

Listed Company Name: **Chugai Mining Co., Ltd.**
 Stock Code Number: 1491
 Stock Exchange: Tokyo Stock Exchange (2nd Section)
 Website: www.chugaikogyo.co.jp
 Representative: Michiaki Ando, CEO and President
 For Inquiry: Isao Sakuraba, IR Center (Telephone: (03)3201-1541)

Consolidated Financial Statement (Tanshin) for the Period Ending in March 2013
<Under Japanese GAAP>

Scheduled date for the regular shareholders' general meeting: June 27, 2013
 Scheduled date for the financial report submission: June 27, 2013
 Scheduled date for the commencement of dividend payments: TBD
 Supplementary materials explaining quarterly financial results: None
 Scheduled quarterly financial result explanation meeting: None

1. Consolidated Financial Results for the Period Ending March 2013 (April 1, 2012— March 31, 2013)

(1) Consolidated Operating Results

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

	REVENUE		OPERATING PROFIT		RECURRING PROFIT		NET PROFIT	
Period Ending	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
March 2013	19,556	—25.0	1,502	611.8	1,458	931.3	241	—
March 2012	26,075	—17.9	211	—	144	—	—423	—

[Note] Comprehensive income: Period ending March 2013: 1,355 million yen (—%)
 Period ending March 2012: —189 million yen (—%)

	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 OPERATING PROFIT RATIO
Period Ending	Yen	Yen	%	%	%
March 2013	0.83	—	3.2	16.7	7.7
March 2012	—1.46	—	—5.5	1.6	0.8

[Remarks] Investment profit/loss on equity method: Period ending March 2013: — million yen
 Period ending March 2012: — million yen

(2) Consolidated Financial Position

	TOTAL ASSETS	SHAREHOLDERS' EQUITY	SHAREHOLDERS' EQUITY RATIO	SHAREHOLDERS' EQUITY PER SHARE
Period Ending	Million Yen	Million Yen	%	Yen
March 2013	9,144	7,819	85.3	26.92
March 2012	8,623	7,565	87.6	26.09

[Remarks] Equity Capital: Period ending March 2013: 7,797 million yen
 Period ending March 2012: 7,556 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 2013	959	—170	246	3,456
March 2012	1,031	—451	—99	2,421

2. Dividend Distribution Status

	DIVIDEND PER SHARE					TOTAL DIVIDEND (ANNUAL)	DIVIDEND PAYOUT RATIO (CONSOLIDATED)	GROSS ASSET DIVIDEND RATIO (CONSOLIDATED)
	End of Q1	End of Q2	End of Q3	End of the Period	Annual			
Period Ending	Yen	Yen	Yen	Yen	Yen	Million Yen	%	%
March 2012	—	0.00	—	0.00	0.00	—	—	—
March 2013	—	0.00	—	0.00	0.00	—	—	—
March 2014 (anticipated amount)	—	0.00	—	0.00	0.00		—	

3. Consolidated Business Performance Outlook for the Period Ending (April 1, 2013 – March 31, 2014)

(% 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
Semi-annual (cumulative)	12,600	33.4	1,100	33.0	1,100	29.3	700	219.6	2.42
Annual	24,600	25.8	1,200	—20.1	1,100	—25.9	660	173.9	2.28

*Remarks

- (1) Material transfer of subsidiaries during the Period (transfer of specific subsidiaries involving changes in the scope of consolidation): None
- New company: — companies
- Excluded company: — companies
- (2) Changes in the principles, procedures and/or indication method in the accounting process:
- (i) Change due to revisions in the accounting system: Yes
- (ii) Change other than (i) above: None
- (iii) Change in accounting estimate: Yes
- (iv) Restatement: None

(3) Issued number of shares (common stock)

- (i) Number of shares issued as of the end of the Period (including treasury stock)
- (ii) Treasury stock as of the end of the Period
- (iii) Average number of shares during the Period)

FY2013	289,747,982 shares	FY2012	289,747,982 shares
FY2013	88,508 shares	FY2012	88,158 shares
FY2013	289,659,770 shares	FY2012	289,659,911 shares

[Reference] Brief Overview of Non-Consolidated Business

1. Non-Consolidated Business Results for the Period Ending March 2013
(April 1, 2012— March 31, 2013)

(1) Non-Consolidated Operating Results

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

	REVENUE		OPERATING PROFIT		RECURRING PROFIT		NET PROFIT	
Period Ending	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
March 2013	16,843	−29.8	376	—	383	—	241	—
March 2012	24,004	−20.0	−101	—	−140	—	−423	—

