



ANNUAL REPORT

For the year ended March 31, 2018

2018

Financial Highlights

Consolidated

Nittetsu Mining Co., Ltd. and Consolidated Subsidiaries
Years ended March 31

	Millions of yen					Thousands of US dollars
	2018	2017	2016	2015	2014	2018
For the year						
Net Sales	¥ 118,709	¥ 107,325	¥ 114,088	¥ 125,467	¥ 114,317	\$ 1,117,373
Profit Attributable to Owners of Parent	4,985	7,289	4,483	5,973	3,903	46,926
At year-end						
Total Assets	172,716	167,496	162,379	170,055	161,325	1,625,719
	Yen					US dollars
Per share data						
Profit per Share	¥ 599.12	¥ 875.83	¥ 538.65	¥ 717.53	¥ 468.88	\$ 5.64

Non-Consolidated

Nittetsu Mining Co., Ltd.
Years ended March 31

	Millions of yen					Thousands of US dollars
	2018	2017	2016	2015	2014	2018
For the year						
Net Sales	¥ 94,725	¥ 86,149	¥ 88,935	¥ 102,782	¥ 92,547	\$ 891,618
Profit	4,125	6,695	3,773	6,536	5,116	38,830
At year-end						
Total Assets	148,606	144,149	137,197	143,802	134,155	1,398,785
	Yen					US dollars
Per share data						
Profit per Share	¥ 495.76	¥ 804.54	¥ 453.38	¥ 785.23	¥ 614.60	\$ 4.67

Notes: 1 US dollar amounts are translated from yen, for convenience only, at the rate of ¥106.24=US\$1.

2 The Company initiated a reverse stock split in which 10 shares of common stock were exchanged for one share with the effective date of October 1, 2016, and thus calculated profit per share based on the assumption that the reverse stock split took place at the beginning of FY2014 (the fiscal year ended March 31, 2014).

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Message from the Management

Operating Conditions and Consolidated Results

During the fiscal year ended March 31, 2018, Japan's economy saw elements of uncertainty, such as policy trends in the United States, concerns of a slowdown in China's economy, and geopolitical risk on the Korean peninsula. Nevertheless, Japan's economy continued a gradual recovery underpinned by improvements in corporate earnings, driven by rising exports following the recovery in the global economy, and by strong consumer spending and private-sector capital expenditures.

Amid these economic conditions, the Nittetsu Mining Group posted net sales of ¥118,709 million, up 10.6% year on year, buoyed by a rise in sales of the Mineral Resources Group.

As for profits, operating profit totaled ¥9,023 million, up 12.4% and ordinary profit was ¥9,062 million, up 21.2% year on year, thanks to rising profits on growing sales of limestone and other minerals in the Non-Metallic Minerals Division.

However, profit attributable to owners of parent fell to ¥4,985 million, down 31.6% year on year. This drop in the bottom line is attributed to impairment losses on property, plant and equipment and an increase in tax expenses because income taxes-deferred were not posted following a review of the recoverability of deferred tax assets.

Consolidated Business Results by Segment

Mineral Resources Group

Non-Metallic Minerals Division

Net sales of the Non-Metallic Minerals Division rose 7.4%, or ¥3,840 million, over the previous fiscal year to ¥55,405 million due to an increase in the sales volume of mainstay product limestone. Operating profit rose 13.7%, or ¥883 million compared to the previous fiscal year, to ¥7,328 million.

Metallic Minerals Division

Net sales of the Metallic Minerals Division rose 18.5%, or ¥7,623 million over the previous fiscal year, to ¥48,850 million, owing to rising copper prices and other factors. However, operating profit dropped 41.1%, or ¥550 million, to ¥789 million, due to the stronger yen and weakening purchasing conditions for copper ore.

Machinery & Environmental Engineering Group

Net sales of the Machinery & Environmental Engineering Group increased 0.8%, or ¥78 million over the previous fiscal year, to ¥10,015 million, because of strong sales of water treatment agents, a mainstay product of the Environmental Engineering Division. However, operating profit dropped 20.5%, or ¥199 million, to ¥772 million, owing to weaker sales at machinery-related subsidiaries.

Real Estate Group

Net sales of the Real Estate Group increased slightly by 0.1%, or ¥2 million over the previous fiscal year, to ¥2,704 million, amid generally strong occupancy rates of leased properties. However, operating profit declined 6.4%, or ¥98 million, to ¥1,433 million, due to a rise in repair costs.

Renewable Energy Group

Net sales of the Renewable Energy Group declined 8.5%, or ¥161 million over the previous fiscal year, to ¥1,734 million, and operating profit fell 22.9%, or ¥92 million, to ¥309 million, due to regular maintenance work in the Geothermal Division, despite the new operation of solar power plants.

Capital Expenditures, Financing and Other Related Matters

Capital expenditures of the Nittetsu Mining Group totaled ¥5,448 million during the fiscal year under review, down 15.7% from the previous fiscal year. Major outlays were as follows.

