

Company Overview

(As of March 31, 2012)

Corporate name:	MATSUDA SANGYO Co., Ltd.
Head office:	Shinjuku Nomura Bldg. 26-2 1-chome, Nishi-Shinjuku, Shinjuku-ku, Tokyo
Foundation:	June 18, 1951
Common stock:	¥3,559 million
Number of employees:	942
Main businesses:	Recovery and refining of precious metals, sale of precious metal bullions and electronic materials, wholesale of raw materials for food processing, collection, transportation, and processing of industrial waste
Accounting auditor:	Ernst & Young ShinNihon LLC

Board of Directors

(As of June 29, 2012)

President and Representative Director:	Yoshiaki Matsuda
Vice-president and Director:	Koji Tsushima
Senior Managing Director:	Tsuneo Tokunaga
Managing Directors:	Kenji Hosoda Yuji Katayama
Directors:	Yoshitaka Tashiro Masanori Funamoto Takashige Sasaki Ryuichi Yamazaki Yasuyuki Ito Nobuaki Baba Atsushi Kinoshita Toshihiko Uchiyama
Corporate Auditor (standing):	Tetsuo Tani
Corporate Auditors:	Takeo Ishihara Hiroyuki Kumasaka



For Prosperity
and
a Beautiful Earth

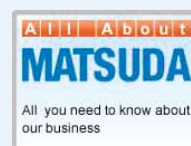
Investor Information

Business year:	April 1 to the following March 31
Register closing date for term-end dividend payments:	March 31
Register closing date for interim dividend payments:	September 30
General meeting of shareholders:	June every year
Shareholder register administrator and transfer account management institution for special account:	Mitsubishi UFJ Trust and Banking Corporation
Contact:	Corporate Agency Department, Mitsubishi UFJ Trust and Banking Corporation 10-11 Higashisuna 7-chome, Koto-ku, Tokyo 137-8081 Toll free: 0120-232-711 (only in Japan)
Quoted securities exchange:	Tokyo Stock Exchange
URL for public notices:	http://ir.matsuda-sangyo.co.jp/ja/Top.html (Note that public notices will appear in <i>The Nikkei</i> if there is any trouble in posting public notices by electronic means or for any other unavoidable reason.)

Website Information

Matsuda Sangyo Search

Homepage



Please visit our website to learn more about the Matsuda Sangyo Group. We have added a new section that helps you understand what we do in three easy steps.

FORWARD-LOOKING STATEMENTS

This business report contains forward-looking statements concerning the future plans, strategies, beliefs and performance of Matsuda Sangyo Co., Ltd. and its group companies. These forward-looking statements are not historical facts. They are expectations, estimates, forecasts and projections based on information currently available to the Company and are subject to a number of risks, uncertainties and assumptions, which, without limitation, include economic trends, competition in markets where the Company is active, personal consumption, market demand, the tax system and other legislation. As such, actual results may differ materially from those projected.

MATSUDA SANGYO Co., Ltd.

Shinjuku Nomura Bldg. 26-2, 1-chome,
Nishi-shinjuku, Shinjuku-ku, Tokyo
TEL +81-3-5381-0001
URL: <http://www.matsuda-sangyo.co.jp/english/>



BUSINESS REPORT 2012
Year ended March 31, 2012

Matsuda Sangyo At a Glance

The Matsuda Sangyo Group's corporate philosophy is to "contribute to society through the effective use of the world's natural resources" via three businesses:

- Precious metals business — working to effectively recycle precious metals, a limited resource
- Environmental business — striving to create a clean environment for future generations
- Food business — tapping nature's resources to provide stable supplies of food

These three businesses underpin an operating structure that offers a balance of growth potential (the precious metals and environmental businesses) and stability (the food business).

Precious metals business segment

Business overview

Precious metals business

- Precious metal bullion and precious metal chemical product manufacturing; precious metal recycling; precision cleaning of thin-film molding system parts; sales of semiconductors and electronic materials

Environmental business

- Recycling of silver contained in photo-sensitive materials; industrial waste collection and transportation; intermediate treatment and recycling of waste acid and alkalis

Strength

- Leveraging advanced technologies and expertise from over 70 years of operations, the precious metals business segment can handle everything from pre-processing to analysis and refining. The business's high level of technical ability in recovering precious metals such as gold, silver and platinum and the volume of materials it handles consistently places it among the industry's leaders.
- In addition to the development, manufacture and sale of diverse products for the electronics sector, such as metal plating chemicals, the business also provides a comprehensive range of recycling services such as the disposal of industrial waste.
- The business is authorized to collect and transport industrial waste nationwide.

Food business segment

Business overview

- Procurement of safe food materials (seafood products, livestock products, agricultural products etc) from sources worldwide for supply to customers in the processed food manufacturing, ready-made meal, and food service sectors

Strength

- Procurement of food materials tailored to customer needs through a global sourcing network
- Flexible primary processing of food materials into optimum forms and volumes for customers
- Distinctive services such as guidance for suppliers in producing regions by the Quality Assurance Department, quality standard documentation, and traceability



