

## Financial Results Summary (Tanshin) for the Period Ending March 2006 (Consolidated)

May 19, 2006

Name of Listed Company: Chugai Mining Co., Ltd.  
 Stock Exchange Where Company is Registered: Tokyo, Osaka  
 Code No: 1491 (website <http://www.chugaikogyo.co.jp>)  
 Representative: Michiaki Ando, CEO and President  
 Contact: Isao Sakuraba, IR Center  
 (Telephone No.: (03)3201-1541)

Date of Financial Year End Board of Directors Meeting: May 19, 2006  
 Name of Parent Company: - (Code No.: - )  
 % of Shares Held by Parent Company: -%  
 Application of US CPA Accounting Method: NO

### 1. Consolidated Financial Results for the Period Ending March 2006 (April 1, 2005 ~March 31, 2006)

#### (1) Consolidated Financial Performance

( indicating minus figure)

	REVENUE		OPERATING PROFIT		RECURRING PROFIT	
	Million Yen	%	Million Yen	%	Million Yen	%
Period Ending March 2006	16,028	23.7	389	-	572	-
Period Ending March 2005	12,949	8.2	631	-	763	-

	CURRENT NET PROFIT		CURRENT NET PROFIT PER SHARE	CURRENT NET PROFIT PER SHARE AFTER ADJUSTMENT FOR POTENTIAL SHARES	CURRENT NET PROFIT PER SHAREHOLDER'S EQUITY	TOTAL EQUITY RECURRING PROFIT RATIO	REVENUE RECURRING PROFIT RATIO
	Million Yen	%	Yen.Sen	Yen.Sen	%	%	%
Period Ending March 2006	166	-	0.83	-	0.3	1.2	3.5
Period Ending March 2005	1,413	-	9.92-	-	3.7	1.9	5.8

- NOTE:
- Equity Method Investment Profit and Loss  
 Period Ending March 2006 - million yen  
 Period Ending March 2005 - million yen
  - Average number of shares for the Period (Consolidated)  
 Period Ending March 2006 199,662,567 shares  
 Period Ending March 2005 142,410,855 shares
  - Changes in Accounting Procedures: NO
  - The % indicated in the Revenue, Operating Profit, Recurring Profit and Current Net Profit sections of the table above are the change in percentage from the same period of the previous year.

#### (2) Consolidated Financial Position

	TOTAL ASSETS	SHAREHOLDERS' EQUITY	SHAREHOLDERS' EQUITY RATIO	SHAREHOLDERS' EQUITY PER SHARE
	Million Yen	Million Yen	%	Yen Sen

## CHUGAI MINING

Period Ending March 2006	44,468	43,657	98.1	188.27
Period Ending March 2005	39,695	38,664	97.4	201.49

NOTE: Total Number of Shares Issued as at End of Period (Consolidated)

Period Ending March 2006 231,877,790 shares

Period Ending March 2005 191,885,913 shares

## (3) Consolidated Cash Flow Status

( indicating minus figure)

	CASH FLOW FROM BUSINESS ACTIVITIES	CASH FLOW FROM INVESTMENT ACTIVITIES	CASH FLOW FROM FINANCIAL ACTIVITIES	CASH AND CASH EQUIVALENT BALANCE AS OF THE END OF THE PERIOD
	Million Yen	Million Yen	Million Yen	Million Yen
Period Ending March 2006	78	5,656	4,990	2,839
Period Ending March 2005	553	838	2,759	3,585

## (4) Scope of Consolidation and Issues Pertaining to the Application of the Equity Method

Number of Consolidated Subsidiary: 1 Company

Number of Non-Consolidated Subsidiary to which the Equity Method Applies: -

Company

Number of Affiliated Company to which the Equity Method Applies: - Company

## (5) Scope of Consolidation and Changes to the Application of the Equity Method

Consolidated (New): - Company

(Eliminated): - Company

Equity Method Application (New): - Company

(Eliminated): - Company

## 2. Consolidated Business Performance Outlook for the Period Ending March 2007 (April 1, 2006 ~ March 31, 2007)

	REVENUE	CRECURRING PROFIT	CURRENT NET PROFIT
	Million Yen	Million Yen	Million Yen
At Mid-Year	8,100	150	140
At Year End	17,200	400	380

(Reference) Anticipated Current Net Profit per Share (annual): 1 Yen 64 Sen

The amount indicated above have been rounded to millions of yen by eliminating any figures lesser than a million yen.

