



PRESS RELEASE
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**SEKHAR RESEARCH INNOVATIONS ANNOUNCES THE WORLD'S
FIRST COMMERCIALY VIABLE TIRE RECYCLING TECHNOLOGY**

Malaysian company makes landmark 'disruptive clean technology' announcement for rubber compound production; Announces plans for global expansion

12 May 2010, KUALA LUMPUR, MALAYSIA: SEKHAR RESEARCH INNOVATIONS SDN BHD ("SRI"), a leading developer of cleantech solutions for tire recycling technologies, today announced the world's first commercially viable recycling solution that addresses the problem of scrap tires globally.

SRI is focused on making a difference with a viable solution that is cost effective, volume based, value added and compatible with existing rubber manufacturing equipment and processes.

"SRI's technology will fundamentally change the landscape of rubber manufacturing and tire waste management, as we know it today. For the first time scrap tire material can be utilized in substantial proportions in the manufacture of premium rubber goods, such as tires," said Gopinath B. Sekhar, Chief Executive Officer, Sekhar Research Innovations Sdn Bhd.

Globally, there are in excess of 1 billion tires produced yearly, valued at more than USD 130 billion. These very same tires, when they reach end of life, pose a global public health and solid waste management problem. Across Europe and United States the majority are burnt for fuel ("TDF") or used in roads and similar low-end applications. In Asia, end of life tires ("ELT") routinely disposed of in landfills or irresponsible manner that has a negative impact on the health and the environment of the surrounding communities.

"For lack of an alternative, these low end and toxic practices have been wrongly accepted as sound solid waste management. By products of burning tires for fuel include harmful emissions and contamination of fresh water sources," said Sekhar. "What we have today is a solution that makes these end of life tires a valuable industrial raw material for premium rubber products such as new and retread tires. This is good for the environment, the economy and the consumer!"

A 100% Malaysian company, SRI has been developing its proprietary solutions since 2006, having invested more than RM 3 million to date. The proprietary *SRI Activation Technology* has successfully produced compounds that are currently being tested and evaluated by leading global tire manufacturers. Locally, SRI is involved in ongoing evaluations and road testing trials with the Rubber Research Institute of Malaysia.

SRI Compound Masterbatch (MB) is derived from the recycling of scrap tire rubber that has been devulcanized and converted into raw material rubber compound. The primary input material for our process is 40 mesh (less than .04 mm) crumb rubber from ordinary whole car and truck tires.

In two months, SRI will produce 50 metric tons of *SRI Compound Masterbatch* per month at our present test facility located in Malaysia.

This initial production will be targeted towards the retread tire and general rubber goods market, and is expected to generate revenues in excess of RM 2 million per annum.

“In the meantime we are finalizing sites for a full size production facility in Port Klang which is expected to be operational by the end of this year. This plant will produce approximately 20,000 metric tons of *SRI Compound Masterbatch* annually and represents an investment of RM 35 million. This facility, targeting the demands of Malaysia and ASEAN markets, will generate revenues in excess of RM 80 million per annum,” said Sekhar.

As part of SRI’s global expansion strategy, it has a licensee in the United States for the eventual production of *SRI Compound Masterbatch*. Similar agreements are underway in Europe and Asia.

“Tire manufacturing is a demanding and highly competitive industry and any savings in raw material costs - even one percent - is a significant gain. What we are offering here is a solution that provides a savings of between four to eight percent in terms of raw material cost. Given that profit margins in the industry are uniformly less than 10 percent, this has the potential to double profits!” Sekhar said.

For more information on Sekhar Research Innovations Sdn Bhd and *SRI Compound Masterbatch* please visit www.srielastomers.com.

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ABOUT SEKHAR RESEARCH INNOVATIONS (“SRI”)

SRI is a research and development cleantech company focused on providing solutions to the growing challenge posed by the need to recycle tires. It is currently using its Activation Process to produce next generation rubber recycling solutions in the form of SRI Compound Masterbatch and SRI Activation Technology, processing aids and advanced state-of-the-art equipment for the global market.

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