The Early Years

1935

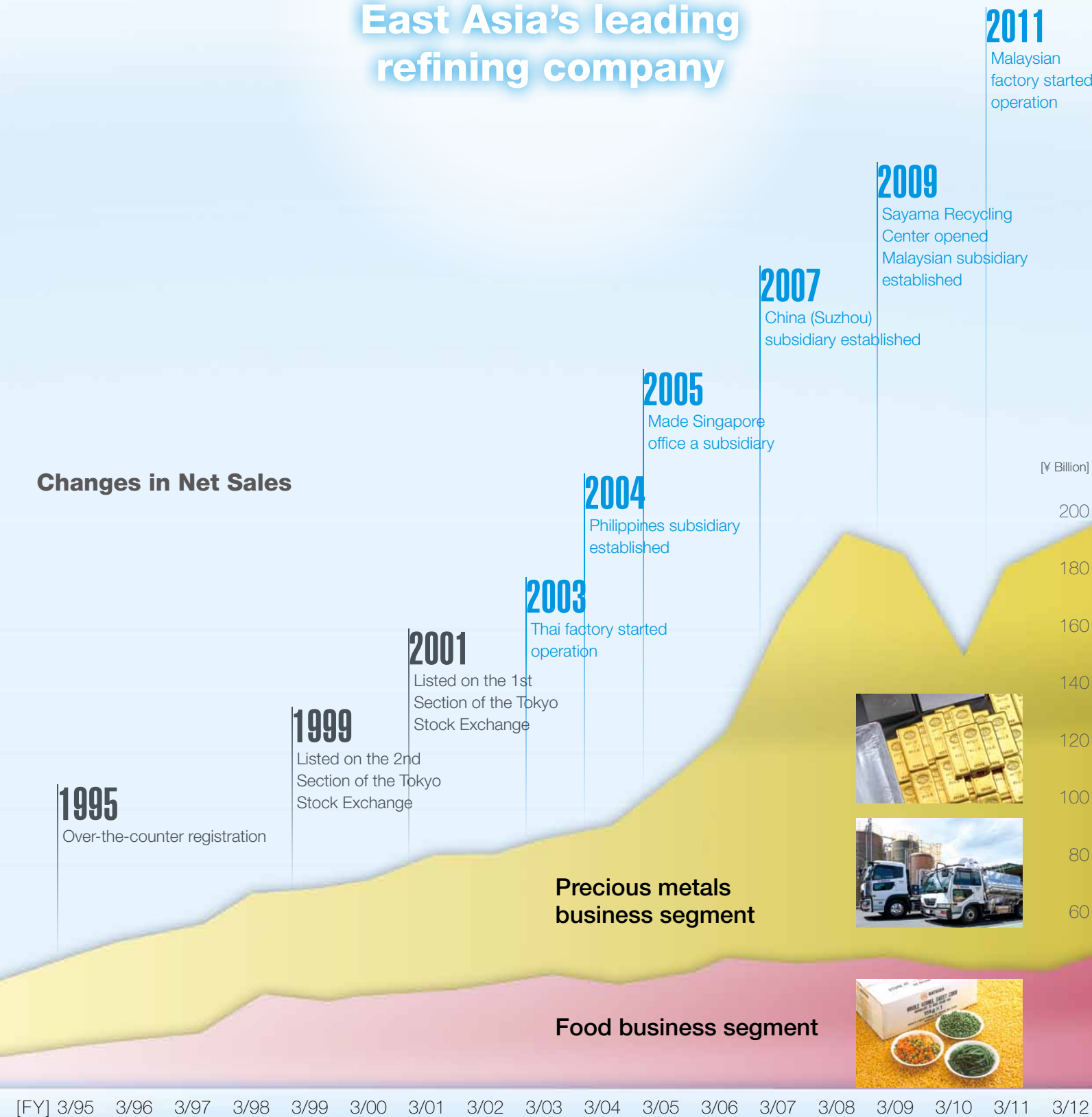
Matsuda Sangyo established; initially focused on recovery of silver from photo film materials and sales of egg whites

1964

Started handling *surimi* fish paste, followed later by agricultural and livestock products

We aim to become
East Asia's leading
refining company

Changes in Net Sales



Stepping up efforts to become East Asia's leading refining company, underpinned by an even stronger operating framework

First, I would like to thank all our shareholders for their support in the past year. I hope we can count on your continued support in the year ahead. Please take the time to read our Business Report for the fiscal year ended March 2012 (April 1, 2011 to March 31, 2012), which provides a more in-depth view of what we do at Matsuda Sangyo.



The new Malaysian factory started operations in November 2011

Equipped with the latest refining facilities, the factory will play a key role in expanding our business by tapping rising demand for precious metals recycling in East Asia.

Results and dividends for the fiscal year ended March 31, 2012

Many of our customers in the semiconductor and electronic parts sector saw a decline in output in the past year due to weak sales of some electronic equipment and disruption to supply chains caused by the flooding in Thailand. Against this backdrop, the volume of precious metal raw materials recovered by Matsuda Sangyo declined. However, we reported an increase in consolidated net sales of 2.2% year on year to ¥187,606 million, supported by higher bullion sales on the back of an increase in precious metal prices. Operating income rose 13.0% to ¥6,837 million, ordinary income increased 14.5% to ¥7,028 million, and net income grew 15.9% to ¥4,206 million. In light of these results, we paid a year-end dividend of ¥12 per share, in line with our forecast at the start of the fiscal year. Together with the interim dividend of ¥12, this resulted in a full-year dividend of ¥24 per share, the same as in the previous fiscal year.

Reinforcing our manufacturing, technology and sales capabilities

In recent years, East Asia has become increasingly important globally as a supply region for semiconductors and other electronic components due to the strengthening yen and rising demand in emerging markets such as China and India. In order to tap into this demand, we have built an overseas network in Singapore, Thailand, the Philippines, China and Malaysia.

