

Listed Company Name: **Chugai Mining Co., Ltd.**
 Stock Code Number: 1491
 Stock Exchange: Tokyo Stock Exchange (2nd Section)
 Website: www.chugaikogyo.co.jp
 Representative: Katsutoshi Haga, CEO and President
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Differences between Business Performance Outlook and Actual Results
for the Second Quarter of the Period Ending in March 2018
and Revisions to Business Performance Outlook for the Period Ending in March 2018

The actual performance numbers announced today differed from the business performance outlook for the second quarter of the period ending in March 2018 (April 1, 2017 – September 30, 2018) announced on May 12, 2017, as follows.

Also, the business performance outlook for the full fiscal year ending in March 2018 announced on May 12, 2017 has been revised as follows.

1. Differences between Business Performance Outlook and Actual Results

Cumulative Second Quarter of the Period Ending March 2018 (April 1, 2017 – September 30, 2017)

	Revenue	Operating Profit	Recurring Profit	Current Net Profit Attributable to Owners of the Parent	Current Net Profit per Share
	Million Yen	Million Yen	Million Yen	Million Yen	Yen
Previously Announced Outlook (A)	35,750	580	540	460	1.59
Revised Outlook (B)	25,647	-272	-305	33	0.11
Change in Value (B-A)	-10,103	-852	-845	-427	
Rate of Change (%)	-28.3	—	—	-92.8	
Reference: Previous Year's Performance (Q2 of the Period Ending March 2017)	23,496	349	320	105	0.36 yen

2. Revisions to Business Performance Outlook

Revisions to the business performance outlook for the current consolidated accounting period ending March 2018 (April 1, 2017 – March 31, 2018)

	Revenue	Operating Profit	Recurring Profit	Current Net Profit Attributable to Owners of the Parent	Current Net Profit per Share
	Million Yen	Million Yen	Million Yen	Million Yen	Yen
Previously Announced Outlook (A)	70,500	660	590	420	1.45
Revised Outlook (B)	54,500	-190	-250	30	0.10
Change in Value (B-A)	-16,000	-850	-840	-390	
Rate of Change (%)	-22.7	—	—	-92.9	
Reference: Previous Year's Performance (Fiscal year ending March 2017)	62,501	146	74	-92	-0.32

3. Reason for the Differences and Revisions

As for the business performance in the cumulative second quarter of the period ending in March 2018, our revenues fell substantially below the figures initially estimated influenced by facts such as 9,050 million yen decrease in our core Precious Metal Business Division, owing to the fact that the gold bullion trade volume was below our initial estimation, and posting of investment and appraisal losses from the trading of gold futures at Tokyo Commodity Exchange resulting in 870 million yen decrease in the Investment Business Division.

Also, although our earning capacity improved due to our efforts to reduce costs, to promote streamlining of production, and to improve profitability in the Precious Metal Division, investment and appraisal losses in the Investment Business Division directly affected the revenues to fall substantially below the figures initially estimated: the operating profit decreased by 850 million yen, the recurring profit decreased by 840 million yen, and the current net profit attributable to owners of the parent company decreased by 420 million yen

As for the consolidated business performance outlook for full year, we anticipate decrease in revenues as the volume of gold bullion transaction in the Precious Metal Division in the latter half of the fiscal year remains smaller than what we have initially expected.

Moreover, due to uncertainties such as geopolitical risks in the Korean Peninsula and the raising of interest rates by the U.S. government and effect of exchange rates, there are risks of fluctuations in domestic gold and platinum prices. And therefore, we are keeping the performance outlook of the Investment Business Division for the second half of the fiscal year as it is, and revisions are being made on the operating profit, recurring profit, and the current net profit attributable to owners of the parent as listed on the previous page. The Company will continue to promptly make public any necessary revisions on the business performance outlook.

Note: 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.

Should there be any discrepancies between the Japanese original and the English translation, the Japanese original shall prevail.