The outlook presented herewith is based on the information available to the Company on this date and the actual performance results may differ from the anticipated results due to various factors beyond the anticipation of the Company.

## Brief Comments on Business Performance and Financial Status

### 1. The General Situation of the Current Period

The national economy during the current consolidated fiscal year, there were anxieties for a recession due to a steep rise in the crude oil price and rise in prices of raw materials, however, in addition to the increase in private capital investments with the improvements in corporate profits, improvements

in employment and income circulation showed a steady transition of personal consumptions.

Under such conditions, the revenue during the current fiscal year was 16,028 million yen (12,949 million yen in the previous consolidated fiscal year). There was an operating loss of 389 million yen (631 million yen loss in the previous consolidated fiscal year). Although there were non-operating profits of 48 million yen including the interest income of 17 million yen, due to non-operating fees of 231 million yen including the 105 million yen redemption for the issuance of new shares, the recurring profit saw a loss of 572 million yen (763 million yen loss in the previous fiscal year). Regardless of 769 million yen allowance of bad debts from the previous year as the extraordinary income, with the extraordinary loss of 271 million yen transfer to allowance for bad debts and 49 million loss on disposal of fixed assets and such, the net income of the period resulted in 166 million yen loss (net loss of 1,413 million yen in the previous consolidated year).

The business performance per business segment is as follows.

#### **(1) Metal Refining Business**

In the Metal Refining Business, equipment and personnel were partially transferred from the Mochikoshi Plant to the Tokyo Plant where, in addition to the conventional electrolytic refining facilities, two new solvent extraction facilities based on the latest manufacturing technology were installed. The Tokyo Plant went into full operation as of August 1, 2005. The new plant brought about a big improvement in the gold production efficiency, however, the production quantity, due to the transfer of electrolytic refining facilities, was 3.496 tons (4.002 tons in the previous period).

As for the domestic average quotation for gold and silver (medium term average), quotation for gold increased by 21.3% at 1,767 yen per gram.

Reinforcement in the sales activities and a rise in gold price resulted in 12,424 million yen in sales (8,747 million yen in the previous consolidated fiscal year). Operating profit was 74 million yen (operating loss of 316 million yen in the previous consolidated fiscal year).

#### **(2) Real Estate Business**

In the Real Estate Business, as a long term investment with the aim for stable revenue, the Company has promoted the high-grade apartment business utilizing the land Company owns in Shibuya-ku, Tokyo, acquired three properties in Chiyoda-ku and Shingawa-ku (both in Tokyo) as investments and as the investment business site and enhanced the purchase and sales of properties as well as real estate agent business.

The Company developed an urban-style condominium "La Veine GOTANDA EAST" and all 16 units have sold out during the Third Sale Term. The sales volume combining the sale of properties and agent commissions was 716 million yen (1,481 million yen in the previous consolidated fiscal year).

In the Real Estate Business, the sales of urban-style condominium "La Veine GOTANDA EAST" has completed after the third sales term, achieving the profit of 108 million yen. On the other hand, general maintenance expenses including advertising costs have increased. The revenue was 695 million yen with the operating loss of 21 million yen. There was a big fall in sales without a new property, thus the period ended with an operating loss of 70 million yen (operating profit of 295 million yen in the previous consolidated fiscal year).

#### **(3) Machinery Business**

The Machinery Business, with the expanded investment in various areas, including digital-related industry, automobile industry, and general machinery including electric equipment and metal molds, as well as improvement in the investment mind among small-to-medium-sized manufacturers, there was a continuous increase in private capital investment.

Meanwhile, as a result of moving the branch office to a better location, increase in the number of sales staff and enhancement in the sales activities, the sales totaled 2,179 million yen (2,056 million yen in the previous fiscal year). The operating profit was 12 million yen (4 million yen in the previous fiscal year).

#### **(4) Health-Related Business**

The Company has commenced Health-Related Business in October 2004 to sell health food and health-related products over the internet, however, as the Company can not anticipate any improvement in its revenue status, the decision was made to close the business division as of March 31, 2006. The sales totaled 15 million yen (19 million yen in the previous consolidated fiscal year) and the operating loss was 151 million yen (loss of 264 million yen in the previous consolidated fiscal year).