During the fiscal year under review, our local subsidiary in Malaysia opened a new factory in November 2011, supplementing our other East Asian manufacturing site in Thailand. Malaysia is home to many electronics manufacturing facilities and

Japanese firms, so we view this as an ideal market to expand our business. During the year, we also took a number of steps to reinforce our sales network. In the precious metals business segment, we opened a representative office in Hanoi, Vietnam to undertake market research and gather information. We also set up a branch office in Taiwan to sell chemicals and other precious metals products.

In Japan, we are about to start investing in upgrades to precious metal manufacturing equipment at our main factories, and we will also actively develop new chemical products in response to industry needs.

In the food business segment, we will work to accurately target customer needs in marketing activities, while remaining focused on our basic goal of ensuring stable supplies of safe, reliable and high-quality food materials.

Working to deliver sustainable growth worldwide

In this way, the Matsuda Sangyo Group is currently expanding its operations into new markets worldwide, but we remain firmly committed to our corporate philosophy—“contribute to society through the effective use of the world's natural resources.” In order to deliver sustainable growth, we will conduct our operations while placing an emphasis on product quality management and reducing our environmental impact, as well as work to increase earnings and step up our efforts to contribute to society.

I hope we can count on your continued support as we implement these initiatives in the year ahead.

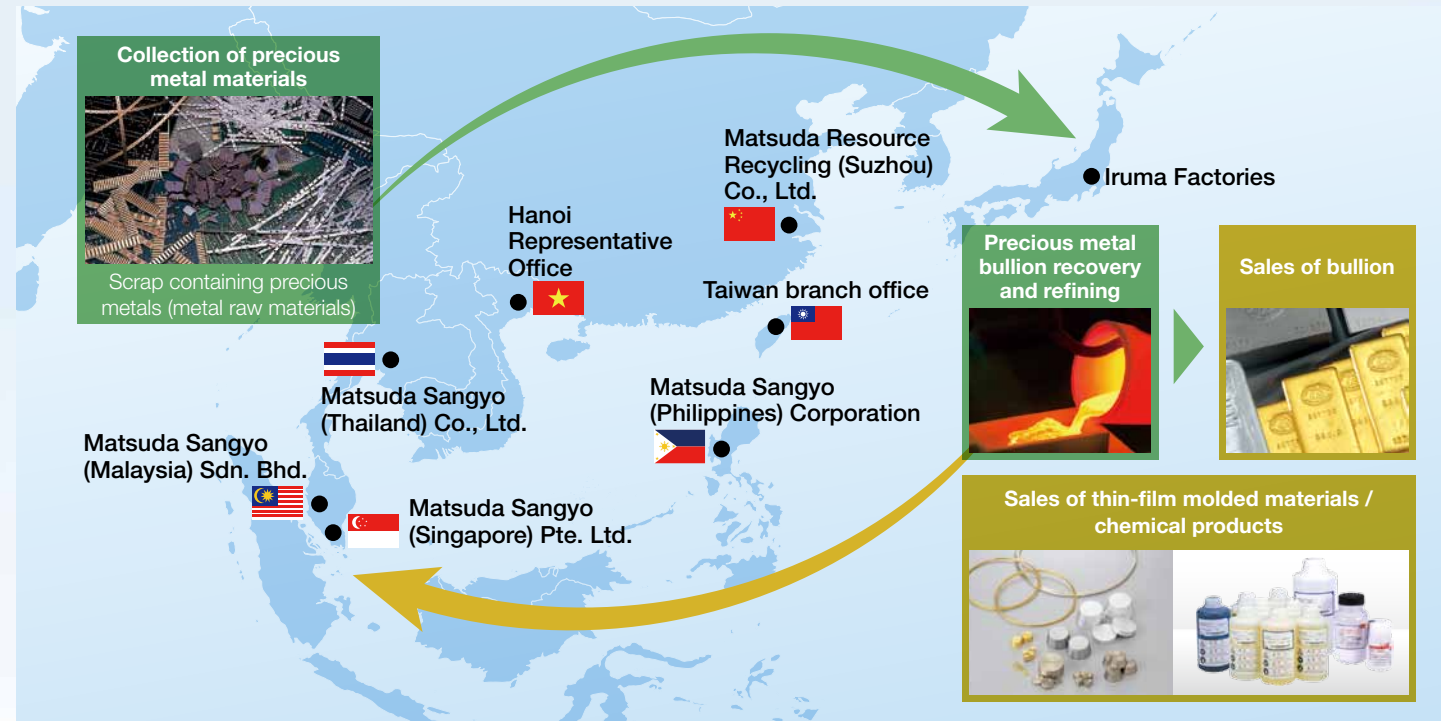
Yoshiaki Matsuda
President and Representative Director

Precious metals business segment

Business Model

The precious metals business sells precious metals products such as semiconductors and electronic materials, mainly to customers in the semiconductor and electronic parts sector. It also recovers and recycles scrap materials containing precious metals. Operations are international, with a focus on East Asia. At its factories in Thailand, Malaysia and Japan, the business handles everything from materials pre-processing such as scrap pulverization and incineration through to post-processing such as refining, purification and manufacturing. The environmental business is involved in the collection, transport and treatment of industrial waste, including the intermediate treatment of waste acids and alkalis.

Precious metals business



Environmental business

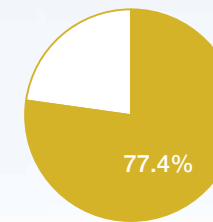


Overview of Business Performance

Performance in the fiscal year ended March 2012

The precious metals division saw a drop in sales volume for precious metal chemical products and electronic materials due to an overall decline in production at key customers in the semiconductor and electronic components sector. Although the volume of recovered precious metals trended down during the fiscal year, sales as a whole in the division rose year on year, partly due to an increase in precious metals prices.

