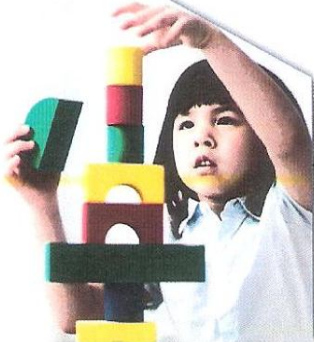


**PETRONAS
CHEMICALS**

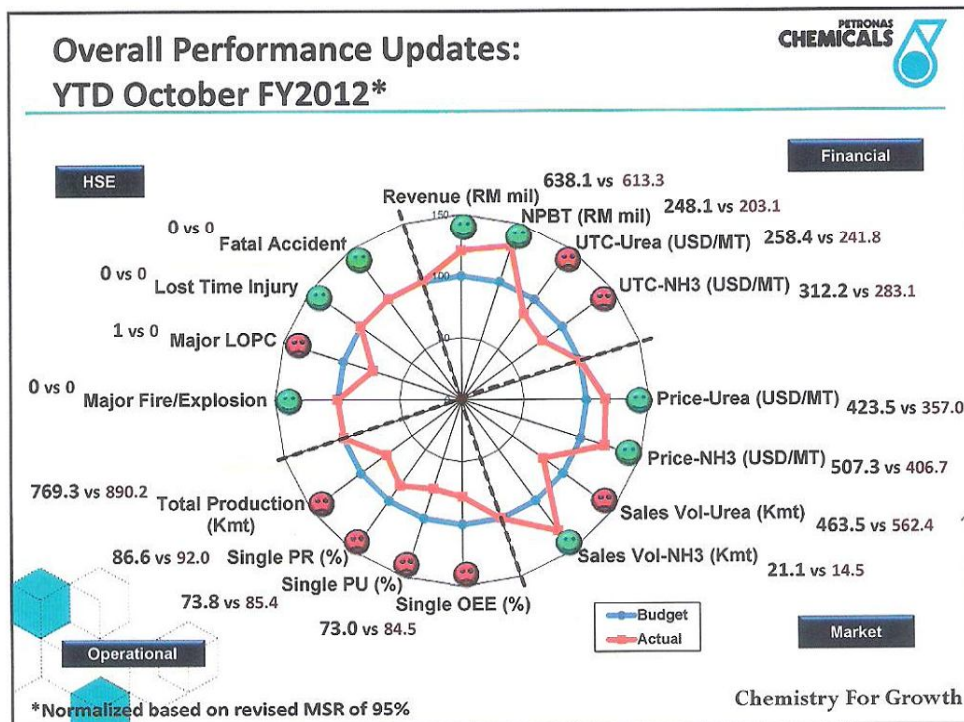
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Overall Performance Updates for ABF



YTD October FY2012*

*Normalized based on revised MSR of 95%



HSE Performance Updates: YTD October FY2012



Cumulative Safe manhours since 25th Sept. '11: 2,300,868 Hrs
(as at 31st Oct '12)

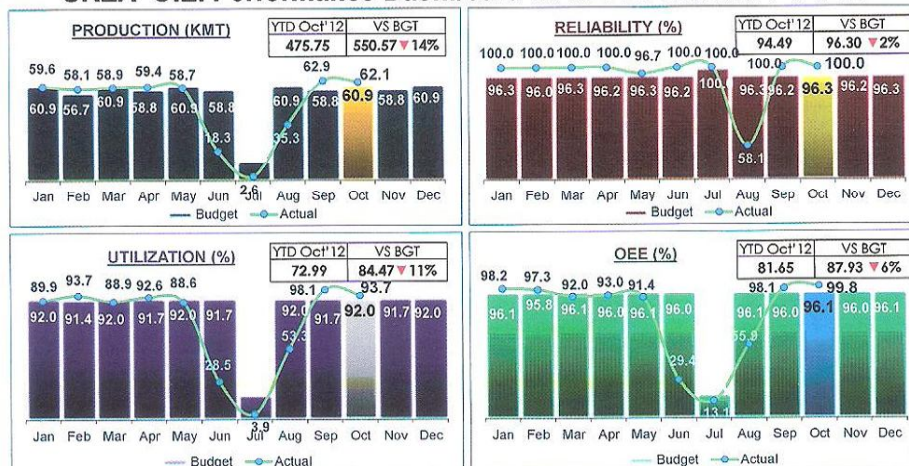
HSE Performance Updates	Target	Actual	Remarks
Lost Time Incident Case (LTI)	0	0	
Process Safety Incident Case (PSI)	0	0	
Lost Time Incident Frequency (LTIF)	0	0	
Total Reportable Case Frequency (TRCF)	0	0	
Major LOPC/Fire/Toxic Release	0	1	- 1 LOPC (diesel spill) reported on 09/03.
Regulatory Non-Compliance	0	0	
HSEMS Tier 3 Gap Closure	80%	100%	- 4 outstanding CARs raised were agreed to be closed by GHSED and to be monitored internally.

