

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

### **Discontinuation of Research and Development Business**

The Company hereby announces that the resolution to discontinue the research and development business Division was passed at the board of directors' meeting today.

#### **1. Reason for the discontinuation**

The Company has established the Research and Development Business Division in 2011, to work on renewable energy business with an aim to establish systems based on recycling of magnesium. With the technology to generate magnesium from sea water, the Company has exhibited test models of seawater desalination units and filtration devices at a number of trade shows abroad. However, as the market for this type of products is in its infancy, the Company faced severe operating climate not being able to generate profit over the R&D and manufacturing costs.

Under such circumstances, the Company worked to restructure the business including efforts to reduce costs, however, it deemed that improvement of performance cannot be expected, and thus, decided to discontinue the said business.

#### **2. Details of the business to be discontinued**

- (1) Research and development business  
 Research and development to establish new energy systems based on recycling of magnesium
- (2) Research and development business revenues (actual results from the period ending March 2014)

	R&D Business (a)	Consolidated Sales (b)	Ratio (a/b)
Revenue	6 million yen	14,578 million yen	0.0%
Gross Operating Profit	6 million yen	1,991 million yen	0.3%
Operating Profit	-125 million yen	468 million yen	---
Recurring Profit	-125 million yen	415 million yen	---

#### **3. Schedule**

(1) Date of resolution by the Board of Directors	September 26, 2014
(2) Date of discontinuation of the said business	September 30, 2014

#### **4. Future Outlook**

The Company is currently investigating effects of the discontinuation of the research and development business on the Company's business performance. An announcement shall be made immediately should any substantial impact on the Company's business is forecasted.

\*Reference: Consolidated Business Performance Outlook for the Current Period (as announced on May 14, 2014) and Consolidated Business Performance of the Previous Period

	Revenue	Operating profit	Recurring Profit	Current Net Profit
Consolidated Business Performance Outlook (period ending March 2015)	18,300 million yen	380 million yen	290 million yen	60 million yen
Consolidate Business Performance (period ending March 2014)	14,578 million yen	468 million yen	415 million yen	-180 million yen

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