(1) Major facility acquired in the fiscal year under review:

Nittetsu Mining Kamaishi Mine No. 2 Mega Solar Power Plant (Renewable Energy Group)

(2) New establishment and expansion of major facility ongoing during the fiscal year under review:

Nittetsu Mining No. 3 Vertical Shaft of the Torigatayama Quarry Complex Construction

(Non-Metallic Minerals Division, Mineral Resources Group)

Challenges Facing the Group

The future outlook indicates that the economy is expected to continue to see a moderate recovery. However, given mounting areas of concern, including a slowdown in the global economy amid growing U.S.–China trade friction as well as foreign exchange rate and commodity price trends, the operating environment facing the Nittetsu Mining Group will continue to require caution.

The Nittetsu Mining Group will respond to this operating environment by striving to enhance its business performance as it upgrades and expands its operating base and enhances its management structure. It will accomplish this by such means as further boosting sales, raising productivity, cutting costs and strengthening its business continuity plan.

Going forward, the Nittetsu Mining Group will work to achieve sustainable growth, enhance medium- to long-term corporate value, and improve corporate governance. In this way, it will seek to fulfill its responsibilities to supply raw materials to basic industries as well as contribute to the prosperity of shareholders, business partners, local communities, employees, and other stakeholders.

The Nittetsu Mining Group established its first three-year medium-term management plan beginning in FY 2019, announced on May 10, 2018. The period of this plan is considered to be a preparation period for actively implementing large-scale investments for future growth, aimed at securing new sources of minerals and establishing a stable supply system. The plan commenced in April 2018.

In addition, the Nittetsu Mining Group will maintain its commitment to pursuing eco-friendly business activities. These include compliance with ISO 14001, greenery initiatives at mined sites, acquisition of certification for company-owned forests, and generation of power from natural energy.

We extend our appreciation to all shareholders and ask for your continued support and cooperation.

June 2018

Kimio Sato

Representative Director and President

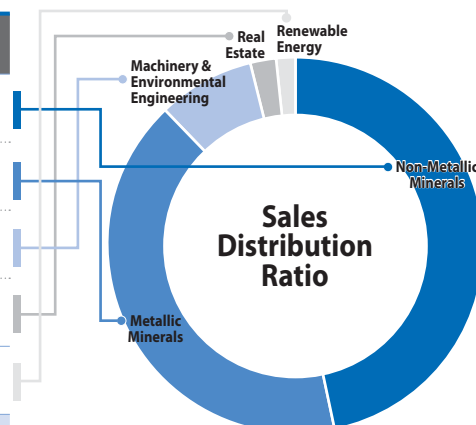
Consolidated Financial Information

Nittetsu Mining Co., Ltd. and Consolidated Subsidiaries

Net Sales by Business Segment

(Year ended March 31, 2018)

Business segment	Net sales (Millions of yen)	% change from previous fiscal year	% of total net sales
Non-Metallic Minerals	¥ 55,405	7.4	46.7
Metallic Minerals	¥ 48,850	18.5	41.1
Machinery & Environmental Engineering	¥ 10,015	0.8	8.4
Real Estate	¥ 2,704	0.1	2.3
Renewable Energy	¥ 1,734	(8.5)	1.5
Total	¥ 118,709	10.6	100.0



Breakdown of Net Sales

(Years ended March 31, 2018 and 2017)

(Millions of yen)

Business segment	Major products	2018		2017		Increase (decrease)
		Net sales	% of total net sales	Net sales	% of total net sales	
Mineral Resources	Limestone	¥ 27,287	23.0	¥ 26,309	24.5	¥ 977
	Crushed stone	6,592	5.6	5,909	5.5	682
	Non-Metallic Minerals	3,848	3.2	3,645	3.4	203
	Ancillary products and others	17,677	14.9	15,699	14.6	1,977
	Sub-total	55,405	46.7	51,564	48.0	3,840
Metallic Minerals	Electrolytic copper	35,302	29.7	25,699	23.9	9,602
	Copper concentrate	9,335	7.9	9,724	9.1	(388)
	Others	4,212	3.5	5,802	5.4	(1,590)
	Sub-total	48,850	41.1	41,226	38.4	7,623
Total		¥ 104,255	87.8	¥ 92,791	86.4	¥ 11,464
Machinery & Environmental Engineering	Machinery engineering	4,706	4.0	4,799	4.5	(93)
	Environmental engineering	5,308	4.4	5,137	4.8	171
Total		¥ 10,015	8.4	¥ 9,937	9.3	¥ 78
Real Estate	Real estate rentals and sales	2,704	2.3	2,701	2.5	2
Renewable Energy	Geothermal steam supply, solar power, hydroelectric power	1,734	1.5	1,895	1.8	(161)
Total		¥ 118,709	100.0	¥ 107,325	100.0	¥ 11,383