Highlights:

- 1 LOPC incident reported on 09/03 whereby traces of diesel trapped inside ABF cable trench and new cooling tower manhole spilled over to ABF aeration pond after heavy rain in the morning before discharging to public drain.

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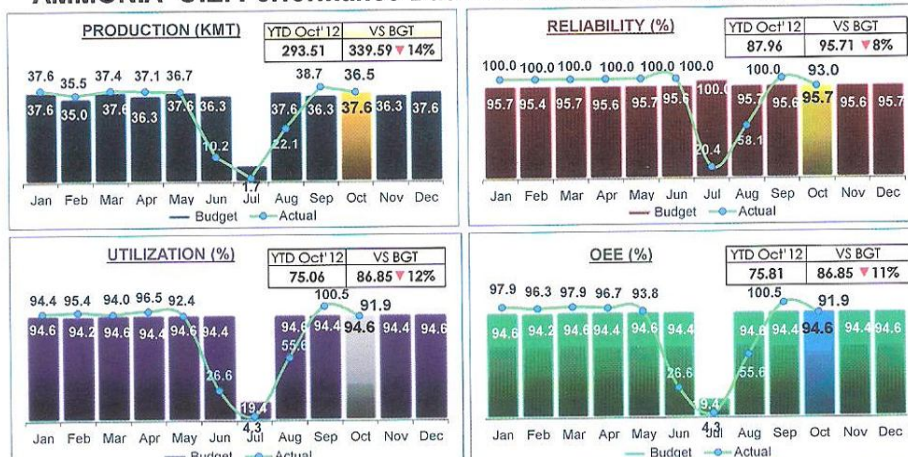
UREA O.E. Performance Dashboard as at YTD October FY2012*



Highlights :

- Urea plant's YTD production volume was below target by 14% mainly attributed to the prolonged plant shutdown activities in July '12 for 19.48 days in addition to another unplanned shutdown of 14.67 days in July/Aug '12 to rectify 05-E001R Gas Cooler tube leak amid higher slowdown of 17.63 days recorded.
- The higher slowdown days were mainly caused by supply limitations from NH₃ plant (3.51 days), Hydrogen Slippage at Unit 21, Hydrogen Removal Reactor (2.79 days), Granulation wet cleaning (2.56 days), high NH₃ tank level (1.76 days), operational constraints at 07-MT01 HP turbine (1.21 days), maintenance of Granulation Atomization Air Fan (0.93 days), high Urea Solutions tank level (0.91 days), ingress of liquid NH₃ to NH₃ Booster Compressors for (0.88 days) and overhaul of shaft seal leak at Unit 82-MT03, MP Boiler Feedwater Turbine (0.42 days).