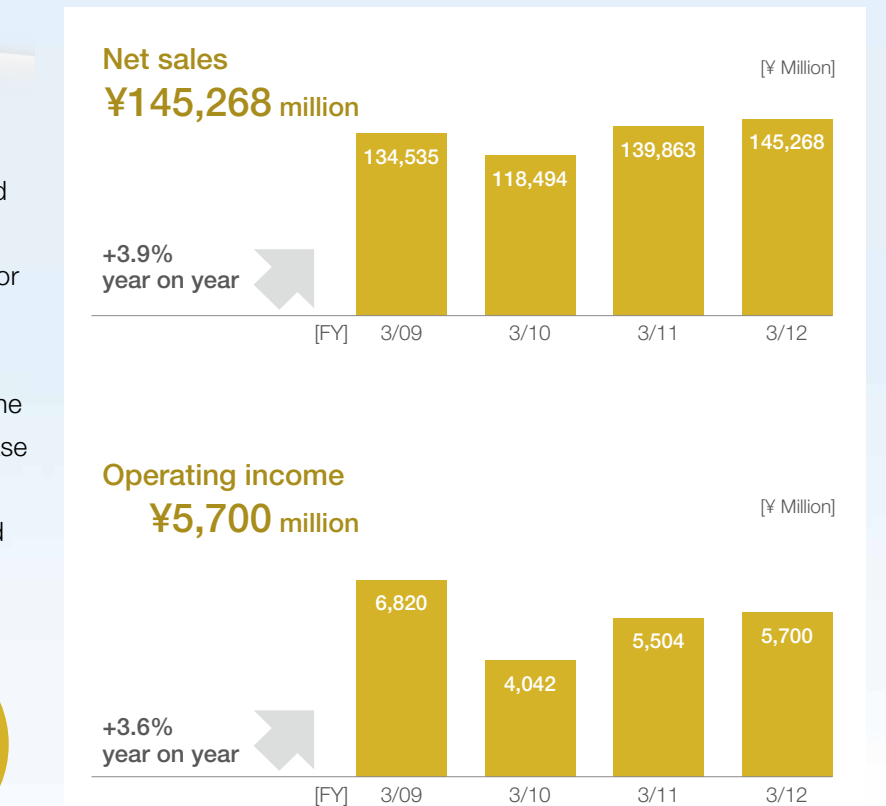
Sales in the environment division also increased year on year. Although the volume of materials handled was flat year on year as production activity stalled, sales were boosted by a sharp increase in the price of silver, which the business recovers from photosensitive materials.



Share of net sales

Strategies and major policies

As part of efforts to boost production and treatment capacity and develop new products, the business is focusing on three key strategies: reinforce overseas business sites, upgrade domestic business sites, and develop new products and technology.



Reinforce overseas business sites	Upgrade the recovery and sales network in East Asia
Upgrade domestic business sites	Renew facilities, boost capacity and improve efficiency at the Iruma complex
Develop new products and technology	Enhance recycling and manufacturing technologies Develop new products

Feature

The Matsuda Sangyo Group's Overseas Expansion

-The view from our subsidiary in Malaysia

Q1 Why did you select Malaysia for the site of your new factory?

There were two main reasons. First, Malaysia is becoming an important area globally for the production of semiconductors and other electronic parts due to the country's economic development, and the market is expanding as a result. We therefore view Malaysia as the ideal place to expand our business, especially sales of metal plating chemicals and precious metal recycling. Second, Malaysia has a large base of highly motivated and skilled workers.



Metal plating chemicals

Thin-film molded materials

Q3 What is the current operational status of the factory?

After completing test operations, we held an opening ceremony in February 2012. The precious metal recycling and precision cleaning businesses have been operating smoothly since then.

Q4 What are Matsuda Sangyo Malaysia's targets for the fiscal year ending March 2013?

As one of the key elements in the Group's plan to become East Asia's leading refining company, we plan to extend our operational reach and increase the volume of materials handled.



Matsuda Sangyo (Malaysia) Sdn. Bhd.
Established: June 2009

Q2 Please tell us about the role and characteristics of the Malaysian subsidiary.

Matsuda Sangyo Malaysia sells precious metals products such as metal plating chemicals, semiconductors and electronic materials, mainly to customers in the semiconductor and electronic parts sector in Malaysia. It also recovers industrial waste containing precious metals for recycling.

The factory is equipped to handle materials pre-processing such as scrap pulverization and melting, as well as refining processes. Any chemicals used in these processes are rendered harmless by the factory. The company offers full support to client production activities through services such as precision cleaning of thin-film molding system parts based on similar levels of technological expertise as the services provided by Matsuda Sangyo in Japan. We are also making a significant contribution to protecting Malaysia's environment through the use of environmental technology transferred from our facilities in Japan.

Matsuda Sangyo
(Malaysia) Sdn. Bhd.