Consolidated Financial Information

Nittetsu Mining Co., Ltd. and Consolidated Subsidiaries

Balance Sheets

As of March 31, 2018 and 2017

Assets

	Millions of yen		Thousands of US dollars
	2018	2017	2018
Current Assets			
Cash and deposits	¥ 30,537	¥ 26,297	\$ 287,442
Notes and accounts receivable—trade	26,738	24,499	251,681
Lease investment assets	3,638	3,910	34,246
Merchandise and finished goods	3,213	3,857	30,251
Work in process	8,399	5,535	79,061
Raw materials and supplies	2,152	3,526	20,260
Deferred tax assets	—	444	—
Other	3,089	3,965	29,083
Allowance for doubtful accounts	(474)	(430)	(4,465)
	77,296	71,607	727,562
Non-Current Assets			
Property, plant and equipment:			
Buildings and structures	22,839	24,025	214,981
Machinery, equipment and vehicles	10,410	11,261	97,988
Land used for mining operations	3,854	3,809	36,278
Land for general use	16,697	16,888	157,167
Construction in progress	2,133	766	20,077
Other	469	489	4,415
	56,403	57,240	530,907
Intangible assets	3,717	2,510	34,990
Investments and Other Assets			
Investment securities	30,568	31,334	287,728
Deferred tax assets	1,385	1,142	13,042
Other	3,743	4,054	35,236
Allowance for doubtful accounts	(387)	(386)	(3,645)
Allowance for investment loss	(10)	(5)	(103)
	35,299	36,138	332,259
Total Assets	¥ 172,716	¥ 167,496	\$ 1,625,719

The accompanying notes are an integral part of these statements.
Totals may not add up due to rounding.

Liabilities and Net Assets

	Millions of yen		Thousands of US dollars
	2018	2017	2018
Current Liabilities			
Notes and accounts payable—trade	¥ 11,493	¥ 8,621	\$ 108,183
Short-term loans payable	20,793	11,655	195,722
Lease obligations	722	761	6,799
Accounts payable—other	5,198	4,743	48,929
Income taxes payable	1,113	743	10,477
Provision for bonuses	993	956	9,352
Provision for directors' bonuses	30	23	288
Provision for shareholder benefit program	10	10	98
Provision for environmental safety measures	—	6	—
Provision for product warranties	16	14	154
Other	2,897	4,117	27,271
	43,269	31,655	407,279
Non-Current Liabilities			
Long-term loans payable	1,933	12,158	18,195
Lease obligations	877	1,128	8,263
Deferred tax liabilities	4,718	5,166	44,411
Provision for directors' retirement benefits	90	70	851
Provision for environmental safety measures	120	126	1,131
Provision for special repairs	53	179	499
Net defined benefit liability	3,890	3,315	36,615
Asset retirement obligations	4,446	4,410	41,857
Other	6,958	6,885	65,498
	23,088	33,440	217,323
Total Liabilities	66,357	65,096	624,602
Net Assets			
Capital stock	4,176	4,176	39,308
Capital surplus	5,183	5,248	48,790
Retained earnings	80,447	76,127	757,219
Treasury shares	(157)	(150)	(1,485)
Shareholders' equity	89,648	85,401	843,834
Accumulated Other Comprehensive Income:			
Valuation difference on available-for-sale securities	13,032	13,328	122,669
Deferred gains or losses on hedges	34	(40)	321
Foreign currency translation adjustment	640	859	6,024
Remeasurements of defined benefit plans	(1,712)	(1,505)	(16,116)
Total Accumulated Other Comprehensive Income	11,994	12,641	112,898
Non-controlling interests	4,715	4,356	44,384
Total Net Assets	106,358	102,399	1,001,117
Total Liabilities and Net Assets	¥ 172,716	¥ 167,496	\$ 1,625,719

Consolidated Financial Information

Nittetsu Mining Co., Ltd. and Consolidated Subsidiaries

Statements of Income

Years ended March 31, 2018 and 2017

	Millions of yen		Thousands of US dollars
	2018	2017	2018
Net Sales	¥ 118,709	¥ 107,325	\$ 1,117,373
Cost of Sales	90,810	80,858	854,771
Selling, General and Administrative Expenses	18,875	18,441	177,664
Operating Profit	9,023	8,026	84,937
Non-Operating Income:			
Interest income	82	52	772
Dividend income	835	549	7,868
Share of profit of entities accounted for using equity method	183	—	—
Other	133	159	1,256
	1,235	762	11,628
Non-Operating Expenses:			
Interest expenses	329	303	3,105
Share of loss of entities accounted for using equity method	—	122	—
Other	866	887	8,158
	1,196	1,313	11,264
Ordinary Profit	9,062	7,474	85,301
Extraordinary Income:			
Gain on sales of non-current assets	197	310	1,861
Gain on sales of investment securities	118	—	1,117
Compensation income	—	251	—
Other	46	37	434
	362	599	3,413
Extraordinary Losses:			
Loss on sales and retirement of non-current assets	319	311	3,007
Impairment loss	700	123	6,595
Loss on valuation of investment securities	157	—	1,479
Loss on step acquisitions	167	—	1,580
Other	3	22	35
	1,349	456	12,699
Profit before Income Taxes	8,075	7,616	76,015
Income Taxes:			
Income taxes—current	2,699	2,124	25,406
Income taxes—deferred	(181)	(2,455)	(1,712)
	2,517	(330)	23,693
Profit Attributable to Non-Controlling Interests	573	658	5,395
Profit Attributable to Owners of Parent	4,985	7,289	46,926
Profit	¥ 5,558	¥ 7,947	\$ 52,322

The accompanying notes are an integral part of these statements.
Totals may not add up due to rounding.

