

August 7, 2013

(Translation of report filed with the Tokyo Stock Exchange by Chuo Kagaku Co., Ltd on August 7, 2013)

### **Revision of First Half and Full-year Earnings Forecasts**

In light of recent trends in the company's financial results and other factors, Chuo Kagaku Co., Ltd, (Chuo) has made the following revisions to its earnings forecasts that were announced on February 13, 2013.

#### 1. Revisions to First Half Earnings Forecasts:

- (1) Revisions to first half consolidated earnings forecasts for the year ending March 2014 (for period beginning on January 1, 2013 and ending June 30, 2013)

	Net Sales (million yen)	Operating Income (million yen)	Ordinary Income (million yen)	Net Income (million yen)	Net Income Per Share (yen)
Previous Forecast (A)	27,000	0	0	0	0
Revised Forecast (B)	26,666	(1,649)	(1,227)	(1,214)	(60.26)
Difference (B-A)	-334	-1,649	-1,227	-1,214	-60.26
Difference (%)	-1.2%	—	—	—	—
(Reference) Previous Year *	28,275	452	230	184	9.17

\* Previous Year – January 1, 2012 to June 30, 2012

- (2) Revisions to first half non-consolidated earnings forecasts for the year ending March 2014 (for period beginning on January 1, 2013 and ending on June 30, 2013)

	Net Sales (million yen)	Operating Income (million yen)	Ordinary Income (million yen)	Net Income (million yen)	Net Income Per Share (yen)
Previous Forecast (A)	24,000	0	0	0	0.00

Revised Forecast (B)	23,891	(1,612)	(1,496)	(1,427)	(70.83)
Difference (B-A)	-109	-1,612	-1,496	-1,427	-70.83
Difference (%)	-0.5%	—	—	—	—
(Reference) Previous Year*	25,976	333	104	73	3.66

\* Previous Year –January 1, 2012 to June 30, 2012

### (3) Reasons for Revisions

There were signs of recovery in consumer spending in the domestic economy during the first half of the consolidated fiscal year (period: January 1 to June 30, 2013) due to recovery trends in the U.S. economy and expectations that the new administration's financial and economic policies in Japan will have a positive outcome.

There remains, nevertheless, uncertainty about business outlook due to increases in the price of goods imported into Japan stemming from a weaker yen, continued fiscal uncertainty in Europe, a slow-down in emerging economies and anxieties surrounding an impending consumption tax hike in Japan. As a result, supermarkets, convenience stores, department stores, and other businesses closely related to the food processing and food packaging industries to which Chuo belongs have been in deflation, guarded spending and the prioritization of the low-end market.

In response to these circumstances, Chuo hosted “Spring Fair 2013” at its Tokyo Office from February 13 to 15 as a way of introducing new products planned for release in the spring and summer, including SD-Style, how to put those products to creative use and providing recommendations of new concepts for shop displays and dish servings utilizing these new products. Spring Fair 2013 attracted a large number of customers and received very positive reviews from the visiting public. In addition, the consolidation of oversight functions into Huan Ling Chuo Kagaku Co., Ltd., our subsidiary established in China last year, is helping to improve and strengthen business operations and expand market coverage.

Meanwhile, the price of plastic raw materials used by Chuo has been rising sharply due to elevated oil prices and the depreciation of the Japanese Yen. This and other factors such as increases in electricity and transportation costs have contributed to a reduction in the company's profits. Absorbing rising costs in raw materials and utilities has become difficult

and the company was forced to announce price increases in all its products in May. Negotiations are underway with our clients in order to facilitate orderly price adjustments.

Consolidated sales figures remain at about the level originally planned, however, given the circumstances outlined above (raw materials price increases, tariff hikes, reduction in sales prices, etc.), consolidated operating income during the first half of fiscal year 2013 is expected to decrease by 1.6 billion yen against the originally planned figure. When gains on currency exchange are added to the aforementioned reduction of 1.6 billion yen in consolidated operating income, consolidated ordinary income and consolidated net income are expected to decrease respectively by 1.2 billion yen.

## 2. Revisions to Full-year Earnings Forecasts:

- (1) Revisions to full-year consolidated earnings forecasts (for period beginning on January 1, 2013 and ending on December 31, 2013)

	Net Sales (million yen)	Operating Income (million yen)	Ordinary Income (million yen)	Net Income (million yen)	Net Income Per Share (yen)
Previous Forecast (A)	59,000	900	600	300	14.89
Revised Forecast (B)	—	—	—	—	—
Difference (B-A)	—	—	—	—	—
Difference (%)	—	—	—	—	—
(Reference) Previous Year*	59,413	628	618	(741)	(36.79)

\* Previous Year –January 1, 2012 to December 31, 2012

- (2) Revisions to full-year non-consolidated earnings forecasts (for period beginning on January 1, 2013 and ending on December 31, 2013)

	Net Sales (million yen)	Operating Income (million yen)	Ordinary Income (million yen)	Net Income (million yen)	Net Income Per Share (yen)
Previous	53,000	600	600	300	14.89

Forecast (A)					
Revised Forecast (B)	—	—	—	—	—
Difference(B-A)	—	—	—	—	—
Difference (%)	—	—	—	—	—
(Reference) Previous Year*	54,140	478	491	(688)	(34.16)

\* Previous Year –January 1, 2012 to December 31, 2012

(3) Revisions to full-year consolidated earnings forecasts (for period beginning on January 1, 2013 and ending on March 31, 2014)

	Net Sales (million yen)	Operating Income (million yen)	Ordinary Income (million yen)	Net Income (million yen)	Net Income Per Share (yen)
Previous Forecast (A)	—	—	—	—	—
Revised Forecast (B)	72,000	—	—	—	—
Difference (B-A)	—	—	—	—	—
Difference (%)	—	—	—	—	—
(Reference) Previous Year*	59,413	628	618	(741)	(36.79)

\* Previous Year – January 1, 2012 to December 31, 2012

※This fiscal year - January 1, 2013 to March 31, 2014, 15 months

(4) Revisions to full-year non-consolidated earnings forecasts (for period beginning on January 1, 2013 and ending on March 31, 2014)

	Net Sales (million yen)	Operating Income (million yen)	Ordinary Income (million yen)	Net Income (million yen)	Net Income Per Share (yen)
Previous Forecast (A)	—	—	—	—	—
Revised Forecast (B)	64,000	—	—	—	—

Difference(B-A)	—	—	—	—	—
Difference (%)	—	—	—	—	—
(Reference) Previous Year*	54,140	478	491	(688)	(34.16)

\* Previous Year –January 1, 2012 to December 31,, 2012

※This fiscal year - January 1, 2013 to March 31, 2014, 15 months

#### (5) Reasons for Revisions

Due to the change of accounting period (closing date change from December 31 to March 31 next year), this fiscal year is an irregular 15 months long, beginning January 1, 2013 and ending March 31, 2014. As regards the forecast for the 15 month period, it is extremely difficult to make a rational forecast of the effects of the price increases put in place in response to the recent raw materials price hikes. Therefore, the full-year forecast is stated as (—) except for net sales. Full-year forecasts will be announced as soon as detailed figures become available.