	CURRENT NET PROFIT PER SHARE	CURRENT NET PROFIT PER SHARE AFTER ADJUSTMENT FOR POTENTIAL SHARES
Period Ending	Yen	Yen
March 2013	0.83	—
March 2012	−1.46	—

(2) Non-Consolidated Financial Position

	TOTAL ASSETS	SHAREHOLDERS' EQUITY	SHAREHOLDERS' EQUITY RATIO	SHAREHOLDERS' EQUITY PER SHARE
Period Ending	Million Yen	Million Yen	%	Yen
March 2013	8,785	7,797	88.8	26.92
March 2012	8,409	7,556	89.9	26.09

[Remarks] Equity Capital: Period ending March 2013: 7,797 million yen

Period ending March 2012: 7,556 million yen

2. Non-Consolidated Business Performance Outlook for the Period Ending March 2013
(April 1, 2012— March 31, 2013)

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

	REVENUE		OPERATING PROFIT		CURRENT NET PROFIT		CURRENT NET PROFIT PER SHARE
	Million Yen	%	Million Yen	%	Million Yen	%	Yen
Q2 (Cumulative)	10,700	34.6	80	−61.7	70	−68.0	0.24
Full Year	21,700	28.8	30	−92.2	10	−95.9	0.03

*** Indication regarding the implementation status of audit procedure:**

This financial statement is not subject to the audit procedure in accordance with the Financial Instruments and Exchange Law. At the time of the announcement of this financial statement, the audit procedure in accordance with the Financial Instruments and Exchange Law is still in progress.

*** Proper use of the business performance outlook and other special instructions:**

(Notice in regards to forward-looking statements)

The above projection was established based on information available to the Company at the time of this announcement and the actual business performance may differ from these figures in the event of unforeseen elements taking effect after this announcement.

** This is an English translation of the financial report created in Japanese. If there is any discrepancy between the English and Japanese versions, the Japanese version shall prevail.*

Operating Results and Financial Conditions

1. Operating Results

Although expectations for economic recovery are increasing due to rising stock prices and the yen's appreciation following the change of government at the end of last year, the Japanese economy in the consolidated accounting period under review remains uncertain due to the downturn in the global economy, the European debt crisis, and the soaring cost of raw materials.

Although an upward trend remained with expectations for the continuation of current monetary policy in the United States and increased risk aversion globally, the Chugai Mining Group (and its consolidated subsidiaries) experienced a decrease in revenue in the precious metals market as the amount of gold material recovered was much lower than the initial forecast. In the real estate market there were no signs of improvement in the financial environment, and although home purchases showed signs of improvement due to the tax system and continued low interest rates, conditions remained difficult. Although emerging markets and the North American market were strong, the machinery business experienced lower demand in response to the global economic slowdown, notably in the Chinese and European markets. The investment business recorded income from higher gold futures prices, which contributed to a favorable outcome.

Revenue for the consolidated accounting period was 19,556,218,000 yen (a reduction of 25% from 26,075,845,000 yen for the previous year), an operating profit of 1,502,380,000 yen (compared with 211,306,000 yen profit for the previous year), a recurring profit of 1,485,816,000 yen (compared with 144,570,000 yen profit for the previous year), and a net profit of 241,607,000 (compared with a 423,506,000 yen loss for the previous year).

Operating performance by business segment was as follows:

Although precious metals prices for gold, platinum, etc. continued trending upward, the Precious Metals Business Division's performance was sluggish because raw material collection commensurate with gold production capacity fell below the initial forecast, and gold production and revenue decreased.

As a result, revenue was 14,234,920,000 yen (compared with 22,544,143,000 yen for the previous year), and an operating loss of 196,937,000 yen (compared with a 193,423,000 yen profit for the previous year).

The Jewelry Business Division, which trades in diamonds and jewelry, achieved revenue of 1,147,285,000 yen (compared with 1,113,248,000 yen for the previous year), and an operating loss of 92,586,000 yen (compared with a 62,924,000 loss for the previous year).

Performance in the Real Estate Business Division was sluggish, although there were signs of an upturn in some inventory adjustments due to continued low interest rates and favorable taxation policy, and in the building rental market where there was a decline in vacancy rates due to increased demand for commercial space in Tokyo.

Revenue was 357,922,000 yen (compared with 173,621,000 yen for the previous year), and the operating loss was 34,578,000 yen (compared with a 52,278,000 yen loss for the previous year).

