

November 8, 2017

(Translation of report filed with the Tokyo Stock Exchange by Chuo Kagaku Co., Ltd on November 8, 2017)

**Notice Regarding Extraordinary Loss and Revision of Consolidated and Non-Consolidated Earnings Forecasts**

In light of recent trends in the company's second quarter financial results and other factors, Chuo Kagaku Co., Ltd, (Chuo) hereby announces that it expects to record an extraordinary loss and has revised its full year consolidated and non-consolidated earnings forecasts that were announced on May 10, 2017.

**1. Extraordinary Loss**

In accordance with the "Accounting Standard for Impairment of Fixed Assets," it has been estimated that future cash flows of some tangible fixed assets among manufacturing plants will not be able to recoup the value of certain investments. The company is therefore expected to record a total impairment loss of 0.8 billion yen in consolidated and non-consolidated extraordinary loss.

**2. Revised Forecasts**

(1) Revisions to half-year consolidated earnings forecasts (for period beginning on April 1, 2017 and ending on September 30, 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)	32,000	200	100	0	0.00
Revised Forecast (B)	29,213	- 956	-927	- 1,810	- 89.85
Difference (B-A)	- 2,787	- 1,156	-1,027	- 1,810	- 89.85
Difference (%)	- 8.7%	—	—	—	—
(Reference) Previous Year*	29,249	152	-354	-425	-21.12

\* Previous Year –April 1, 2016 to March 31, 2017

(2) Revisions to full-year consolidated earnings forecasts (for period beginning on April 1, 2017 and ending on March 31, 2018)

	Net Sales (million yen)	Operating Income (million yen)	Ordinary Income (million yen)	Net Income (million yen)	Net Income Per Share (yen)
Previous Forecast (A)	65,000	900	700	400	19.85
Revised Forecast (B)	59,000	- 1,100	-1,400	- 2,400	- 119.11
Difference (B-A)	- 6,000	- 2,000	- 2,100	- 2,800	- 138.96
Difference (%)	- 9.2%	—	—	—	—
(Reference) Previous Year*	58,240	290	-179	-537	-26.66

\* Previous Year –April 1, 2016 to March 31, 2017

(3) Revisions to half-year non-consolidated earnings forecasts (for period beginning on April 1, 2017 and ending on September 30, 2017)

	Net Sales (million yen)	Ordinary Income (million yen)	Net Income (million yen)	Net Income Per Share (yen)
Previous Forecast (A)	28,000	100	0	0.00
Revised Forecast (B)	25,485	- 1,043	- 1,878	- 93.24
Difference(B-A)	- 2,515	- 1,143	- 1,878	- 93.24
Difference (%)	- 9.0%	—	—	—
(Reference) Previous Year*	26,302	- 106	- 164	- 8.18

\* Previous Year –April 1, 2016 to March 31, 2017

(4) Revisions to full-year non-consolidated earnings forecasts (for period beginning on April 1, 2017 and ending on March 31, 2018)

	Net Sales (million yen)	Ordinary Income (million yen)	Net Income (million yen)	Net Income Per Share (yen)
Previous Forecast (A)	57,000	700	400	19.85
Revised Forecast (B)	51,000	- 1,400	- 2,400	- 119.11
Difference(B-A)	- 6,000	- 2,100	- 2,800	- 138.96
Difference (%)	- 10.5%	—	—	—
(Reference) Previous Year*	51,987	- 141	- 464	- 23.07

\* Previous Year –April 1, 2016 to March 31, 2017

### 3. Reasons for Revision

#### (1) Consolidated Figures

Although trends observed in the consumer goods market, which have a direct impact on the food packaging industry, suggest that consumers have tended towards frugal budgets and have sought mainly to purchase economically priced goods, private consumption spending has clearly signs of becoming healthier, largely boosted by improvements in the employment rate.

In consideration of this business environment, Chuo Kagaku took steps to enhance the development, production, and promotion of its *Long Life Packages*, which extend durable food life and reduce waste as well as of high functionality heatproof, heat insulation and cold temperature resistance goods, among other high value-added products.

The first half-year consolidated net sales forecast, as revised, is expected to be roughly 2.8 billion yen less than that of the previous forecast due to falling sales for its existing range of products caused by a sluggish private consumption during this year's unusually cold summer in Japan. The first half-year consolidated operating income, as revised, is expected to be roughly 1.2 billion yen less than that of the previous forecast due to decreasing sales, delays in price adjustments resulting from increasing raw material prices and delays in improving productivity. The first half-year consolidated ordinary income, as revised, is expected to be roughly 1 billion yen less than that of the previous forecast due to foreign exchange gains. The first half-year consolidated net income, as revised, is expected to be roughly 1.8 billion yen less than that of the previous forecast due to the recording of an extraordinary loss as an impairment loss.

Likewise, with regard to the revision of full-year consolidated earnings forecasts, sales continue to be weak, and notwithstanding improved profitability resulting from price adjustments, full-year consolidated net sales forecast is expected to be roughly 6 billion yen less than that of the previous forecast, while full-year consolidated operating income is forecast to be roughly 2 billion yen less than that of the previous forecast. Full-year consolidated ordinary income forecast is expected to be roughly 2.1 billion yen less than that of the previous forecast and full-year consolidated net income is expected to be roughly 2.8 billion yen less than that of the previous forecast.

## (2) Non-consolidated Figures

Reasons for the revision of non-consolidated figures are roughly the same as those for consolidated figures, the first half-year non-consolidated net sales revised forecast is expected to be roughly 2.5 billion yen less than that of the previous forecast and the first half-year non-consolidated ordinary income revised forecast is expected to be roughly 1.1 billion yen less than that of the previous forecast while the first half-year non-consolidated net income revised forecast is expected to be roughly 1.9 billion yen less than that of the previous forecast.

Likewise, the full-year non-consolidated net sales revised forecast is expected to be roughly 6 billion yen less than that of the previous forecast, the full-year non-consolidated ordinary income revised forecast is expected to be roughly 2.1 billion yen less than that of the previous forecast and the first half-year non-consolidated net income revised forecast is expected to be roughly 2.8 billion yen less than that of the previous forecast respectively.

## 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.