

(Translation of report filed with the Tokyo Stock Exchange by Chuo Kagaku Co., Ltd on May 9, 2017)

**Notice Regarding Reversal of Deferred Tax Assets and
Revision of Full-year Consolidated and Non-Consolidated Earnings Forecasts**

In light of recent trends in the company's financial results and other factors, Chuo Kagaku Co., Ltd, (Chuo) hereby announces that it expects to record a reversal of deferred tax assets and revisions to its full year consolidated and non-consolidated earnings forecasts that were announced on February 9, 2017.

1. Reversal of Deferred Tax Assets

After careful consideration of the collectability of deferred tax assets and based on revisions of the company's financial forecast, a reversal of deferred tax assets of 180 million yen will be recorded on consolidated and non-consolidated deferred income taxes.

2. Revised Forecasts

(1) Revisions to full-year consolidated earnings forecasts (for period beginning on April 1, 2016 and ending on March 31, 2017)

	Net Sales (million yen)	Operating Income (million yen)	Ordinary Income (million yen)	Net Income (million yen)	Net Income Per Share (yen)
Previous Forecast (A)	60,000	400	100	-200	-9.92
Revised Forecast (B)	58,240	290	-179	- 537	- 26.66
Difference (B-A)	- 1,760	- 110	- 279	- 337	- 16.74
Difference (%)	- 2.9%	- 27.5%	—	—	—
(Reference) Previous Year*	59,397	800	602	603	29.97

* Previous Year - April 1, 2015 to March 31, 2016

(2) Revisions to full-year non-consolidated earnings forecasts (for period beginning on April 1, 2016 and ending on March 31, 2017)

	Net Sales (million yen)	Ordinary Income (million yen)	Net Income (million yen)	Net Income Per Share (yen)
Previous Forecast (A)	53,000	200	100	4.96
Revised Forecast (B)	51,987	- 141	- 465	- 23.07
Difference (B-A)	- 1,013	- 341	- 535	- 28.03
Difference (%)	- 1.9%	—	—	—
(Reference) Previous Year*	52,773	541	538	26.73

* Previous Year - April 1, 2015 to March 31, 2016

3. Reasons for Revision

(1) Non-consolidated Figures

The growth in food sales, which has a direct impact on the food packaging industry, saw a gradual recovery up to the announcement of previous forecast, centered around increased demand at convenience stores.

In consideration of this business environment, Chuo Kagaku took steps to enhance the development, production, and sales of C-APG, an eco-friendly product made from recycled PET resin, and other high value-added products. Notwithstanding, the full-year non-consolidated net sales forecast, as revised, is expected to be roughly 1 billion yen less than that of the previous forecast due to weak demand after the announcement of the previous forecast announcement while full-year non-consolidated ordinary income, as revised, is expected to be roughly 340 million yen less than that of the previous forecast due to delays in reducing production costs resulting from production line relocation , which temporarily lowered productivity. Also, over and above full-year non-consolidated net income is now expected to be roughly 560 million yen than was previously forecast due to the reversal of deferred tax assets.

(2) Consolidated Figures

The full-year consolidated net sales revised forecast is expected to be roughly 1.8 billion yen less than that of the previous forecast, a reflection of decreases in the forecast for full-year non-consolidated net sales and decreases in the figures for sales conversion from overseas subsidiaries due to a strong yen.

The full-year consolidated operating income is expected to be 110 million yen less than that of the previous forecast, due to changes in the market and a decline in productivity.

The full-year consolidated ordinary income is expected to be 280 million yen less than that of the previous forecast, reflecting decreases in the forecast for full-year non-consolidated ordinary income. Full-year consolidated net income is also expected to be 340 million yen less than that of the previous forecast due to factors such as the reversal of deferred tax assets.

Remarks

Please note that the above-mentioned forecasts were prepared on the basis of information available as of the date of this announcement and that the actual results may differ from the forecasts due to a variety of factors.