



For the
INDUSTRY

For the
EARTH

IR HAND BOOK

Annual Report 2004
Year ended March 31, 2004



Security Code : 7456



For the
HUMAN LIFE

VISION



For the

INDUSTRY

Contributing to the development of industries worldwide and enhancing lifestyles through our operations related to all sectors that use products containing precious metals, from semiconductors and electronic parts to decorative ornaments.



For the

EARTH

Contributing to protect the environment in Japan and on the earth as a whole through our recycling and environmental management businesses in this age of environmental awareness.



For the

HUMAN LIFE

Contributing to society by striving to ensure health through the procurement of stable supplies of food—a basic human necessity—from all around the world.

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To our shareholders

I am delighted to have this opportunity of addressing our shareholders.

I would like to express my sincere gratitude for the support of all of our shareholders and present an overview of the business performance in the year ended March 31, 2004.

On the basis of our corporate philosophy of effectively utilizing earth's resources and contributing to society through business, we are developing our business centered on three pillars: the precious metals-related business, which seeks to recycle and effectively use precious metals, a limited resource; the environment-related business, which aims to pass on a clean environment to the next generation; and the food products-related business, which endeavors to supply food resources in a stable manner.

Regarding the Japanese economy during the year under review, although there was a lack of animation in personal consumption, there was a recovery of corporate business performances in such fields as automobiles and information technology against the background of robust exports, and private-sector capital investment moved upward. Thanks to these and other factors, bright signs began to appear in certain parts of the economy.

In these circumstances, thanks to an increase in the precious metals-related business supported by favorable trends in the semiconductor devices and electronic components industry, we managed to register net sales in excess of the previous fiscal year. We also posted a good improvement on the income side, partly because certain temporary negative factors that occurred in the previous fiscal year were wiped away. As medium- and long-term

management targets, we have set a return on asset (ROA) of more than 9% and a shareholders' equity ratio of more than 55%. My understanding is that our business performance, which had continued in a slump for two fiscal years previously, hit the bottom in the fiscal year ending March 31, 2003, and moved onto an upward track in the year under review. We will continue to make the utmost efforts to realize increased earnings and more efficient management, which are the objectives of the two indicators that I just mentioned.

We look forward to your further understanding and support of this endeavor.

Yoshiaki Matsuda

President and Representative Director

June 2004



Review of operations

Overview of the fiscal year ended March 31, 2004

The Japanese economy during the year under review showed a recovery of corporate business performance. Performances of automobile and IT industries recovered against the background of robust exports, and private-sector capital investment moved upward. While there was still a lack of animation in personal consumption, bright signs began to appear in certain parts of the economy.

In these circumstances, performance differed between each of our business segments. With regard to the business environment surrounding our precious metals-related business, moves toward recovery could be seen in parts of the semiconductor devices and electronic components parts industry. In the case of the food products-related business, though, final consumption was stagnant, partly because of the impact of the bird flu problem and so on.

Medium-term to long-term management strategy

Our medium- and long-term management strategy positions the precious metals-related business as our leading engine of expansion and growth and the food products-related business as our stable-growth division.

Regarding the precious metals-related business, the IT industry, which is our principal target industry, is expected to continue growing over the medium and long term on a worldwide basis. In view of this forecast, we are making efforts to build and expand our production and sales networks both in Japan and overseas. Overseas, Matsuda Sangyo (Thailand) Co., Ltd., our subsidiary in Thailand, began full-scale operation of a new plant for precious metal recycling in February 2003, and in February 2004 we established Matsuda Sangyo (Philippines) Corporation as a raw material collection center in the Philippines. In Japan, we established the Research and Development Center in Iruma, Saitama Prefecture, for the development of new products and the enhancement of our technological capability, and we are endeavoring to expand our chemical product manufacturing line.

On the net sales side, supported by favorable trends in the semiconductor devices and electronic components industry, the precious metals-related business registered sales in excess of the previous year that covered the decline in the food products-related business and ensured that our overall sales surpassed the figure for the previous fiscal year. There was considerable improvement on the income side, too, partly because temporary negative factors that occurred in the previous fiscal year were wiped away.

As a result, net sales for the year under review increased by 5.0% year on year to ¥92,803 million, operating income was ¥2,281 million, up 106.8%, ordinary income was ¥2,330 million, up 106.3%, and net income was ¥1,254 million, up 167.9%. Thus, our earnings increased significantly compared with the previous fiscal year.