Statements of Comprehensive Income

Years ended March 31, 2018 and 2017

	Millions of yen		Thousands of US dollars
	2018	2017	2018
Profit	¥ 5,558	¥ 7,947	\$ 52,322
Other comprehensive income:			
Valuation difference on available-for-sale securities	(295)	4,399	(2,777)
Deferred gains or losses on hedges	71	13	671
Foreign currency translation adjustment	(294)	(52)	(2,771)
Remeasurements of defined benefit plans, net of tax	(206)	555	(1,942)
Share of other comprehensive income of entities accounted for using equity method	3	(2)	32
Total other comprehensive income	(721)	4,912	(6,787)
Comprehensive income	4,837	12,859	45,534
Comprehensive income attributable to owners of parent	4,338	12,184	40,836
Comprehensive income attributable to non-controlling interests	¥ 499	¥ 674	\$ 4,697

The accompanying notes are an integral part of these statements.
Totals may not add up due to rounding.

Statements of Cash Flows

Years ended March 31, 2018 and 2017

	Millions of yen		Thousands of US dollars
	2018	2017	2018
Net cash provided by operating activities	¥ 12,444	¥ 12,079	\$ 117,136
Net cash used in investing activities	(4,893)	(6,070)	(46,064)
Net cash used in financing activities	(3,089)	(6,194)	(29,078)
Effect of exchange rate change on cash and cash equivalents	(236)	(101)	(2,225)
Net increase (decrease) in cash and cash equivalents	4,224	(287)	39,768
Cash and cash equivalents at beginning of period	25,686	25,973	241,777
Cash and cash equivalents at end of period	¥ 29,911	¥ 25,686	\$ 281,546

The accompanying notes are an integral part of these statements.
Totals may not add up due to rounding.

Notes to Consolidated Financial Statements

Nittetsu Mining Co., Ltd. and Consolidated Subsidiaries

1. Scope of Consolidation

(1) Number of consolidated subsidiaries: 22 companies

Main consolidated subsidiaries:

Funao Mining Co., Ltd., Hachinohe Mining Co., Ltd., Sociedad Contractual Minera Atacama Kozan, Hokkaido Lime Co., Ltd., Nittetsu Mining Consultants Co., Ltd., Nittetsukoukenzai Co., Ltd., Kobukuro Techno Co., Ltd.

During the consolidated fiscal year under review, the Company acquired additional shares of affiliated company Compañía Minera Arqueros S.A., making it a subsidiary. As a result, this company is now included in the scope of consolidation.

(2) Names of principal unconsolidated subsidiaries

Shin Yaguki Mining Co., Ltd., Yaguki Aggregate Co., Ltd.

Reason for exclusion from scope of consolidation:

The unconsolidated subsidiaries are small in scale, and their total assets, net sales, profit and retained earnings, etc., (commensurate with equity holdings) do not have a material effect on the consolidated financial statements.

2. Application of the Equity Method

(1) Number of affiliated companies accounted for by the equity method:

1 company: Hibi Kyodo Smelting Co., Ltd.

(2) Unconsolidated subsidiaries (Shin Yaguki Mining Co., Ltd. and others) and affiliated companies (POLYTETSU-KOREA Co., LTD. and others) not accounted for by the equity method are excluded from the scope of application of the equity method because they have no overall significance and their profit and retained earnings (commensurate with equity holdings) would have an immaterial effect on consolidated financial statements even if they were excluded from eligibility for the equity method.

3. Business Years of Consolidated Subsidiaries

Companies with account settlement dates different from the consolidated account settlement date are as follows:

Company Name	Settlement Date
Sociedad Contractual Minera Atacama Kozan	December 31
Compañía Minera Arqueros S.A.	December 31
Minera Nittetsu Chile Limitada	December 31

The financial statements of consolidated subsidiaries as of the account settlement date are used. Necessary adjustments are made in consolidation for significant transactions occurring between then and the consolidated account settlement date.

4. Summary of Significant Accounting Policies

(1) Valuation standard and method for significant assets

(a) Marketable securities

Available-for-sale securities:

Securities with fair market value:

Valued at fair market value based on market prices, etc., at the balance sheet date (valuation differences are directly charged or credited to net assets, and cost of securities sold calculated by the moving-average method).

Securities without fair market value:

Valued at cost by the moving-average method.

(b) Derivatives

Market value method

(c) Inventories

The standard for evaluation is the cost method (book value devaluation method based on the decline in profitability). The method of evaluation is the periodic-average method or the first-in, first-out method, depending on the product line or type of business.

(2) Method for depreciation and amortization of significant depreciable assets

(a) Property, plant and equipment (except for lease assets)

The Company and its domestic consolidated subsidiaries primarily use the declining balance method. (However, the straight-line method is used for buildings acquired on or after April 1, 1998 [excluding accompanying facilities acquired prior to March 31, 2016], buildings for the leasing business [including accompanying facilities] and structures acquired on or after April 1, 2016 [excluding major tunnels], while the unit-of-production method is used for certain structures [major tunnels] and land for mining.) Overseas consolidated subsidiaries primarily use the straight-line method.

Estimated useful lives are as follows:

Buildings and structures: 5–60 years

Machinery, equipment and vehicles: 4–25 years

(b) Intangible assets (except for lease assets)

For mining rights, the production output method is adopted. For others, the straight-line method is adopted. Software for internal use is amortized using the straight-line method based on its usable period in the company (5 years).

