

Notice of Impairment Loss (Consolidated) and Loss on Valuation of Investments in Capital of Subsidiaries and Affiliates (Non-Consolidated)

Sumitomo Seika Chemicals Company, Limited (hereinafter “the Company”) has announced that it will record an extraordinary loss in the fiscal year ending March 31, 2017 due to an impairment loss (consolidated) and a loss on valuation of investments in capital of subsidiaries and affiliates (non-consolidated).

1. Details of impairment loss (consolidated)

As a result of deterioration in the earnings of its consolidated subsidiary Sumisei Technology (Yangzhou) Co., Ltd., the Company examined the future recoverability of the business assets of the subsidiary. Since the examination indicated that the recoverable amount would be lower than the book value of such assets, the Company has decided to record an impairment loss of 1.1 billion yen as an extraordinary loss.

2. Details of loss on valuation of investments in capital of subsidiaries and affiliates (non-consolidated)

Owing to the above-mentioned impairment loss related to Sumisei Technology (Yangzhou) Co., Ltd., the net value of investments in capital that the Company holds in the consolidated subsidiary will decline significantly. Accordingly, the Company has decided to record a loss on valuation of investments in capital of subsidiaries and affiliates amounting to 1.2 billion yen in the non-consolidated financial results for the year ending March 31, 2017.

The above loss will have no impact on the Company's consolidated financial statements because the loss on valuation of investments in capital of subsidiaries and affiliates is eliminated in the consolidated financial statements.

3. Future outlook

The impairment loss and loss on valuation of investments in capital of subsidiaries and affiliates have been factored into the Revision to Financial Forecast announced today.

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