Furthermore, in the environmental field we are striving to expand business scale and increase earnings. For example, our subsidiary Z.E.R.O. Japan Co., Ltd. is making efforts to sell devices to the polychlorinated biphenyl (PCB) processing facilities of Japan Environment Corporation.

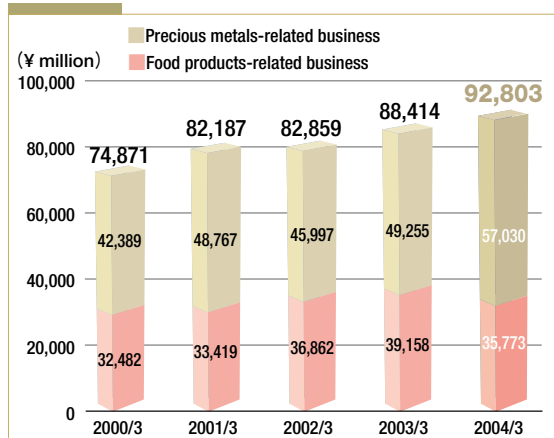
As regards the food products-related business, although we are facing such factors as the stagnation in final consumption and the unstoppable deflationary trend, we intend to keep up the stable growth of this business by further strengthening the product quality assurance functions that we have cultivated over many years, diversifying our supply sources, expanding our distribution network, and, against this background, distinguishing ourselves from others by, among other things, boosting our ability to respond flexibly to customer needs.

Also, in recent years our company has been putting efforts into the reform of our business setup through the expansion of information systems, and we are promoting the integration of core business systems and a steady response to e-commerce.

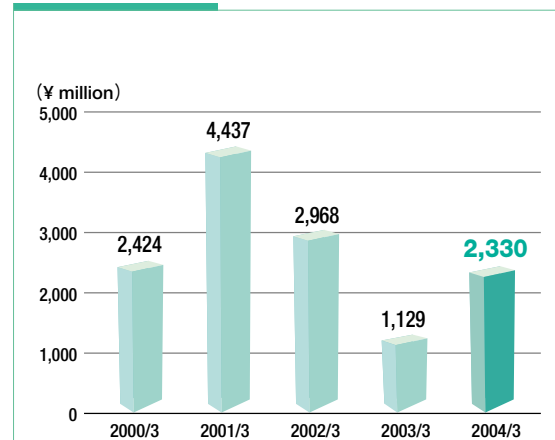
Earnings forecasts for the fiscal year from April 1, 2004, to March 31, 2005

Consolidated		Non-consolidated	
Net sales	¥ 97,000 million	Net sales	¥ 94,000 million
Ordinary income	¥ 2,500 million	Ordinary income	¥ 2,400 million
Net income	¥ 1,150 million	Net income	¥ 1,150 million

