

# Financial Statements (Tanshin) for the Period that Ended in March 2007

May 25, 2007

Name of Listed Company: Chugai Mining Co., Ltd.  
 Listed Stock Exchange: Tokyo and Osaka  
 Code No.: 1491  
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Scheduled date for the annual meeting of stockholders: June 28, 2007  
 Scheduled date for annual security report submission: June 28, 2007  
 Scheduled date for delivery of dividends: June 29, 2007

## 1. Consolidated Financial Results for the Period Ending March 2007 (April 1, 2006 - March 31, 2007)

### (1) Consolidated Operating Results

(Figures rounded off to million yen; % figures are year-on-year rates)

Period Ending	REVENUE		OPERATING PROFIT		RECURRING PROFIT		NET PROFIT	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
March 2007	23,459	46.4	1,261	-	1,150	-	1,183	-
March 2006	16,028	23.7	-389	-	-572	-	-166	-

Period Ending	CURRENT NET PROFIT PER SHARE	CURRENT NET PROFIT PER SHARE AFTER ADJUSTMENT FOR POTENTIAL SHARES	CURRENT NET PROFIT PER SHAREHOLDERS' EQUITY	TOTAL EQUITY RECURRING PROFIT RATIO	REVENUE RECURRING PROFIT RATIO
	Yen	Yen	%	%	%
March 2007	4.97	-	2.5	2.4	5.4
March 2006	-0.83	-	-0.3	-1.2	-3.5

Note: Investment profit/loss on equity method:

Period ending March 2007: million yen  
 Period ending March 2006: million yen

### (2) Consolidated Financial Position

Period Ending	TOTAL ASSETS	SHAREHOLDERS' EQUITY	SHAREHOLDERS' EQUITY RATIO	SHAREHOLDERS' EQUITY PER SHARE
	Million Yen	Million Yen	%	Yen
March 2007	50,282	49,613	98.6	171.15
March 2006	44,468	43,657	98.1	188.27

Note: Equity Capital:

Period ending March 2007: 49,579 million yen  
 Period ending March 2006: million yen

### (3) Consolidated Cash Flow Status

	CASH FLOW FROM BUSINESS ACTIVITIES	CASH FLOW FROM INVESTMENT ACTIVITIES	CASH FLOW FROM FINANCIAL ACTIVITIES	CASH AND CASH EQUIVALENT AS OF THE END OF THE PERIOD
Period Ending	Million Yen	Million Yen	Million Yen	Million Yen
March 2007	-2,620	816	4,599	5,636
March 2006	-78	-5,656	4,990	2,839

### 2. Dividend Distribution Status

	DIVIDEND PER SHARE			TOTAL DIVIDEND (ANNUAL)	DIVIDEND PAYOUT RATIO (CONSOLIDATED)	GROSS ASSET DIVIDEND RATIO (CONSOLIDATED)
	Mid-term	Year End	Annual			
Period Ending	Yen	Yen	Yen	Million Yen	%	%
March 2007						
March 2006		3.00	3.00	869	60.3	1.7
March 2008 (anticipated amount)		1.00	1.00		72.5	

### 3. Consolidated Business Performance Outlook for the Period Ending March 2008 (April 1, 2007 - March 31, 2008)

(% figures are year-on-year rates)

	REVENUE		OPERATING PROFIT		CURRENT PROFIT		CURRENT NET PROFIT		CURRENT NET PROFIT PER SHARE
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Yen
Mid-term	13,300	40.0	250		230		200		0.69
Full Year	26,700	13.8	500	-60.4	470	-59.2	400	-66.2	1.38

### 4. Others

(1) Material transfer of subsidiaries during the Period (transfer of specific subsidiaries involving changes in the scope of consolidation)

New company: None

Excluded company: None

(2) Changes in the principles, procedures and/or indication method in the accounting process related to the preparation of the consolidated financial statements (changes to be noted as important changes as the basis for preparing the consolidated financial statements)

(i) Changes due to revisions in the accounting system: Yes

(ii) Changes other than (i) above: None

(3) Issued number of shares (common stock)

(i) Number of shares issued as of the end of the Period (including treasury stock)

Period ending March 2007: 289,747,982 shares

Period ending March 2006: 231,947,982 shares

(ii) Treasury stock as of the end of the Period

Period ending March 2007: 73,279 shares

Period ending March 2006: 70,192 shares

## 5. Operating Results

### Analysis on the Result of Operations

Steady increase in private capital investments due to good showings in the corporate sector's performance as well as modest recovery in individual earnings and spending promoted upswing in the national economy during the current consolidated fiscal year.

Under such economic climate, the Company and its affiliates (the "Group Companies") delivered strong results, owing to a substantial rise in the values of precious metals including gold, silver and platinum in the market and notable hardening of land price especially in the Tokyo metropolitan area.