Machinery Business Division performance was sluggish due to the slowdown in capital investment in the European market and the economic slowdown in the Chinese market.

Revenue was 1,539,982,000 yen (compared with 1,755,303 yen for the previous year), and the operating loss was 49,933,000 yen (compared with 256,000 yen profit for the previous year).

The Investment Business Division's performance in gold futures investment on the Tokyo Stock exchange resulted in an operating profit of 2,252,455,000 yen (compared with a 465,776,000 yen profit for the previous year).

Although we expect to see a recovery as the US economy improves, the recent yen appreciation and the rise in the stock market suggest that conditions will remain unpredictable over the next fiscal year due to the ongoing European debt crisis and slower growth in emerging economies.

The Chugai Mining Group and its affiliates will respond to changes in the market to grow and strengthen our business and improve profitability.

The Precious Metal Business Division's Tokyo plant is fully equipped to produce 1000 kg of gold bullion per month, and 20 kg of platinum per month in our state-of-the-art gold refining facilities. We have built a sales force of 13 branches nationwide to strengthen our sales capabilities, enhance raw materials collection, maintain a stable operation, and focus on securing revenue.

The Jewelry Business Division will continue working on product development and proactive business activities to correspond to the wide range of customer needs, both domestically and overseas, through the purchase and wholesale of diamonds through the Ginza and Okachimachi branches, and our branch in Hong Kong.

The Real Estate Business Division saw signs of improvement in home purchases due to continued low interest rates. In the rental market, we expect a reduction in the vacancy rate in Tokyo office space due to active tenant relocation. Sluggish demand due to the worsening employment situation is also a concern. We will attempt to improve profitability through effective responses to changes in the market.

The Machinery Business Division expects to see a recovery in demand for machine tools as there are signs of a recovery in the US economy and growth in emerging markets and China. In addition, we expect a recovery in capital investment demand due to the reduction in capital investment tax. We will strengthen the purchase and sale of used machinery and gold sheet machinery, and enhance the efficiency of existing stores and optimize stock to improve profitability.

We aim to secure investment profits from a base of stable and advantageous established practices.

We expect consolidated results for the year ending March 31, 2014 to be revenue of 24,600,000,000 yen, recurring profit of 1,100,000,000 yen, and net profit of 666,000,000 yen.

2. Financial Conditions

1) Assets, Liabilities, and Shareholders' Equity

Current Assets:

Current assets at the end of the consolidated accounting period under review increased to 569,243,000 yen from 5,911,903,000 yen in the previous period.

The main increase was in cash and cash equivalents (an increase of 1,034,932,000 yen, from 2,421,444,000 yen to 3,456,377,000 yen).

The main decreases were in property for sale (a decrease of 182,632,000 yen, from 480,244,000 yen to 297,611,000 yen), and a decrease in lending products (192,861,000 yen, from 872,210,000 yen to 679,348,000 yen).

Fixed Assets:

Fixed assets at the end of the consolidated accounting period decreased by 48,510,000 yen over the previous period, to 3,232,819,000 yen.

Current Liabilities:

Current liabilities at the end of the consolidated accounting period decreased by 53,660,000 yen over the previous period, to 281,766,000 yen.

The main decrease was in affiliates' short-term borrowings (a decrease of 55,000,000 yen).

Fixed Liabilities:

Fixed liabilities at the end of the consolidated accounting period increased by 321,219,000 over the previous period, to 1,043,885,000 yen.

The main increase was in long-term debt (an increase of 335,810,000 yen, from 472,209,000 yen to 808,020,000 yen).

Shareholders' Equity:

Shareholders' equity at the end of the consolidated accounting period increased by 253,172,000 yen to 7,819,071,000 yen.

The main increase was in retained earnings (an increase of 241,607,000 yen from -5,195,035,000 yen to -4,953,428,000 yen).

2) Cash Flow Status

The cash and cash equivalent figure for the year ending March 31, 2013 was 3,456,377,000 yen. This was due to an increase in income before taxes and minority interest of 1,407,370,000 yen, an increase over the previous consolidated accounting period of 1,034,932,000 yen.

Cash Flow from Business Activities:

Net cash acquired from business activities was 959,096,000 yen (1,031,588,000 yen in the previous period). Although the decrease of 1,102,351,000 yen was primarily in minority interest, this was due to an increase in net profit before taxes of 1,407,370,000 yen.

Cash Flow from Investing Activities:

Net cash used in investing was 170,450,000 yen (451,097,000 yen in the previous period). This was due to a decrease in cash expenditure of 174,191,000 yen for the acquisition of tangible fixed assets.