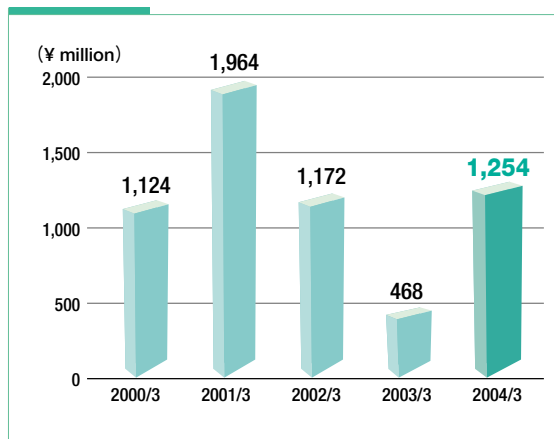
Net sales



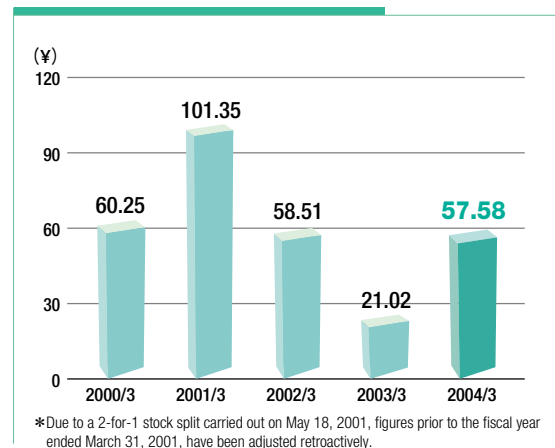
Ordinary income



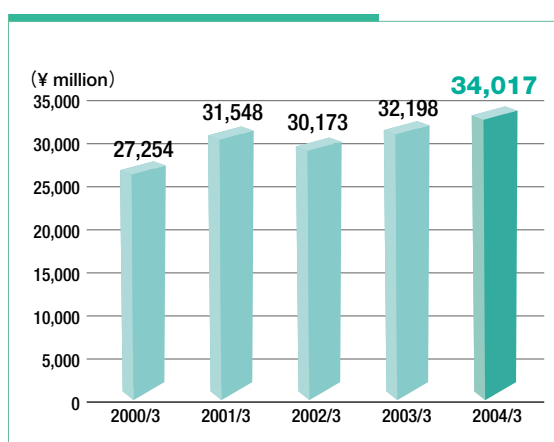
Net income



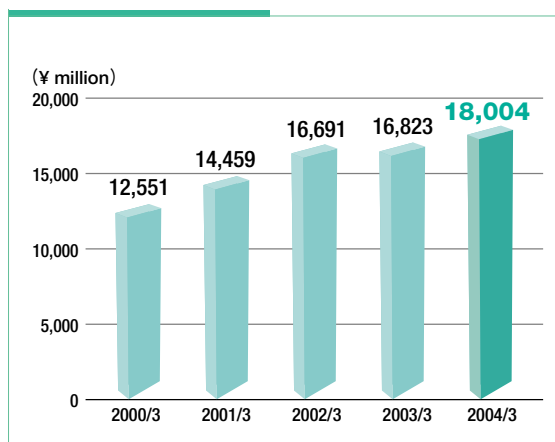
Adjusted net income per share



Total assets



Shareholders' equity

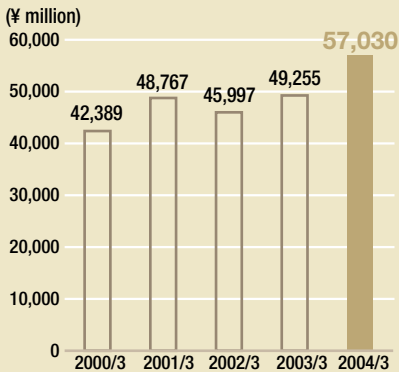
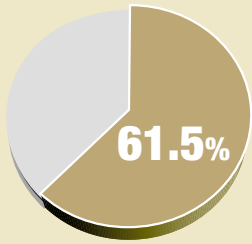


Precious metals-related business

- Precious Metals Operation
- Environment Operation

Precious metals-related business: Net sales

57,030 million
(up 15.8% year on year)



Precious metals-related business: Operating income

1,629 million
(up 54.9% year on year)

Overview by business segment

Precious Metals Operation



In the precious metal division of the precious metals-related business, because of an increase in the recovery volume of precious metal recycle material as a result of the expansionary trend in production in the semiconductor devices and electronic components industry, which is our principal target industry, there was an increase in the sales volume of gold. Although palladium business was placed in a severe situation in terms of both quantity and price, the

increased sales of gold meant that sales of precious metal products were robust.

Meanwhile, sales of electronic materials, such as gold bonding wire, and chemical products containing precious metals were increased. In addition, with regard to the cleaning of parts for semiconductor deposition equipments, as a result of our integration of the process and our efforts to increase product items through aggressive technological development, we were able to trade larger volume this year.

Environment Operation



In the environment division, while on the one hand there is a downward tendency in the amount of industrial waste as a result of the strengthening of regulations and efforts to reduce waste discharge, on the other hand laws and social needs relating to proper disposal are gaining more and more momentum. In these circumstances, our environment-related business sector developed aggressive sales activities taking advantages of the highly evaluated waste-acid

and waste-alkaline processing technology of our production division, which has acquired ISO14001 certification in all of its plants, as well as solid infrastructure including a nationwide collection and transportation network. Also, the sensitive material business sector made efforts to respond to the overall downscaling trend as a consequence of the progress in digitization and to expand our share by promoting the supply of diverse services to customers, but nevertheless the handled quantity of fixing solution declined.