(c) Lease assets

Leased property under finance leases that do not transfer ownership are computed over the lease terms assuming no residual value.

(3) Accounting for significant reserves and allowances

(a) Allowance for doubtful accounts

At the end of each fiscal year, the Company and its domestic consolidated subsidiaries set aside an allowance for doubtful accounts in the estimated unrecoverable amount, based on the Company's loss experience for general credit and on the Company's individual estimates of future recoverability for specific accounts, including doubtful accounts.

(b) Allowance for investment loss

The Company sets aside a reserve to compensate for losses related to investments in affiliates in the mining business based on the financial standing of the applicable affiliate.

(c) Provision for bonuses

The Company and its domestic consolidated subsidiaries set aside a reserve for provision for bonuses, calculated based on estimated payments to cover payment of bonuses to employees.

(d) Provision for directors' bonuses

The Company and its domestic consolidated subsidiaries set aside a reserve to match provision for bonuses, calculated based on estimated payments to cover payment of bonuses to directors.

(e) Provision for shareholder benefit program

The Company sets aside a reasonable reserve to cover payments for expenses of the shareholder benefit program.

(f) Provision for product warranties

The Company sets aside a provision based on the past implementation rate to prepare for expenses involving

free repair costs within the warranty period for products that have been sold.

(g) Provision for directors' retirement benefits

The Company and its domestic consolidated subsidiaries set aside the amount required to be paid out at the end of the fiscal year to fund the retirement benefits of directors in accordance with internal company regulations.

(h) Provision for environmental safety measures

In accordance with the Special Measures Law for the Promotion of Proper Disposal of PCB Waste (Law No. 65, June 22, 2001), the Company sets aside a reasonable reserve in an amount equivalent to the estimated disposal expenses for stored PCB.

(i) Provision for special repairs

The Company and its domestic consolidated subsidiaries have a provision for special repairs based on the estimated cost of applicable inspection and repair of ships requiring regular inspections under the Ship Safety Act, and for regular repairs to steam production and transport facilities.

(4) Accounting method for retirement benefits

(a) Attribution method of retirement benefit estimates

The straight-line basis is used as the method for attributing estimated retirement benefits for the period until the end of the current fiscal year.

(b) Method of expense recording for actuarial differences

Actuarial differences are recorded as expenses from each consolidated fiscal year in which they occur by dividing the amount proportionately using the straight-line method over a certain number of years (13 years) within the average remaining service period of employees during the consolidated fiscal year. Certain consolidated subsidiaries of the Company record a lump-sum expense in the consolidated fiscal year in which they occur.

(c) Adoption of the simplified valuation method at small enterprise, etc.

Certain consolidated subsidiaries employ the simplified method in which the retirement benefit amount required for voluntary termination at year-end is deemed a retirement benefit obligation for the calculation of liability associated with retirement and retirement benefit expenses.

(5) Calculation method for revenue from construction work completed and costs of completed construction work

The percentage-of-completion method is used for construction contracts where the outcome of the phase in progress is deemed certain by the end of the current consolidated fiscal year, while the completed contract method is applied to all other construction contracts. In addition, estimates of the state of completion at the end of the current consolidated fiscal year are calculated using the cost-to-cost method for construction projects using the percentage-of-completion method.

(6) Accounting standard for profits from financial lease transactions

Revenue from financial lease transactions and associated costs are recognized at the time of receipt of lease fees.

(7) Standards for translation of significant foreign currency denominated assets and liabilities into Japanese yen

Current and non-current monetary accounts denominated in foreign currencies are translated into yen at the exchange rates as of the balance sheet date, and any translation difference is accounted for as a profit or

loss for the year.

All assets and liabilities of overseas consolidated subsidiaries are translated at the rates of exchange in effect at the overseas consolidated subsidiary's balance sheet date. All revenues and expenses of overseas consolidated subsidiaries are translated at the average rates of exchange for the fiscal year. Translation differences are included in Foreign currency translation adjustment and Non-controlling interests under the Net Assets of the Balance Sheets.

(8) Main hedge accounting methods

(a) Hedge accounting method

The Company uses mainly deferred hedging. However, for interest rate swaps, special treatment is applied in cases that meet the necessary requirements. The recognition of gains and losses on foreign monetary rights or obligations at a preset price is used for currency swap transactions that qualify for hedge accounting requirements.

(b) Hedge instruments, hedge objects and hedge policy

The Company's interest rate swap transactions and currency swap transactions are carried out to avoid risk associated with loan interest rate fluctuations and exchange rate fluctuations.

In addition, the Company carries out commodity futures transactions to avoid commodity price fluctuation risk for non-ferrous metals inventories and for non-ferrous metals future contracts that the Company concludes with customers.

(c) Method of assessing the effectiveness of hedges

Over the period from the beginning of a commodity future transaction to the point at which the effectiveness is determined, market fluctuations of the hedged commodity and the hedged instrument are compared to determine effectiveness. However, interest rate swap transactions are treated separately and are omitted from this effectiveness evaluation.

