

POLYOLEFINS COMMITTEE

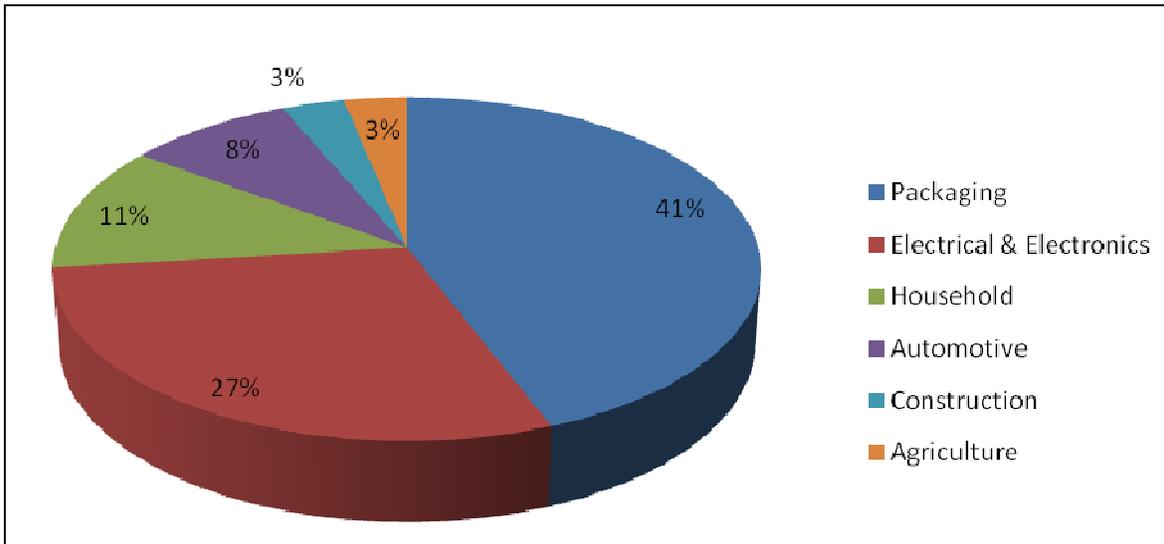
General Information

Malaysia is a net exporter of polyolefin (LDPE, HDPE, LLDPE, PP) with export volume recorded around 774 KMT in the year 2010 (estimated) while import volume recorded around 589 KMT. The major export destinations were China, South East Asia countries and India Sub-Continent. There will be no capacity expansion or addition in 2011 for polyolefin products.

Major Market Segments for Plastic Products

Packaging sub-sector, both flexible and rigid packaging, (including bags, films, bottles and containers) maintained 42% of market share in the plastics industry. The market share of the automotive and electrical & electronics sub-sectors within the plastics industry increased when compared to 2009. However, household sub-sector declined compare to 2009. Market share for the automotive sub-sector increased from 10% to 11% due to an increase of production for passenger cars in 2010. Market share for electrical and electronics consumer products expanded from 25% to 26% due to a strong surge in the production of TV and air-conditioner sets. The sales for plastic household wares reduced to 10% in terms of market share, due to stiff competition from lower cost countries. Although Malaysian producers had switched to hi-end household products but the production volume was relatively small. The market share of the construction sub-sector remained unchanged at 7% in 2010 due to a mild recovery in the sub-sector.