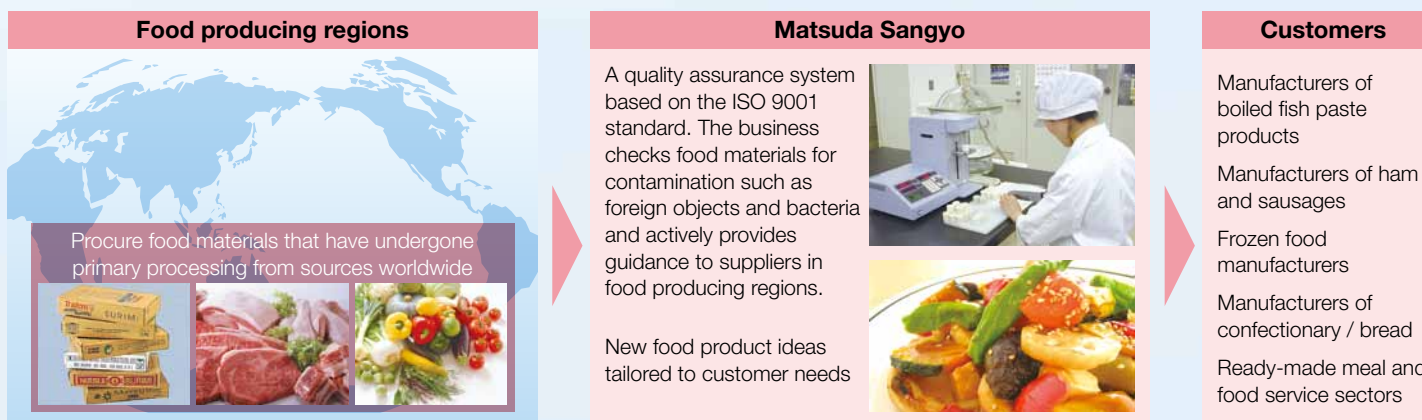
Yasuyori Nishide
Managing Director
Matsuda Sangyo (Malaysia) Sdn. Bhd.



Segment Overview

Food business segment

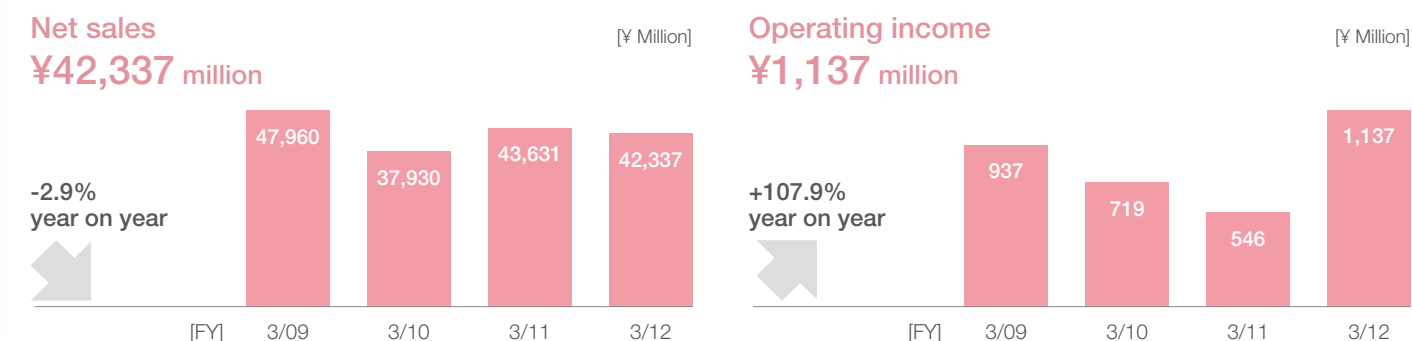
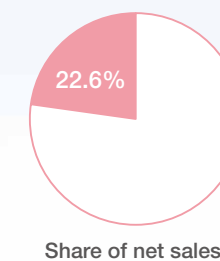
Business Model



Overview of Business Performance

Performance in the fiscal year ended March 2012

Amid a tough operating environment characterized by rising food prices worldwide and a growing shift to lower-priced products by consumers, sales of seafood products declined year on year, despite strong sales of products such as shrimp. The decline reflected weak sales of mainstay product *surimi* fish paste due to sluggish output at some customers in the Tohoku region after the earthquake and the impact of a shift in demand to lower-priced products. In agricultural products, sales of vegetables to the food service sector declined, while sales of livestock and other products rose due to an increase in sales volume and average sales prices for eggs.



Strategies and major policies

The food business is aiming to further improve quality control and traceability to ensure a stable supply of safe and reliable food products. In order to expand sales of materials for commercial food products, the business will build closer relationships with suppliers and develop new products and producing regions while strengthening its network of overseas sites in line with the shift to more diverse operations.

Environmental and Safety Initiatives

Efforts to save energy during summer 2011

On July 1, 2011, restrictions limiting power usage came into force in areas supplied by Tohoku Electric Power and Tokyo Electric Power. The restrictions remained in place until September 9, 2011. Our Musashi Factory and Iruma No. 2 Factory, which both have power supply contracts of over 500kW, were required to reduce power usage by 15% from the peak level in the previous fiscal year. The production division's factories and research and development center took the steps on the right, achieving its targets to reduce peak power consumption at all the Group's business sites.



On-site generator

- 1 Reviewed production processes to smooth peak power usage
- 2 Used on-site power generators to reduce peak power usage
- 3 Turned off some office lights and adjusted office temperature to cut power usage

Environmental and Safety Initiatives in Transportation

The transportation of industrial waste is an important part of our business, so we employ detailed environmental and safety measures.



Spill response vehicle

Spill response vehicle

We take the utmost care to prevent the spillage of liquid industrial waste during transport. In the unlikely event that waste leaks from freight in transit, we deploy a spill response vehicle that collects the waste and prevents it from spreading into the environment.

Scrap pulverization vehicle

This vehicle allows us to visit client sites to pulverize electronic parts that fall short of their quality standards. This ensures the highest level of security for clients by pulverizing defective products and destroying utilized materials prior to transport.