(9) Goodwill amortization method and period

The equal installment method is used for the amortization of goodwill over a period of time (less than 20 years) in which the investment effect in each subsidiary is realized. In addition, when the amount is immaterial, the complete amount is amortized in the consolidated fiscal year in which it occurs.

(10) Accounting method for consumption tax, etc.

The tax exclusion method is used when accounting for consumption tax and regional consumption tax.

5. Notes Concerning Changes to Accounting Estimates

Property, plant and equipment and intangible assets owned by S.C.M. Atacama Kozan, a consolidated subsidiary of the Company, have been depreciated or amortized based on the mine's operational life. The reserves of the concession blocks near the area that have already been mined were calculated and factored into minable reserves; therefore, the service life of major facilities has been extended. This change takes effect in the fiscal year under review and continues in the future. In addition, the estimate period for expenditures of asset retirement obligations booked as mine closure costs based on the mine closure plan stipulated in the mining law of Chile and the remaining service years related to

retirement benefit obligations were both extended. This change takes effect in the fiscal year under review and continues in the future.

As a result, compared to the conventional method, depreciation and amortization costs for the fiscal year under review declined ¥75,874,882, while operating profit, ordinary profit and profit before income taxes each increased by the same amount.

6. Notes Concerning Changes in Presentation Method

The Ordinance for Partial Revisions of the Rules of Corporate Accounting and Enforcement Regulations of the Companies Act (Ordinance of the Ministry of Justice No. 5 issued on March 26, 2018) can be applied to consolidated financial statements for the end of the fiscal year under review. These revised regulations will be applied from the fiscal year under review, resulting in change in presentation method in which Deferred tax assets are now included in Investments and Other Assets and Deferred tax liabilities in Non-Current Liabilities. As a result, compared to the previous presentation method, Deferred tax assets under Current Assets decreased ¥419,342,407, Deferred tax assets under Investments and Other Assets increased ¥206,139,710, Deferred tax liabilities under Current Liabilities decreased ¥170,209 and Deferred tax liabilities under Non-Current Liabilities decreased ¥213,032,488.

Gain on sales of investment securities presented in Other under Extraordinary Income in the previous fiscal

year will be presented independently in the fiscal year under review because the materiality of the amount increased. Gain on sales of investment securities in the previous fiscal year was ¥4,556,344.

7. Notes to the Consolidated Balance Sheets

(1) Collateral assets

(Millions of yen)

Foundation mortgage	
Property, plant and equipment	¥ 5,089
Debt collateralized by the above	
Short-term loans payable	25
Long-term loans payable	10
Total	35

(Others)	
Property, plant and equipment	¥ 554
Debt collateralized by the above	
Short-term loans payable	32
Long-term loans payable	235
Guarantee deposits received	10
Total	277

(2) Accumulated depreciation of property, plant and equipment

¥159,934 million

(3) Guaranteed liabilities

(Millions of yen)

	Total guarantee	Consolidated company debt
Hibi Kyodo Smelting Co., Ltd.	¥ 21,000	¥ 4,258
Iwaki Kyodo Tancal Co., Ltd.	165	31
HAKODATE NAMA CONCRETE CO., LTD.	10	0
Total	21,175	4,290

8. Segment Information

	Millions of yen						
	2018						
	Non-Metallic Minerals	Metallic Minerals	Machinery & Environmental Engineering	Real Estate	Renewable Energy	Eliminations and Corporate	Total
Sales to external customers	¥ 55,405	¥ 48,850	¥ 10,015	¥ 2,704	¥ 1,734	¥ 0	¥ 118,709
Inter-segment sales	668	1	1,170	8	0	(1,848)	—
Segment Revenue	56,073	48,852	11,185	2,713	1,734	(1,848)	118,709
Segment Profits	7,328	789	772	1,433	309	(1,610)	9,023

	Millions of yen						
	2017						
	Non-Metallic Minerals	Metallic Minerals	Machinery & Environmental Engineering	Real Estate	Renewable Energy	Eliminations and Corporate	Total
Sales to external customers	¥ 51,564	¥ 41,226	¥ 9,937	¥ 2,701	¥ 1,895	¥ —	¥ 107,325
Inter-segment sales	1,911	—	1,298	8	—	(3,219)	—
Segment Revenue	53,476	41,226	11,235	2,710	1,895	(3,219)	107,325
Segment Profits	6,444	1,339	971	1,532	402	(2,663)	8,026

	Thousands of US dollars						
	2018						
	Non-Metallic Minerals	Metallic Minerals	Machinery & Environmental Engineering	Real Estate	Renewable Energy	Eliminations and Corporate	Total
Sales to external customers	\$ 521,509	\$ 459,811	\$ 94,269	\$ 25,457	\$ 16,325	\$ 0	\$ 1,117,373
Inter-segment sales	6,290	17	11,015	79	0	(17,402)	—
Segment Revenue	527,799	459,829	105,285	25,536	16,325	(17,402)	1,117,373
Segment Profits	68,977	7,427	7,272	13,497	2,917	(15,155)	84,937

Corporate Information

Outline

As of March 31, 2018

Date of Establishment	May 20, 1939
Common Stock	
Authorized	20,000,000 shares
Issued and Outstanding	8,352,319 shares (including 31,574 shares of treasury stock)
Number of Shareholders	3,999