AMMONIA O.E. Performance Dashboard as at YTD October FY2012*



Highlights:

- Ammonia plant's YTD production volume was below target by 14% mainly attributed to the extended plant shutdown activities in July '12 for 13.18 days, additional shutdown of 13.70 days in July/Aug '12 to rectify 05-E001R Gas Cooler tube leak amid higher slowdowns of 14.86 days recorded.
- The higher slowdown days were mainly caused by total bypass of LTS unit (3.48 days), high inlet temperature of HTS (3.20 days), load reduction at Urea plant (1.22 days), operational limitations at 07-MT01 HP turbine (1.61 days), preparation of June shutdown (0.87 days), high NH₃ tank level (0.77 days), ingestion of liquid NH₃ to NH₃ Booster Compressors (0.69 days), venting of CO₂ Removal Unit to reduce impact to H₂ Removal Catalyst (0.43 days) and rectification of faulty transmitter at Hydrogen Recovery Unit (0.44 days).

Urea Market Performance Updates: YTD October FY2012



Sales Price (USD/mt)

YTD ACTUAL	vs. YTD BUDGET
423.48	357.00 (▲ 18.62%)

YTD Sales Price:

- Urea sales price was higher than budget by 18.62% in tandem with the higher MEGU/SEAGU market price driven by the strong US market, improving demand from Latin America as well as new import tender from Pakistan and India particularly for the 1H of FY2012 amid tight supply due to ineligibility of Iranian Urea following the trade sanction imposed by US.

Sales Volume (kmt)

YTD ACTUAL	vs. YTD BUDGET
463.47	562.38 (▼ 17.59%)

YTD Sales Volume:

- Urea sales volume was 98.91kmt (or 17.59%) lower than budget largely attributed to the lower shipments arranged for the period from June to Aug '12 affected by the limited Urea production following the extension of June '12 shutdown and 2 weeks plant shutdown in Aug '12 to rectify 05-E001R Gas Cooler tube leak

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Ammonia Market Performance Updates: YTD October FY2012



Sales Price (USD/mt)	
YTD ACTUAL	vs. YTD BUDGET
507.32	406.70 (▲ 24.74%)

YTD Sales Price:

Ammonia realized sales price was higher than budget by 24.74% attributed to the supply tightness in Europe, East of Suez and Middle East resulted from the extension of SABIC plant shutdown and sanction of Iranian ammonia coupled with strong demand from Far East buyers which continues to push the price upward.



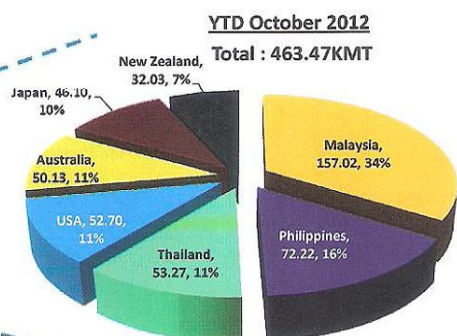
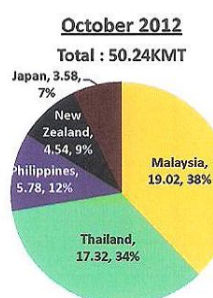
Sales Volume (kmt)	
YTD ACTUAL	vs. YTD BUDGET
21.12	14.50 (▲ 45.64%)

YTD Sales Volume:

Ammonia sales volume of 21.12kmt was however higher than budget by 45.64% mainly due to the higher spot shipments in 1H FY2012 to Unique Gas (4.1kmt), Teknogas (2.8kmt) and MITSUI (1.9kmt) on the back of the higher Ammonia surplus

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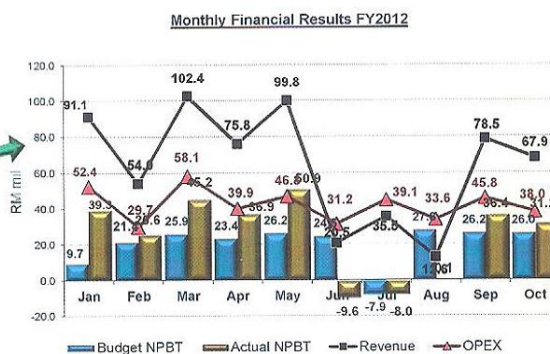
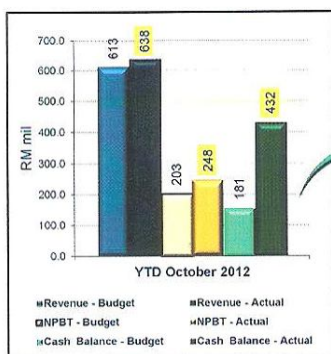
Urea Sales Destinations: YTD October FY2012