PCB industrial waste transport vehicle

This specialist vehicle for collecting and transporting PCB industrial waste is fitted with a special sealed robust metal container and tray to prevent spillage, an emergency response suite, and a GPS tracking system. Matsuda Sangyo was the first company to be certified to transport PCB waste to the Tokyo regional PCB waste treatment facility operated by the Japan Environmental Safety Corporation (JESCO). We have a track record of transporting this type of waste throughout Kanto areas such as Tokyo, Kanagawa, Saitama and Chiba, and in the Kansai region.

Measures to reduce CO₂ emissions from our transport vehicles

As part of our efforts to combat global warming, we have installed digital tachographs on our fleet of transport vehicles and given detailed guidance to drivers about optimum speed and engine revs for transport and about switching off engines during idling in order to reduce CO₂ emissions. We are also working to boost fuel efficiency by fitting trucks with more fuel-efficient tires and using fuel additives.

Installing solar power systems

In line with our environmental policy, we installed a solar power system at the research and development center in August 2004 to effectively use renewable energy and tap into clean energy sources. The electricity generated by the system is used to power lighting and office equipment at the center.



Solar power system at the research and development center



Sign showing output from the solar power system

Quality Management Initiatives

Quality management system

Matsuda Sangyo has created a quality management system based on the ISO 9001 family of standards.

The production division carries out much of the work in the Group related to product quality, due to its focus on product development and manufacturing and waste treatment through the precious metals business and the environmental business. In July 2005, the division formulated a quality policy supported by four key ideas: put customer satisfaction first, enhance the manufacturing technology base, ensure Groupwide participation, and implement a PDCA cycle. The following year, in March 2006, the Group secured ISO 9001 certification for quality management in two areas—precision cleaning of semiconductor manufacturing equipment and other industrial equipment, and manufacturing of plating chemicals. In July of the same year, the precious metals division secured ISO 9001 certification for quality management. Both the production division and the precious metals division had their ISO 9001 certification renewed in 2012.

In the food products division, the Quality Assurance Department plays the central role in quality management, working to maintain and improve quality through food inspections that check for bacteria, freshness and foreign objects. It also provides guidance to producing regions and has established a traceability system. When the Group begins procuring from new regions or starts buying in new products, the department provides objective input to the quality management system. The head office and Chinese subsidiary Matsuda Trading (Qingdao) Co., Ltd. have these capabilities. The Quality Assurance Department secured ISO 9001 certification in December 2007 and certification was renewed in 2010.



ISO 9001 certificates

Communicating client requests

One reason the precious metals division sought to secure ISO 9001 certification was to put greater emphasis on communicating client requests in its management systems.

The precision cleaning service provided by the precious metals division involves using chemicals such as acids and alkalis to clean residue from the internal parts of vacuum deposition equipment used in the semiconductor manufacturing process. Many of these parts are extremely sensitive to a range of chemicals, so there is a risk that a critical issue could occur with the equipment without properly confirming the details of client requests. Under our ISO 9001 quality assurance system, we emphasize the importance of passing on these details from sales teams to the factory.

Thai subsidiary awarded top prize for advanced treatment technology

Our Thai subsidiary Matsuda Sangyo (Thailand) Co., Ltd., established in 2000, recycles electronic parts and semiconductors that do not meet manufacturer specifications. The company has installed a system to prevent gas emissions during recycling that employs the same level of advanced technology as our sites in Japan. In 2011, the Government of Thailand's Ministry of Industry conducted an inspection to assess health and safety at the company's industrial waste treatment plant and check compliance with laws and regulations. The advanced technology used at the plant led to a silver award, which was presented by the Minister for Industry. Going forward, we plan to further improve the level of environmental protection technology to support our environmental management system.



Award certificate

Presentation ceremony (award presented by Thailand's Minister for Industry)

Business Activities and Environmental Impact

INPUT (FY3/12 input volumes)

Recycled oil	1,740.6 kL
Natural gas	2,627.5 kL
Liquid petroleum gas (LPG)	97.6 kL
Kerosene	25.5 kL
Gas oil	6.2 kL
Gasoline	10.1 kL
Electricity	2,437.9 kL
Total energy usage (total of above)	6,945.4 kL
Water (Municipal water)	116,590.0 m ³

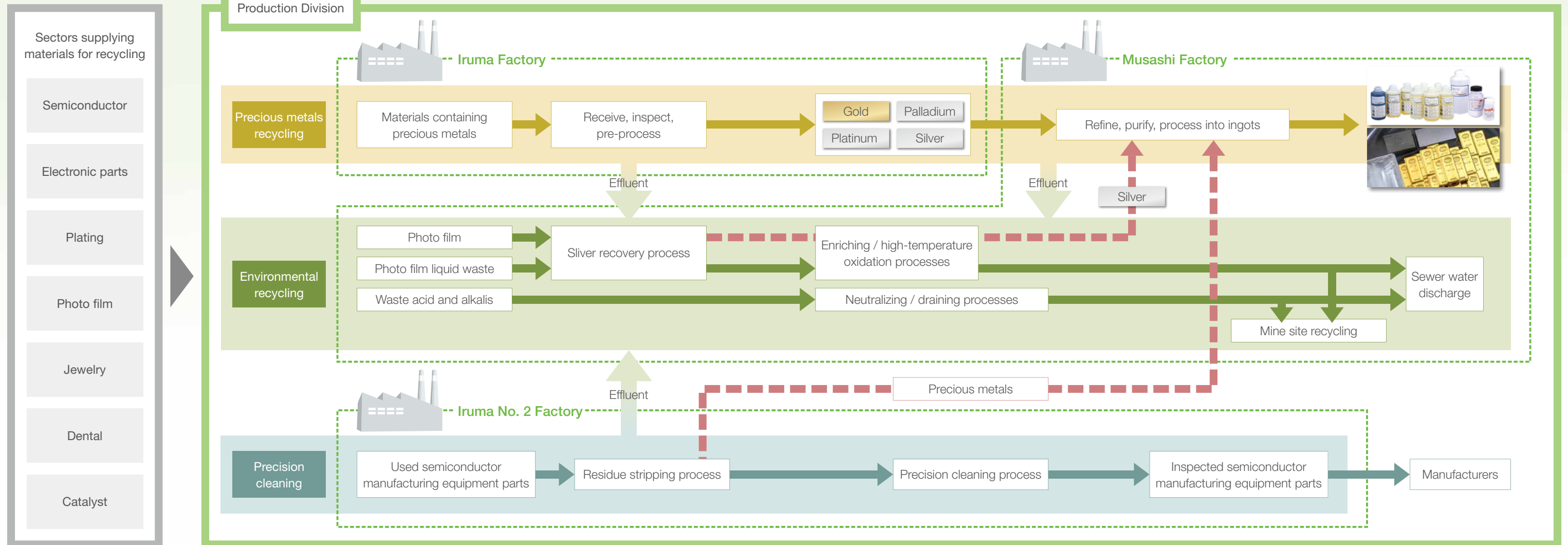
Note: All inputs except water converted to crude oil equivalent.