Major Shareholders	% of total
Nippon Steel & Sumitomo Metal Corporation	14.88
Nittetsu Kogyo Shogakukai*	7.71
The Master Trust Bank of Japan, Ltd. (trust account)	4.86
Mizuho Bank, Ltd.	3.53
Sumitomo Mitsui Banking Corporation	3.49
Japan Trustee Services Bank, Ltd. (trust account)	2.57
DFA INTL SMALL CAP VALUE PORTFOLIO	2.35
GOVERNMENT OF NORWAY	2.34
Japan Trustee Services Bank, Ltd. (trust account 9)	1.97
The Bank of Tokyo-Mitsubishi UFJ, Ltd.**	1.68

*Non-profit corporation

**The Bank of Tokyo-Mitsubishi UFJ, Ltd., one of the Company's major shareholders, changed its legal name to MUFG Bank, Ltd. effective April 1, 2018.

Number of Employees (Consolidated)	
Mineral Resources	
Non-Metallic Minerals	1,166
Metallic Minerals	247
Machinery & Environmental Engineering	267
Real Estate	3
Renewable Energy	11
Corporate (shared)	90
Total	1,784
Number of Employees (Non-Consolidated)	
	671

Principal Lenders
Mizuho Bank, Ltd.
Sumitomo Mitsui Banking Corporation
The Bank of Tokyo-Mitsubishi UFJ, Ltd.*

*The Bank of Tokyo-Mitsubishi UFJ, Ltd., one of the Company's main lenders, changed its legal name to MUFG Bank, Ltd. effective April 1, 2018.