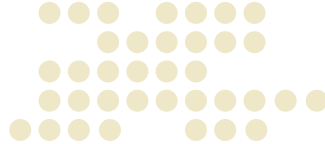
For the INDUSTRY



Thailand plant: This is the center of our precious metal recycling business in Southeast Asia. In February 2004 we also established a subsidiary in the Philippines. Our aim is to become the number-one refiner in East Asia.



Chemical products: We strengthened our in-house manufacturing setup for potassium gold cyanide, which is used in semiconductors and electronic components. At the same time, we are promoting the sale of environment-friendly noncyanide plating chemicals. In addition, we handle various palladium plating solutions used to attach functions to ornaments, leadframes, and connectors.



For the EARTH



Vacuum Thermal Recycling (VTR) devices (PCB separators): The PCB separators of our subsidiary Z.E.R.O. Japan were supplied to the Kitakyushu processing project of the Japan Environmental Safety Corporation (JESCO), which is promoting the establishment of PCB processing facilities nationwide.



Exhaust gas processing equipment: Our cutting-edge exhaust gas processing equipment seeks to make the exhaust gas from incinerators completely harmless. In response to the increasing social demand for environmental preservation, we will contribute to the formation of a recycle society.



Food products-related business

Overview by business segment



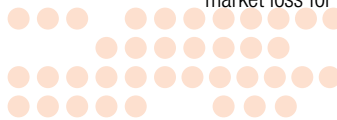
In the food products-related business, while on the one hand consumption was stagnant because of the orientation of consumers toward lower prices in the climate of a deflationary economy and their reluctance to buy, on the other hand, in the face of the problem of food safety, thorough food product quality management and history management came to be strongly demanded.

In these conditions, in order to respond properly to consumer needs, the food products-related business made efforts to

implement thorough user marketing, promote the diversification of supply sources and the strengthening of quality assurance functions, and expand sales.

However, trade volume of many of our products, including ground fish meat, declined compared with the previous fiscal year, and sales fell below the figure for the previous year. On the income side, though, there was considerable improvement because of the disappearance of certain temporary factors that occurred in the previous fiscal year, such as the declaration of market loss for some products and large-scale bad debt loss.

Food products: We are delivering high-quality products that respond in a fine-tuned manner to consumer needs at low cost by utilizing our worldwide production network and directly processing fresh materials in the producing regions.



Quality Assurance Department: We are making efforts to gain the trust of customers and to create a healthy and safe food culture by confirming the safety of food materials through various quality tests and the compilation of quality assurance certificates.

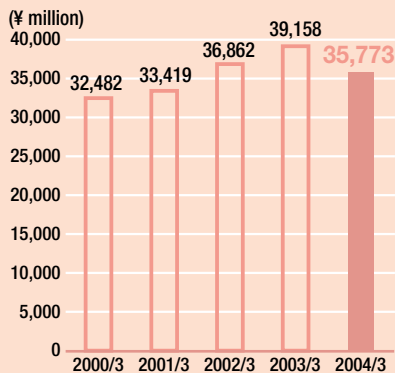
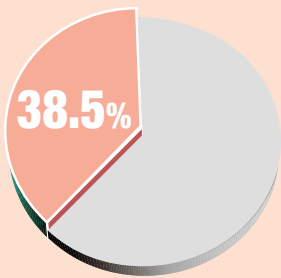


Clams: Our highly regarded clam business involves the supply to customers of fresh and good-quality shucked clams that are produced under thorough guidance in China through a careful process of visual inspection.

Food products-related business: Net sales

35,773 million

(down 8.6% year on year)



Food products-related business: Operating income

652 million

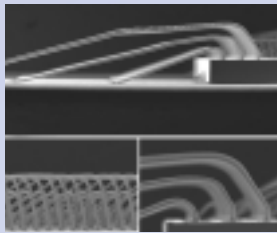
(up 600 million year on year)

For the **HUMAN LIFE**

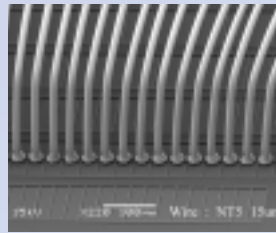
ZOOM UP Here, There, and Everywhere: Matsuda Sangyo

Gold Bonding Wire

A semiconductor wrapped in black resin is used in electronic equipment, such as personal computers, DVDs, and mobile phones, in household electric appliances, and in automobile engine control. A thin wire measuring about 25 μ m (25/1,000 mm) is buried in this semiconductor black resin. It is called a gold bonding wire. This gold bonding wire is manufactured by Nippon Micrometal Corporation, which was established in 1987 with capital from Matsuda Sangyo and Nippon Steel Corporation. The products of Nippon Micrometal contribute to the development and production of state-of-the-art semiconductors.