YTD Sales Volume:

- To date, export volume is dominated by Philippines with 72.22KMT or 16% of total sales.
- Other export destinations included Thailand (53.27KMT), USA (52.70KMT), Australia (50.13KMT), Japan (46.10KMT) and New Zealand (32.03KMT).
- Total domestic sales accounted for 34% of total sales volume.

Financial Performance Updates: YTD October FY2012

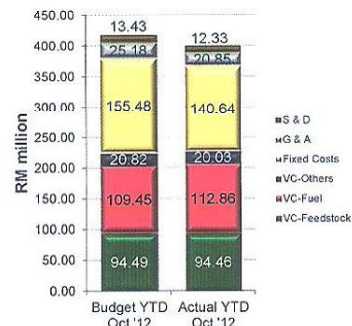
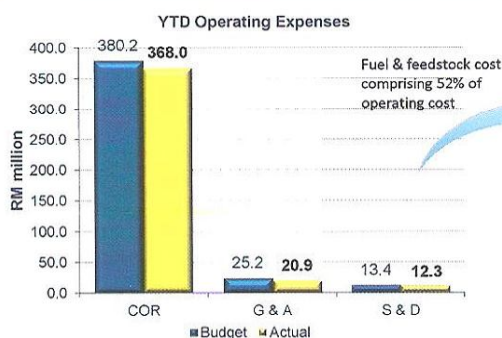


Revenue	
• Higher revenue by RM24.8 mil. (or 4.0%) attributed to:	
• Sales Price variance:	100.1 mil.
• Sales Volume variance:	(96.6 mil.)
• Favorable USD/RM	21.3 mil.
• Total:	24.8 mil.

NPBT	
• Higher NPBT by RM45.0 mil. (or 22.1%) mainly due to:	
• Higher Revenue by RM24.8 mil.	
• Lower COR by RM12.3 mil.	
• Lower G&A costs by RM4.3 mil.	
• Lower S&D costs by RM1.1 mil.	
• Higher interest income by RM2.5 mil.	

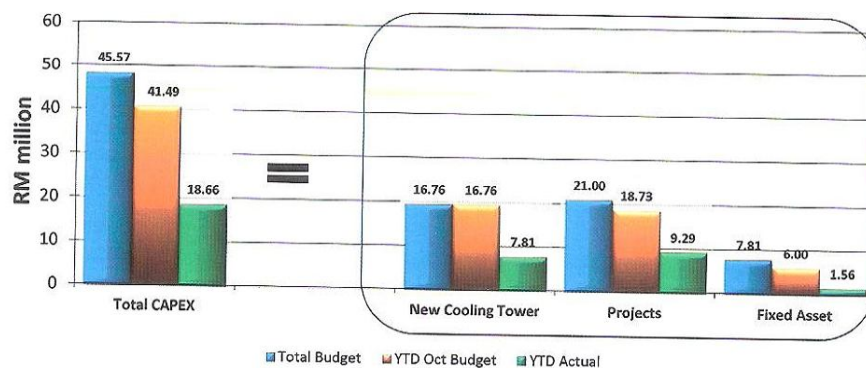
Cash Balance	
• Higher cash balance at RM432 mil. mainly contributed by the higher profit on the back of the higher sales revenue.	