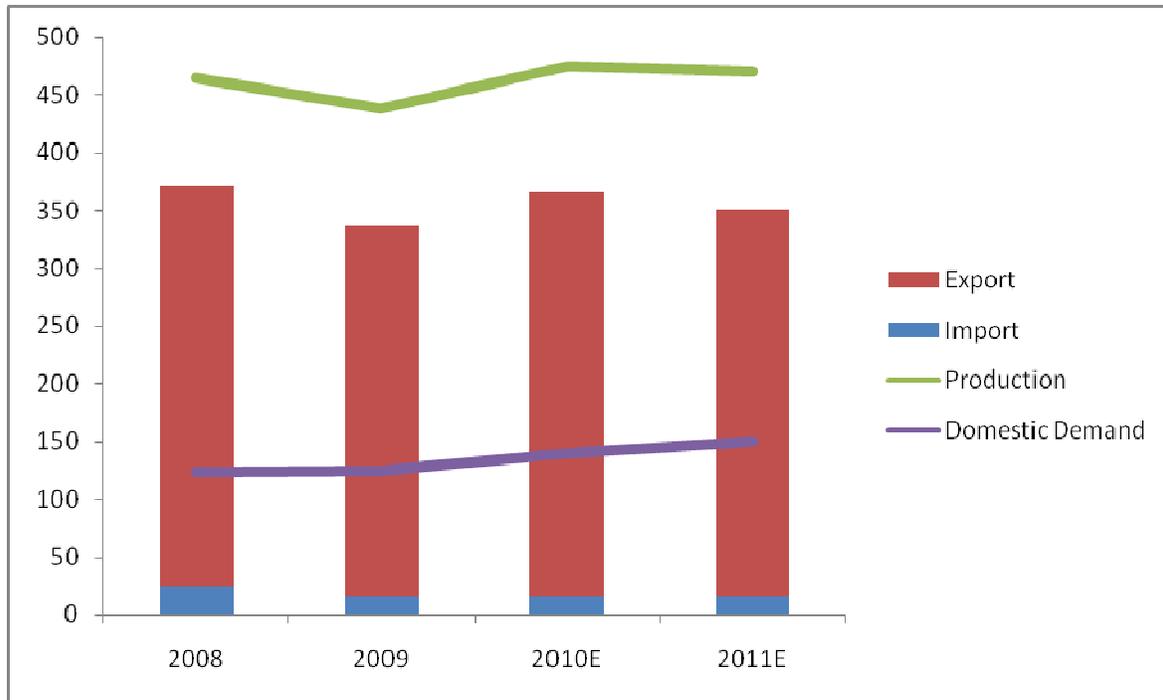
Major Market Segments for Plastic Products



{Source: MPMA}

1. LDPE

Export, Import, Production, & Domestic Demand for LDPE (Unit: KTA)



(Unit: KTA)

Product		2008	2009	2010	2011E
Supply	Production	465	438	470	470
	Import	24	15	25	26
	Total	489	453	495	496
Demand	Domestic	124	125	145	150
	Export	347	321	350	335

Review of 2010

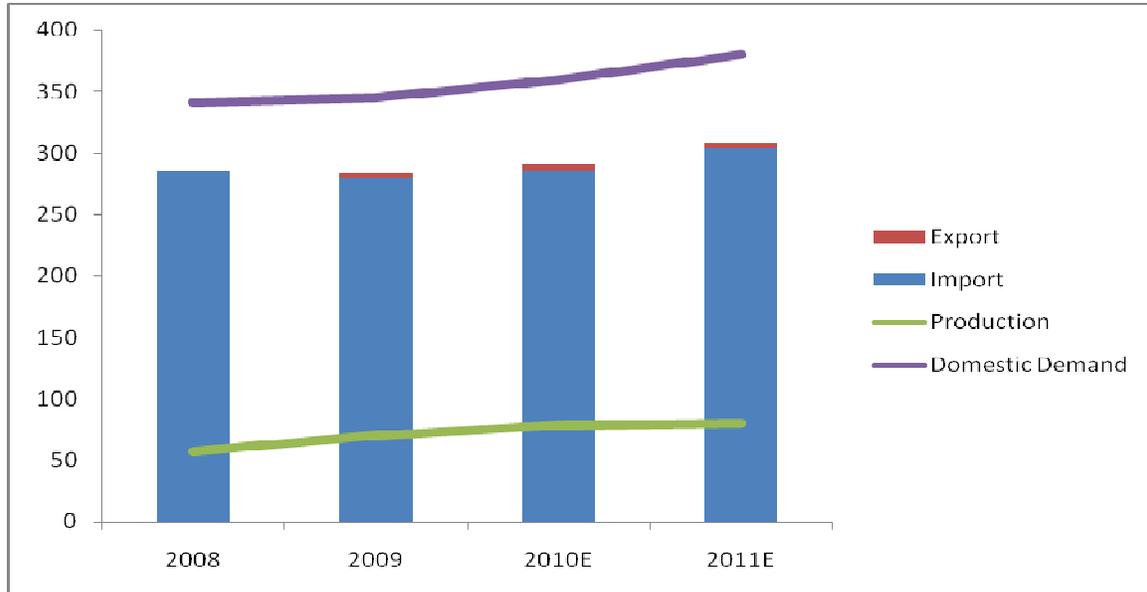
Overall production volume was higher in 2010 compared to 2009 due to the fact that LDPE plants have operated with turnaround despite Titan having turnaround in Q4. The domestic market demand was up in 2010 led by demand from the film and sheet sector. Import volume increased when compared to year 2009 due to the recovery of the economy.