Primary Businesses

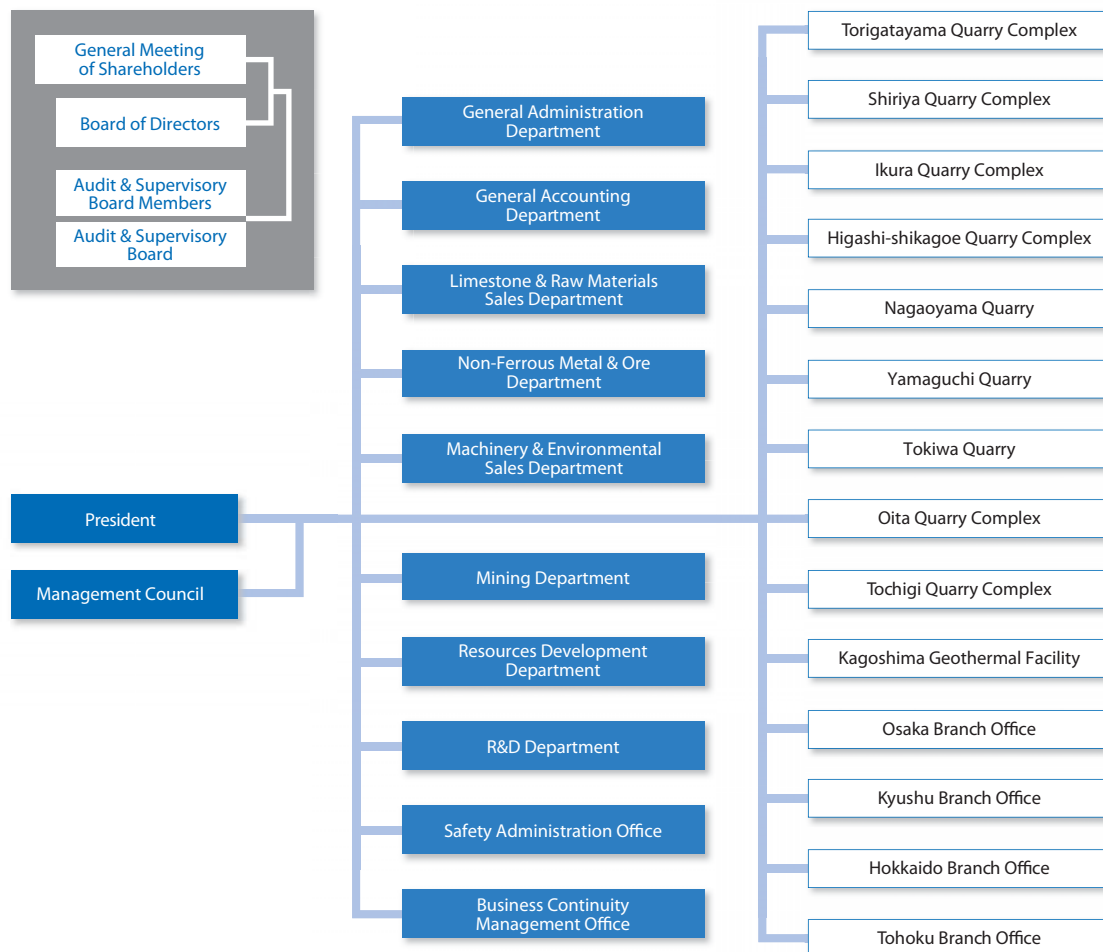
As of March 31, 2018

Group	Major Products and Services
Mineral Resources	Non-Metallic Minerals Limestone, dolomite, crushed stone, calcium carbonate, silica rock, quicklime, hydrated lime, cement, gypsum, ready-mixed concrete and concrete products, petroleum products, coal, LPG, chips for pulp, mineral water, specialty papers (fire-retardant, calcium carbonate), granulates, handling and transportation of mineral products, technological consulting for mining and civil engineering
	Metallic Minerals Electrolytic copper, gold and silver, copper concentrate
Machinery & Environmental Engineering	Machinery Engineering Dust collectors, crushing and grinding equipment, mining machinery, construction-related machinery, civil engineering machinery, electric machinery, monorail for passenger transportation, ball valves, powder/fluid-related machinery, maintenance/repair of baryta machinery, others
	Environmental Engineering Water treatment agents, deodorizers, others
Real Estate	Rentals of office buildings, condominiums, commercial spaces, factories and warehouses, and real estate sales
Renewable Energy	Geothermal steam supply, solar power, hydroelectric power

Corporate Information

Organizational Chart

As of June 28, 2018



Directors and Audit & Supervisory Board Members

As of June 28, 2018

Representative Director and President

Kimio Sato

Managing Directors

Hiroshi Koyama

Jun Matsunaga

Directors

Shinya Yamasaki

(Supervision of Machinery & Environmental Sales Department, R&D Department)

Yuji Somatsu

(Supervision of Mining Department, Safety Administration Office)

Reiichi Morikawa

(Supervision of Limestone & Raw Materials Sales Department and Non-Ferrous Metal & Ore Department)

Hideo Kawamura

(Representative Director and President, Hachinohe Mining Co., Ltd.)

Takeyuki Kumamura

Katsuhiko Kaneko

Standing Audit & Supervisory Board Members

Izumi Tanaka

Hiroyasu Adachi

Audit & Supervisory Board Members

Yoshiro Wakayanagi

Eiki Hotta

Corporate Executives

Hideaki Kido

(General Manager of Torigatayama Quarry Complex)

Yukihiko Hagikami

(General Manager of Resources Development Department)

Kenji Otakara

(General Manager of General Accounting Department)

Hirofumi Fujimoto

(General Manager of General Administration Department)

Offices

As of March 31, 2018

Domestic	
Head Office	Yusen Building, 3-2, Marunouchi 2-chome, Chiyoda-ku, Tokyo 100-8377, Japan URL: http://www.nittetsukou.co.jp/eng/
General Administration Section	Tel: +81-3-3284-0516 Fax: +81-3-3215-8480
Public & Investor Relations Group	Tel: +81-3-3284-0518 Fax: +81-3-3215-8480
Information System Section	Tel: +81-3-3216-5231 Fax: +81-3-3216-5232
Limestone Sales Section	Tel: +81-3-3216-5261 Fax: +81-3-3284-0037
Limestone Powder and Aggregate Sales Section	Tel: +81-3-3216-5260 Fax: +81-3-3284-0037
Fine Materials Sales Section	Tel: +81-3-3216-5254 Fax: +81-3-3215-7293
Non-Ferrous Metal & Ore Section	Tel: +81-3-3216-5265 Fax: +81-3-3284-0037
Environmental Sales Section	Tel: +81-3-3216-5320 Fax: +81-3-3216-5262
Machinery Sales Section	Tel: +81-3-3216-5321 Fax: +81-3-3216-5263
Resources Development Section	Tel: +81-3-3216-5281 Fax: +81-3-5962-5180
R&D Department	8-1, Hirai, Hinode-cho, Nishitama-gun, Tokyo 190-0182, Japan R&D Administration Section Tel: +81-42-597-7001 Fax: +81-42-597-7013
Overseas	
Sydney Office	Suite 5.04, Level 5, 20 Hunter St, Sydney, NSW 2000, Australia Tel: +61-2-9238-0477 Fax: +61-2-8065-4174
Taiwan Office	No. 46, Section 2, Zhongshan N Rd, Zhongshan District, Taipei City 104, Taiwan Tel: +886-2-2521-7316 Fax: +886-2-2521-7756

Major Subsidiaries

As of March 31, 2018

Subsidiaries	Capital (Millions of yen)	Company holdings (%)	Primary businesses
Nittetsu Mining Consultants Co., Ltd.	100	100.0	Consulting services for geological surveys, geophysical exploration, test boring and construction
Hokkaido Lime Co., Ltd.	80	100.0	Manufacture and sales of quicklime and hydrated lime
Funao Mining Co., Ltd.	60	100.0	Mining and sales of limestone Manufacture and sales of calcium carbonate
Nittetsukoukenzai Co., Ltd.	50	100.0	Buying and selling of limestone, crushed stone and calcium carbonate
Kobukuro Techno Co., Ltd.	50	100.0	Manufacture and sales of crushing and grinding equipment and electric machinery
Hachinohe Mining Co., Ltd.	100	70.0	Mining and sales of limestone

Note: No subsidiaries fall under the category of specified wholly owned subsidiary.

Subsidiary	Capital (Thousands of US dollars)	Company holdings (%)	Primary businesses
Sociedad Contractual Minera Atacama Kozan	16,750	60.0	Mining and sales of copper and other minerals



Nittetsu Mining Co., Ltd.

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