As a result, the proceeds of sale during the current consolidated fiscal year was 23,459,724,000 yen (16,028,435,000 yen in the previous consolidated fiscal year). The operating profit amounted to 1,261,781,000 yen (operating loss of 389,356,000 yen in the previous consolidated fiscal year). Despite non-operating expenditure of 199,078,000 yen, including 26,716,000 yen amortization of new share issuing expense and 122,330,000 yen closed mine maintenance cost, with 18,408,000 yen interest earned and non-operating income of 88,154,000 yen, the recurring profit totaled 1,150,857,000 yen (recurring loss of 572,745,000 yen in the previous consolidated fiscal year). Despite extraordinary losses, such as 319,299,000 yen transfer to allowance for bad debt, 48,667,000 yen loss on sale of investment in securities and 21,164,000 yen loss on retirement of fixed assets, with the extraordinary profits including 475,500,000 yen reversal of allowance for doubtful accounts, the current net profit amounted to 1,183,284,000 yen (net loss of 166,299,000 yen in the previous consolidated fiscal year).

Business performances for each business segment were as follows.

In the Metal Refining Business, new solvent extraction facilities based on the latest manufacturing technology were installed in the Tokyo Plant to substantially increase the refining capability. Realization of adequate inventory management and stable operations lead to substantial increase in the production volume. Also, the establishment of sales outlets and favorable sales of gold bullion allowed the revenue to greatly exceed that of the previous year. On the other hand, due to enhancement in sales, there were increases in the sales administrative expenses. In consequence, the sales revenues amounted to 16,600,120,000 yen (12,424,400,000 yen in the previous consolidated fiscal year) and the operating profit was 51,017,000 yen (74,743,000 yen in the previous consolidated fiscal year).

In the Real Estate Business, the Company is working to increase acquisition and sales and real-estate property broking businesses. The company sold real-estate properties in Tokyo, including those of the Condominium Project in Shibuya, Tokyo, and earned income from leases and brokerage charges. In consequence, the sales revenues amounted to 3,352,838,000 yen (716,976,000 yen in the previous consolidated fiscal year) and the operating profit was 1,205,243,000 yen (70,836,000 yen in the previous consolidated fiscal year).

In the Machinery Business, supported by an increase in private capital investment, such as seen in the healthy automobile industry, the overall demand in the machine tool industry continued strong. Efforts were made to reinforce the sales, especially at the two key outlets in Tokyo. The sales revenue amounted to 2,349,545,000 yen (2,179,766,000 yen in the previous consolidated fiscal year) and the operating profit was 106,949,000 yen (12,971,000 yen in the previous consolidated fiscal year).

In the Investment Business, the Company is investing in investment partnerships and so on based on profitable and stable yield. The revenue was 1,157,220,000 yen (692,274,000 yen in the previous consolidated fiscal year) and the operating profit was 636,232,000 yen (520,621,000 yen in the previous consolidated fiscal year).

As for the outlook for the next period, although increases in private capital investments due to good

showings in the corporate sector's performance and individual spending suggest gradual expansionary trend, slowdown in the U.S. economy and high crude oil and raw material prices do not allow optimism. In these circumstances, the Group Companies, to keep abreast of changes in the market, will continuously make efforts to increase profitability by implementing the Third Midterm Plan (2006 through 2008) and achieve further growth of the Group.

In the Metal Refining Business, the installation of new solvent extraction facilities based on the latest manufacturing technology are complete to realize high productivity, and thus, more profits. The Plant capacity has increased to 520 kilograms per month. Last October, a test plant for fine gold plating was established and the Company started to take orders. Similar test plants for platinum and palladium are also being planned. Furthermore, in order to reinforce the sales in the gold recycling business, two additional branch shops (Okachimachi Minami-guchi Shop in Taito-ku and Shinjuku Nishi-guchi Shop in Shinjuku-ku) were established and are now in operation. Opening of other additional shops are being planned.

In the Real Estate Business, the Company is working to increase acquisition and sales and real-estate property broking businesses to achieve higher operating revenues. The two real estate projects in Tokyo (the Multipurpose Building Project in Chiyoda-ku and the Hotel Project in Shinagawa-ku) are now pending. As the cost of construction has gone up dramatically due to an active demand for construction inside Tokyo, the Company's board decided that these project plans need to be reconsidered and also to spend about a year's time to reexamine and revise them.

In the Machinery Business, the Company is establishing a new business model focusing on purchase and sales of secondhand machine tools and sheet metal machinery in order to achieve higher revenues and profits. Supported by growing domestic and international capital investments, there is a growing demand for secondhand machine tools and sheet metal machinery. The Company will continue to conduct business activities to serve customer needs.

In the Investment Business, the Company will continue to make investments based on profitability and good return so as to increase profits from investments.

The anticipated consolidated business results for the next period ending in March 2008 are 26,700 million yen in revenue, 470 million yen recurring profit and 400 million yen net profit.

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