Outlook for 2011

In Malaysia, the domestic LDPE demand is expected to grow to 150 KTA spurred by strong demand from “film and sheet” applications. Production is expected to maintain at 470 KTA.

2. LLDPE

Export, Import, Production, & Domestic Demand for LLDPE (Unit: KTA)



(Unit: KTA)

Product		2008	2009	2010	2011E
Supply	Production	57	70	74	80
	Import	285	279	301	304
	Total	342	349	375	384
Demand	Domestic	341	345	360	380
	Export	1	4	4	4
	Total	342	349	364	384

Review of 2010

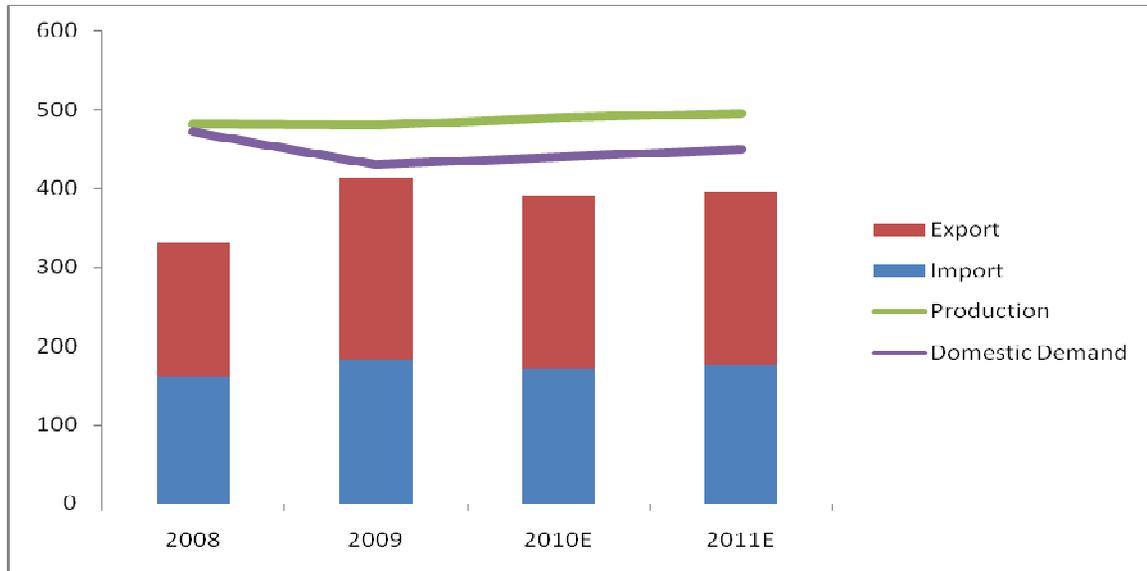
The domestic demand for LLDPE rose in 2010 due to strong resumption in growth, in tandem with the global economic recovery. Import volume went up by 4% to support the domestic demand growth. Production volume in 2010 increased by 5.7% compared to 2009.

Outlook for 2011

The domestic LLDPE demand is forecast to improve to about 380 KTA in view of the projected positive GDP growth rate. Production is expected to increase in tandem with growth in domestic demand. Limited local production may result in more imports so as to support the high demand for domestic market especially in the cast / stretch film sector.