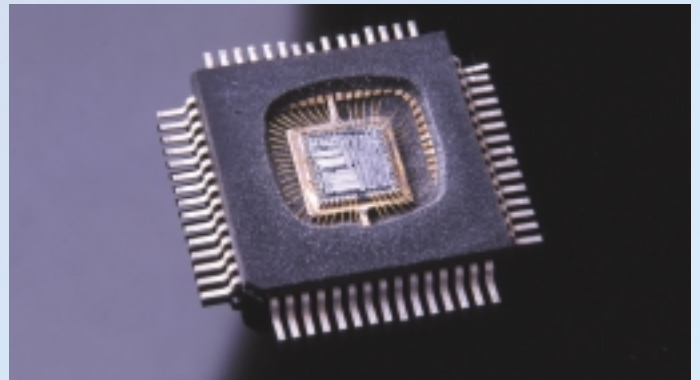
3D bonding



35 μ m fine pitch bonding

⚙️ The role of gold bonding wire

The role of gold bonding wire is to electrically connect a semiconductor chip, a silicon substrate on which ultra-small integrated circuits are formed, with the leadframe, a device that connects the finished device to external circuitry. IC chips are connected with these wires in a process called bonding and then sealed in black resin. High-purity gold are used for these wires in order to maintain the semipermanent life of IC chips used in the central parts of various equipment.



⚙️ Activities of Nippon Micrometal

Nippon Micrometal has developed gold bonding wire that can respond to various needs of semiconductor installation and is manufacturing under a strict quality assurance regime based on ISO9001. Also, utilizing its advanced metallurgy and analysis capabilities, Nippon Micrometal supplies technology and services to customers in the semiconductor industry.

⚙️ Future market trends

As suggested by the term “digital economy,” new products using semiconductors are playing a leading role in the economic recovery in Japan. The electronic and semiconductor parts and materials sold by Matsuda Sangyo are playing an important role in various digital equipment.

Consolidated financial statements

Consolidated Balance Sheets

As of March 31, 2003 and 2004

(¥ million)

	2003	2004
Assets		
Current assets	20,208	22,349
Cash and deposits	2,400	1,915
Notes and accounts receivable	9,860	11,885
Inventories	5,362	6,032
Deferred tax assets	235	382
Other accounts receivable	1,779	793
Other	656	1,440
Allowance for doubtful accounts	87	100
Fixed assets	11,990	11,667
Tangible fixed assets	8,048	7,708
Buildings and structures	2,371	2,203
Machinery and delivery equipment	1,450	1,290
Land	4,167	4,148
Construction in progress	-	11
Other	60	53
Intangible fixed assets	372	352
Consolidated adjustment account	-	4
Other	372	347
Investments and other assets	3,569	3,606
Investment securities	1,362	1,722
Long-term loans	11	3
Membership	256	169
Deposits	464	455
Deferred tax assets	675	656
Other	1,074	879
Allowance for doubtful accounts	276	280
Total assets	32,198	34,017

Current assets

As a result of the increase of account receivables and inventories following the expansion of business range, the total of current assets rose by ¥2,141 million.

Fixed assets

Because capital investment in the year under review was limited to the renewal of plant and equipment, depreciation expenses exceeded capital investment amount, and tangible fixed assets declined by ¥340 million. Because of a stock market increase and other factors, investment securities increased by ¥359 million.