Cash Flow from Financial Activities:

Net cash from financing activities was 246,286,000 yen (99,830,000 yen in the previous period). While there was a decrease in net cash due to the expenditure of 118,702,000 yen for the repayment of long-term borrowings, etc., there was an increase of 420,000,000 yen in proceeds from long-term borrowings.

Cash flow indicators for the Chugai Mining Group are shown in the following table:

	Period Ending March 2010	Period Ending March 2011	Period Ending March 2012	Period Ending March 2013
Shareholders' Equity Ratio (%)	89.4	85.3	87.6	85.3
Current Net Profit per Shareholders' Equity (%)	115.0	99.1	73.9	101.4

Shareholders' Equity Ratio: Shareholders' Equity / Total Assets

Current Net Profit per Shareholders' Equity: Current Share Price / Total Assets

Note: * Each of these indicators was calculated on a consolidated basis.

** Current share price is calculated based on the number of issued shares excluding treasury shares.

3) Basic Policy on Profit Distribution and Dividends for the Period under Review and the Following Period

The Company's basic policy is to conduct profit distribution so as to continue to provide stable dividends while ensuring the internal reserves necessary for strengthening business structure and future business development.

The Company's basic policy is to pay dividends on retained earnings twice a year: a year-end dividend and an interim dividend.

Dividends on retained earnings are decided by the general meeting of shareholders for the year-end dividend, and by the Board of Directors for the interim dividend.

Although we are reluctant to do so, we have decided to forgo dividends for the fiscal year ending March, 2013.

In order to respond to anticipated changes in the business environment, further enhance cost competitiveness, and strengthen technology to meet market and manufacturing needs, we believe that retained earnings should be allocated to investment to further develop our global strategy.

According to the Articles of Incorporation, this company "is able to pay interim dividends each year on September 30".

4) Risk Factors**(1) Product price Fluctuation**

Precious Metals Business Division products are gold, silver, platinum, palladium, and other precious metals, and are international commodities. Market prices are significantly affected by foreign exchange rates and international commodity prices (non-ferrous metals market). Therefore, fluctuations in market prices could affect the financial position and business performance of the Chugai Mining Group.

The Real Estate Business Division is vulnerable to economic trends, interest rates, and selling prices, as well as housing tax, and these may affect the financial position and business performance of the Chugai Mining Group.

(2) Fluctuations in the Futures Trading Market

The Investment Business Division mainly trades in gold point futures. Investment amounts could drop significantly if affected by market trends, and may in turn affect the financial position and business performance of the Chugai Mining Group.

(3) Collecting Risk of Lending Products

The Precious Metals Business Division has loan claims of gold bullion products to a portion of its business partners. With regard to receivables, careful attention must be paid to the financial condition of borrowers. Where receivables collection risk is heightened, a rapid deterioration in a business partner's financial status may affect the financial position of the Chugai Mining Group.

(4) Changes in Interest Rates

The Real Estate Business Division is subject to buyer demand, which is significantly impacted by interest rate trends, which may in turn affect the financial position and business performance of the Chugai Mining Group.

(5) Legal Regulations

The Precious Metal Business Division will continue to abide by environmental laws and regulations to prevent air, surface water, soil, and groundwater pollution. In addition, we are working to prevent pollution in abandoned mines, such as water pollution from mine drainage, and are working on the safe management of disposal sites according to the Mine Safety Act. Amendments to related laws and regulations may result in additional costs and unforeseen facility investments for the Chugai Mining Group.

The Real Estate Business Division is subject to regulations such as the National Land Use Planning Act, Building Lots and Buildings Transaction Business Act, Building Standards Act, City Planning Act, Construction Industry Act, Licensed Architect Act, Act on Land and Building Leases, laws concerning sectional ownership of a building, Fire Service Act, laws concerning the assurance of housing quality, the Act on Promotion of Proper Condominium Management, etc. Amendments to these laws and regulations may affect on the financial position and business performance of the Chugai Mining Group. The Chugai Mining Group, as a real estate agent, receives its license and conducts its real estate business according to the provisions of the Building Lots and Building Transaction Business Law.

(6) Financial Covenants

Financial covenants are attached to a portion of the borrowings of the Chugai Mining Group, and the lower limit of the amount of net assets is determined by law. In the unlikely event that the Company's performance deteriorates we will lose the benefit of time if there is a conflict with the financial covenants, and this has the potential to effect the financial position and business performance of the Chugai Mining Group.

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