation**

	Quarter ended		12 months ended	
	31.12.2009	31.12.2008	31.12.2009	31.12.2008
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Current taxation	-	(38,398)	-	-
Prior year	(115)	(1,083)	(115)	(1,083)
Deferred taxation	(7,458)	(70,015)	55,713	(77,411)
Real Property Gains Tax	-	-	(120)	95
	<u>(7,573)</u>	<u>(109,496)</u>	<u>55,478</u>	<u>(78,399)</u>
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**Part B - Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of BMSB**

**16. Taxation (continued)**

The statutory tax rate has been reduced to 25% for the year ended December 31, 2009 (2008: 26%).

**17. Sale of Unquoted Investments and Properties**

The Company recorded profit of RM821,000 in the current quarter and RM917,000 for the period ended December 31, 2009 mainly from sales of land and equipment.

**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 December 31, 2009 are as follows:

	<u>RM'000</u>
Short-term, unsecured	807,950
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	<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

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**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, 2008.

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



**23. 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, 2009, be payable on June 21, 2010 to stockholders who are registered in the Register of Members and Register of Depositors on June 1, 2010.

**24. Earnings Per Ordinary Stock Unit**

months ended	Quarter ended 12			
	<u>31.12.2009</u>	<u>31.12.2008</u>	<u>31.12.2009</u>	<u>31.12.2008</u>
Net profit/(loss) for the period (RM'000)	(16,615)	(327,460)	145,518	(251,326)
Number of ordinary stock unit in issue ('000)	270,000	270,000	270,000	270,000
Earnings/(loss) per stock unit (sen)	(6.2)	(121.3)	53.9	(93.1)
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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, 2008 was not qualified.