

May 14, 2012

Prime Polymer Co., Ltd.

Prime Polymer Establishes New Company for Automotive Use Polypropylene (PP) Business in Brazil

Prime Polymer Co., Ltd. (Yasuhiko Ohtawa, President, "Prime Polymer," hereafter) is pleased to announce that it has acquired a 70% equity interest in Brazilian compound company Produmaster Indústria e Comércio Ltda. ("Produmaster," hereafter), and established the new company based on Produmaster which was renamed as Produmaster Advanced Composites Indústria e Comércio de Compostos Plásticos Ltda. ("Produmaster Advanced Composites," hereafter).

1. Purpose for Establishing the New Company

In its 2011 Mid-Term Business Plan, Prime Polymer positioned the automotive use polypropylene (PP) business as a growth business in which it would seek to become a world leader, and has strived to achieve early business expansion in various regions. In particular, Prime Polymer sees the strengthening of its business in the South American market, which is expected to experience high growth, as one of its key strategic challenges.

For its part, Produmaster is Brazil's third-largest compound manufacturing and sales company, and has built up a track record in the automotive use PP business for more than a decade. Produmaster supplies products to major auto makers through two sites (55,000tons/annual production capacity), its head office and production facilities located in Mauá, São Paulo, where many auto makers are located, and its 50%-owned subsidiary Produmaster do Nordeste Ltda., located in Camaçari in the northeastern state of Bahia.

The establishment of the new company will produce a synergy effect between Produmaster's business expertise across both regions and Prime Polymer's proprietary technologies. In this way, Prime Polymer will seek to enhance its presence in the South American market and further strengthen and expand its automotive use PP business.

2. Outline of the New Company

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| (1) Company Name: | Produmaster Advanced Composites Indústria e Comércio de Compostos Plásticos Ltda. |
| (2) Main Business Activities: | Manufacture and sale of automotive use PP |
| (3) Established: | May 14, 2012 |
| (4) Location: | Mauá, São Paulo, Brazil |
| (5) Equity Interest: | Prime Polymer 70%, Vicente Eudes de Freitas 30% |
| (6) Representative: | Vicente Eudes de Freitas |
| (7) Capital: | BRL1.2 million |
| (8) Production Capacity | 38,000 tons / year |

[Outline of Subsidiary]

- (1) Company Name: Produmaster Advanced Composites Nordeste Indústria e Comércio de Compostos Plásticos Ltda.
- (2) Location: Camaçari, Bahia, Brazil
- (3) Equity Interest: Produmaster Advanced Composites 50%, Alberto de Boni Neto 50%
- (4) Representative: Alberto de Boni Neto
- (5) Capital: BRL1.5 million
- (6) Production Capacity: 17,000 tons / year