- Recycled oil, natural gas, LPG:**
 Initiatives to reduce energy usage led to a decline year on year.
- Electricity:**
 The Group was required to reduce peak power usage by 15% due to power shortages. Energy-saving measures introduced to achieve this goal led to a decline in electricity usage year on year.
- Water:**
 Efforts to save water are gradually having an impact, leading to a decline in water usage year on year.

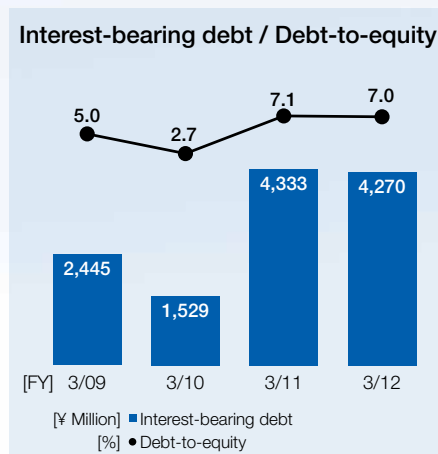
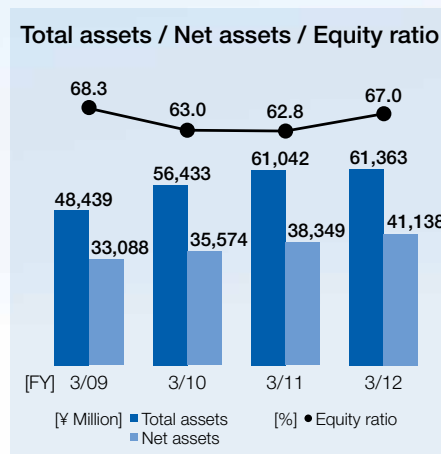
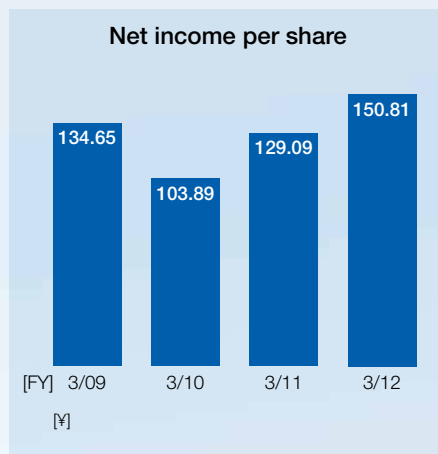
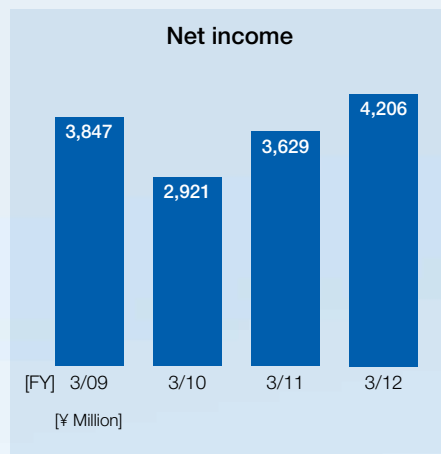
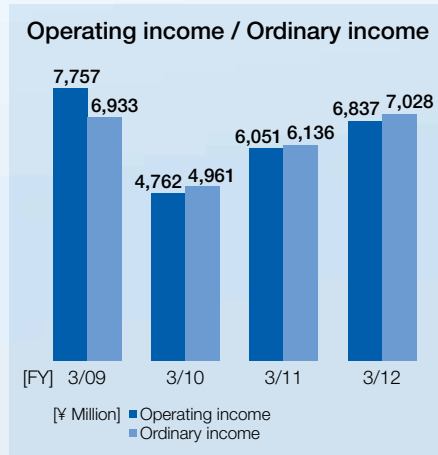
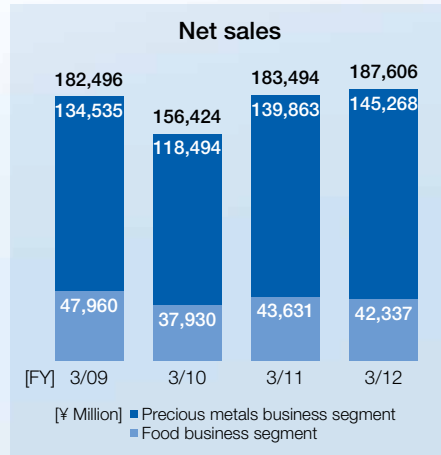
OUTPUT (FY3/12 emission volumes)

Waste water	64,037.0 m ³
CO ₂	14,276.9 t-CO ₂
Waste	194.0 t

- Waste water:**
 Waste water emissions declined year on year due to a drop in water usage.
- Carbon dioxide (CO₂):**
 Upgrades to facilities and other initiatives to reduce CO₂ emissions led to a continued decline in emissions on a volume basis and per unit of production basis.
- Waste:**
 Limits on accepting waste at recyclers and the impact of the earthquake led to a temporary year-on-year increase in waste emissions.