3. HDPE

Export, Import, Production, & Domestic Demand for HDPE
(Unit: KTA)



(Unit: KTA)

Product		2008	2009	2010	2011E
Supply	Production	481	480	463	482
	Import	161	182	205	190
	Total	642	662	668	672
Demand	Domestic	472	430	440	450
	Export	170	232	191	220
	Total	642	662	631	670

Review of 2010

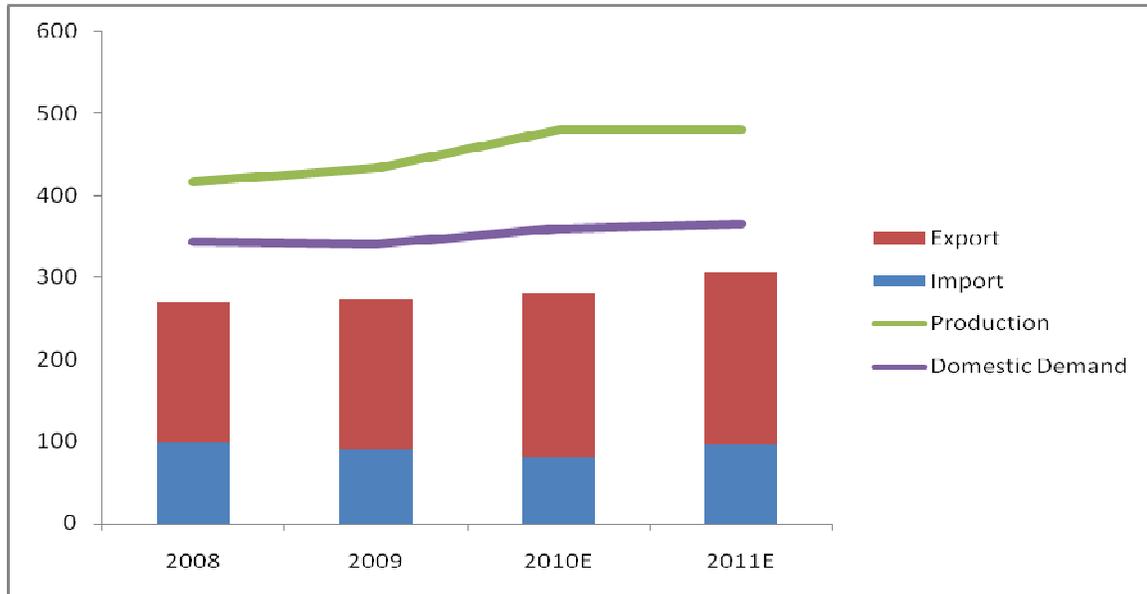
Overall, domestic demand for HDPE was up by 2% led by “film and sheet” application supported by “pipe and extrusion” application demand. Production volume was lower in 2010 as Titan had a turnaround in Q4. Import volume decreased as production volume was able to support the domestic demand.

Outlook for 2011

Similar to LLDPE, domestic demand for HDPE supply is also expected to improve in view of the forecasted positive GDP growth rate. Production is expected to be higher to support the rise in domestic demand.

4, PP

Export, Import, Production, & Domestic Demand for PP (Unit: KTA)



(Unit: KTA)

Product		2008	2009	2010E	2011E
Supply	Production	417	433	480	480
	Import	98	90	98	105
	Total	515	523	578	585
Demand	Domestic	343	340	345	355
	Export	172	183	230	230
	Total	515	523	575	585

Review of 2010

Overall production volume was higher in 2010 compared to 2009 despite Titan turnaround in Q4. The domestic market demand was up in 2010 led by demand from “film and sheet” application and raffia application. Import volume increased as due to support the domestic demand.

Outlook for 2010

The stronger GDP growth rate of 4% to 5% projected for the Malaysian economy is expected to lead stronger demand for PP. The domestic demand for PP is likely to grow 2.9% in 2011 to 355 KTA in tandem with higher forecasted economic growth rate. The import volume is expected to increase but export volume will be flat.