## (5) Investment Business

The Investment Business, as a result of investing in the Investment Partnership and such based on a profitable and stable interest, reached 692 million yen in sales (644 million yen in the previous consolidated fiscal year) and reached an operating profit of 520 million yen (497 million yen in the previous consolidated fiscal year).

## 2. Business Performance Outlook for the Next Period

(Period Ending March 2007 (April 1, 2006 ~March 31, 2007))

The Japanese economy expects to see continuous increase in corporate profits and private capital investments. On the other hand, there are insecure factors due to the steep rise in the crude oil price.

As for the Metal Business, the Company is striving to improve profits by installing more facilities for metal refining and recycling by means of solvent extraction which proves to be more time and cost efficient compared to the conventional electrolytic refining method.

Moreover, in order to expand the market, the Company will increase the number of personnel in the Marketing and Institutional Customer Departments with an aim to deal a wider range of products. As a part of such efforts, the Company has launched a retail sale business of precious metal products in addition to the conventional purchasing of precious metals at the Okachimachi Branch. In the Institutional Customer Department, the Company will expand the quantity of products targeting corporate customers such as gold and silver craft products and gift products as well as those targeting private customers such as jewelry. The Company is committed to expand the needs and to propose new products and new usage of such products.

In the Real Estate Business, the Company will establish sound and risk-free business model focusing on purchase and sale, brokerage and development of properties for condominiums and businesses, supported by the Company's strength in gathering information and financing, to secure an effective operating profit.

The Company is moving forward with the projects to plan and develop the Company owned properties to build condominiums and hotels, and the anticipated results of these projects are included in the revenue plan as the stable, long-term income.

In the Machinery Business, the Company is establishing a business model focusing on purchase and sale of secondhand machine tools and sheet metal machinery, while abolishing, combining and newly establishing branch offices. The Company anticipates further profits as a result of increase in the sales force.

Supported by the favorable capital investment especially in the domestic manufacturing industry, there is a continuous increase in demands from a wide variety of industries, and demands for low-priced secondhand machine tools and sheet metal machinery are increasing both in the domestic and overseas markets. The Company will continue to make efforts to meet the customer needs.

In its Investment Business, the Company will make investments based on profitability and good return and increase the profits from investments.

The anticipated consolidated business achievement for the next period is 17,200 million yen in sales (year-on-year increase by 7.3%), 400 million yen in recurring profit and 380 million yen in net profit.

## 3. Financial Status

### Cash Flow

#### (Cash Flow of Sales Activities)

The funds used for sales activities totaled 78 million yen (used 553 million yen in the previous consolidated fiscal year). This is mainly due to the fact that, regardless of decrease in funds due to 144 million yen loss in the net profit before tax, 497 million yen loss in allowance for bad debts and 75 million yen increase in inventories and so on, there was an increase in funds due to 94 million yen depreciation fee, 49 million yen loss on disposal of tangible fixed assets, 105 million for the issuance of new shares, 751 million yen decrease in accounts receivable and so on.

#### (Cash Flow of Investment Activities)

The funds used for investment activities totaled 5,656 million yen (secured 838 million yen in the previous consolidated fiscal year). This is mainly due to the fact that, regardless of increase in funds due to 600 million yen income from the disposal by sale of investment securities, 4,304 million yen proceeds from collection on long-term loans, 2,260 million yen proceeds from collection on long-term accounts receivable and so on, there was a decrease in funds due to 3,354 million yen expenditure for

acquisition of tangible fixed assets, 3,491 million yen expenditure for short-term loans, 6,210 million yen expenditure for long-term loans and so on.

(Cash Flow of Financial Activities)

Funds gained through financial activities totaled 4,990 million yen (secured 2,769 million yen in the previous consolidated fiscal year). This is mainly due to the fact that, regardless of an increase in funds due to 5,123 million yen income from the issuance of new shares, there was a decrease in funds due to 132 million yen return of long-term loans.

As a result of factors described above, the balance of the current consolidated fiscal year in cash and cash equivalent ("funds") is 2,839 million yen, a year-on-year decrease by 745 million yen from the previous year's balance of 3,585 million yen.