Consolidated Financial Highlights

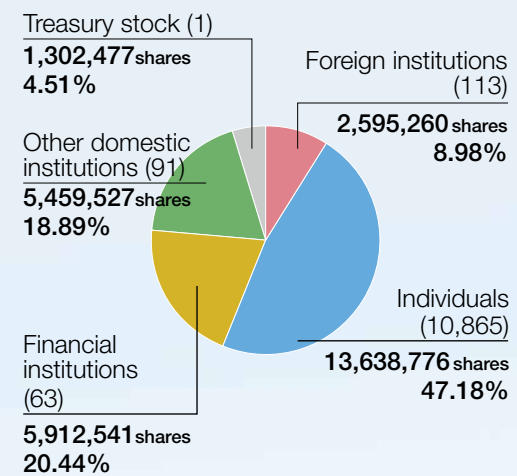


Stock Information

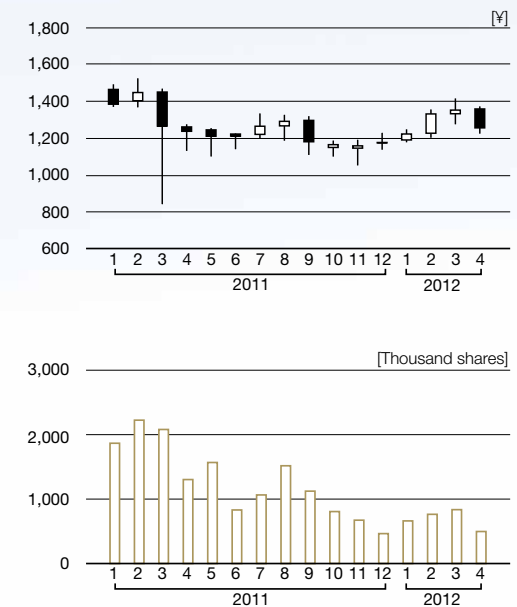
Stock Data (As of March 31, 2012)

Total number of shares authorized to be issued: 40,000,000
 Total number of shares issued and outstanding: 28,908,581
 Number of shareholders: 11,133

Distribution of Shares (As of March 31, 2012)



Stock Price and Trading Volume



Offices and Factories / Subsidiaries and Affiliates

Offices and Factories (As of March 31, 2012)

Precious metals division

Head office / Sendai / Mito / Tokyo / Iruma
 Kawasaki / Kofu / Nagano / Nagoya / Osaka
 Kanazawa / Fukuyama / Fukuoka / Kagoshima

Food products division

Head office / Sendai / Shiogama / Iwaki
 Tokyo / Odawara / Nagoya / Osaka
 Fukuoka / Quality Assurance Department

Environment division

Head office / Sendai / Saitama
 Tokyo / Kanagawa / Nagoya
 Osaka / Fukuyama / Fukuoka

Production division

Musashi factory / Musashi No.2 factory
 Iruma factory / Iruma No.2 factory
 Research and development center

Overseas

Singapore (Subsidiary) / Thailand (Subsidiary) / Philippines (Subsidiary)
 Malaysia (Subsidiary) / China-Suzhou (Subsidiary)
 Vietnam (Representative Office) / Taiwan (Branch office)
 China-Qingdao (Representative Office)

Subsidiaries and Affiliates (As of March 31, 2012)

	Company name	Business
Precious metals business segment	MATSUDA ECOLOGY Co., Ltd.	Truck transportation
	HOKKAIDO AOKI KAGAKU Co., Ltd.	Collection, transportation and processing of industrial waste, recovery and sales of metal raw materials
	JAPAN MEDICAL TECHNOLOGY Co., Ltd.	Recovery and sales of metal raw materials
	Z.E.R.O.-JAPAN Co., Ltd.	Development and sales of Vacuum Thermal Recycling (VTR) furnaces
	Matsuda Sangyo (Thailand) Co., Ltd.	Recovery and sales of metal raw materials, sales of precious metal products
	Matsuda Sangyo (Philippines) Corporation	Recovery and sales of metal raw materials, sales of precious metal products
	Matsuda Sangyo (Singapore) Pte. Ltd.	Recovery and sales of metal raw materials, sales of precious metal products
	Matsuda Resource Recycling (Suzhou) Co., Ltd.	Recovery and sales of metal raw materials, sales of precious metal products
	Matsuda Sangyo (Malaysia) Sdn. Bhd.	Recovery and sales of metal raw materials, sales of precious metal products
	NIPPON MICROMETAL CORPORATION	Production and sales of metal products for the electronics industry
Food business segment	MATSUDA RYUTSU Co., Ltd.	Truck transportation, sales of raw materials for food processing

Please visit the Matsuda Sangyo website for more detailed financial information.

Matsuda Sangyo Search English Home Investor Relations Financial Statements