Operating Expenditures: YTD October FY2012



- Despite higher manpower and repair maintenance expenses arising from the higher plant shutdown activities, YTD Cost of Revenue was lower than budget by RM12.3 mil. (or 3.2%) mainly attributed to the lower stock change value by RM16.2 mil. due to the higher Urea production and sales volume assumed for the budget. The actual YTD Urea production and sales volume was lower than budget by 86.98kmt and 98.91kmt respectively.
- Lower G&A expenses by RM4.3 mil. (or 17.2%) mainly resulted from the lower HR expenses by RM2.3 mil. on the back of the lower industrial relations and manpower costs as well as the lower shared services back-charging from PCG and PETRONAS by RM2.0 mil.
- Lower S&D expenses by RM1.1 mil. (or 8.2%) mainly attributed to no CFR sales recorded during the period as opposed to budget despite higher agency fees as a result of favourable sales revenue.

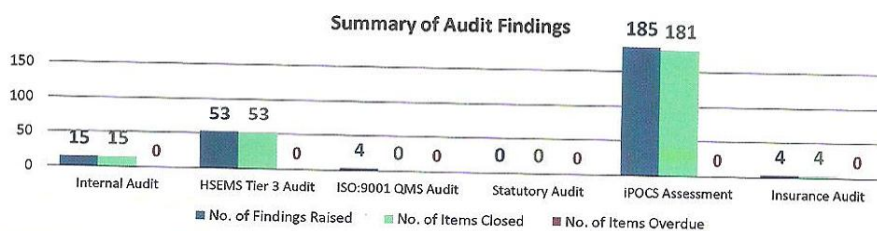
Capital Expenditures: YTD October FY2012



YTD October CAPEX budget was under-utilized by RM26.91 mil. (or 53%) mainly due to:

- Lower New Cooling Tower budget utilization by RM8.95 mil., pending for the verification and conclusion of the final variation orders with contractors.
- Lower Projects and Fixed Asset purchase by RM9.44 mil. and RM4.44 mil. respectively as they are mostly at the implementation stage and actual costs yet to be incurred.

Audit Status Updates: YTD October FY2012



Type of Audit	Findings Raised	Items Closed	% of Closure	Over-due	Remarks
Group Internal Audit	15	15	100%	0	The official closure of the GIA findings on Project Management activities was presented to ABF BAC on 19 th Jan '12.
HSEMS Tier 3 Audit	53	53	100%	0	As of May '12, the 4 outstanding CARs raised were agreed to be closed by GHSED and to be monitored internally.
ISO:9001 QMS Audit	4	0	0%	0	2 NCRs and 2 OFIs were raised during the recently concluded SIRIM surveillance audit on 7 th Oct '12.
Statutory Audit	0	0	NA	0	No ML was issued for PE2011.
iPOCS Assessment	185	181	98%	0	2 additional item was closed in Oct '12 with the remaining items targeted to be completed before FY2013 except for TCM.
Insurance Audit	4	4	100%	0	Last audit was conducted in Jan '10 with all items closed.
Total	261	253	96%	0	

Major Project Updates: YTD October FY2012



1. ABF Plant Rejuvenation Project

- 04-E002A/B-R (Boiler Feedwater Pre-Heater) was successfully installed during ABF's June 12 shutdown. The equipment was fully commissioned and functioning according to the design intent at 100 % plant load.
- With regards to 05-E001R (Gas Cooler) tube leak issue discovered during June '12 shutdown, it was acknowledged by UHDE that the leakage issue was due to its fabrication error and UHDE had agreed to replace the equipment FOC after concerted efforts taken by ABF.

2. ABF New Cooling Tower (NCT) Project

- ABF NCT project was completed and successfully commissioned in June '12 shutdown with partial performance test conducted at 60% plant load by HAMON. The issuance of Initial Acceptance is currently pending final verification of the actual performance at 100% plant load by ABF expected in Nov '12.
- On the settlement of VOs, both Dialog and ABF had agreed to cap the total claims for the VO proposal at RM6.25 mil, within the approved supplementary budget.

3. ABF New Administration Building (NAB) Project

- The NAB's "Defect and Warranty" period had expired on 27th July '12. All Punch List's and Defect List's items have been successfully completed and accepted with the exception of the 2 minor items (i.e. the replacement of 2 pieces stained floor tiles at the front entrance and handover of the As-Built Document for Architectural, Civil and Landscaping) expected by Dec '12.

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