(¥ million)

Liabilities	2003	2004
Current liabilities	12,313	13,197
Notes and accounts payable	7,716	8,729
Short-term debt	480	130
Current portion of long-term debt	661	485
Accrued income taxes	74	1,032
Allowance for bonuses	400	437
Other accounts payable	1,886	1,204
Other	1,094	1,177
Fixed liabilities	3,050	2,815
Long-term debt	1,867	1,572
Accrued pension and severance costs	388	409
Accrued directors' retirement benefits	782	827
Other	10	6
Total liabilities	15,363	16,012
Minority interests		
Minority interests	10	-
Shareholders' equity		
Common stock	3,559	3,559
Legal capital surplus	4,008	4,008
Retained earnings	9,261	10,310
Unrealized gains on marketable securities	64	203
Translation adjustments	0	0
Treasury stock	△ 70	△ 78
Total shareholders' equity	16,823	18,004
Total liabilities, minority interests and shareholders' equity	32,198	34,017

Liabilities

Notes and accounts payable increased in reflection of expanded business range, and accrued income taxes rose as a result of a recovery of earnings. Meanwhile, because of the impact of large-scale capital investment coming full circle and other factors, the total of long-term and short-term debts combined declined by ¥821 million.

Shareholders' equity

Because of an increase of retained earnings as a result of the recovery in income and an increase of unrealized gains on marketable securities as a result of the upward trend in the stock market, total shareholders' equity increased by ¥1,180 million. Since total assets increased, however, the shareholders' equity ratio rose by only 0.6 points to 52.9% compared with 52.3% in the previous term.

Consolidated financial statements

Consolidated Statements of Income

For the years ended March 31, 2003 and 2004		(¥ million)	
	2003	2004	
Net sales	88,414	92,803	
Cost of sales	77,701	81,674	
Selling, general and administrative expenses	9,609	8,846	
Operating income	1,103	2,281	
Non-operating income	175	137	
Non-operating expense	150	89	
Ordinary income	1,129	2,330	
Extraordinary Income	20	318	
Extraordinary losses	172	162	
Income before income taxes	977	2,486	
Income taxes	726	1,431	
Deferred income taxes	177	222	
Minority interests (losses)	39	23	
Net income	468	1,254	

Consolidated Statements of Retained Earnings

Years ended March 31, 2003 and 2004		(¥ million)	
	2003	2004	
(Capital Surplus)			
Capital surplus at beginning of year	4,008	4,008	
Capital surplus at end of year	4,008	4,008	
(Consolidated Retained Earnings)			
Consolidated retained earnings at beginning of year	9,025	9,261	
Increase in consolidated retained earnings	468	1,254	
Net income	468	1,254	
Decrease in consolidated retained earnings	232	204	
Cash dividends paid	217	173	
Directors and auditors bonuses paid	14	12	
Of which, auditors bonuses	1	1	
Loss from disposal of treasury stock	-	19	
Consolidated retained earnings at end of year	9,261	10,310	

Consolidated Statements of Income

Selling, general and administrative expenses decreased by ¥762 million. This decline was largely attributable to a decrease in the allowance for doubtful accounts as well as the effects of reductions in transportation expenses and warehouse expenses through efficient business management. Extraordinary income consisted mainly of insurance income following the decease of the previous chairman in July of last year.

Consolidated Statements of Cash Flows

Years ended March 31, 2003 and 2004		(¥ million)	
	2003	2004	
Cash flow from operating activities			
Income before income taxes	977	2,486	
Depreciation	462	634	
Valuation losses on investment securities	145	99	
Increase(decrease) in notes and accounts receivables	569	1,968	
Increase(decrease) in inventories	1,169	672	
Increase(decrease) in notes and accounts payables	290	1,014	
Income taxes paid	1,026	474	
Other	283	516	
Net cash provided by operating activities	1,724	603	
Cash flow from investing activities			
Purchases of tangible fixed assets	2,062	385	
Purchases of investment securities	421	58	
Other	88	437	
Net cash used in investing activities	2,572	6	
Cash flow from financing activities			
Increase in short-term loans	364	328	
Proceeds from long-term debt	1,800	200	
Repayment of long-term debt	804	671	
Cash dividend paid	217	173	
Other	63	28	
Net cash used in financing activities	1,078	1,001	
Effect of exchange rate changes on cash and cash equivalents	△ 10	△ 70	
Increase in cash and cash equivalents	221	△ 475	
Cash and cash equivalents at beginning of year	2,169	2,390	
Cash and cash equivalents at end of year	2,390	1,915	

Consolidated Statements of Cash Flows

The cash flows from operating activities amounted to only ¥603 million because, although there was a large increase in net income in the year under review, account receivables and inventories rose as a consequence of expanded business range. The cash flows used in investing activities amounted to only ¥6 million because of the influence of large-scale capital investment coming full circle. The cash flows used in financing activities amounted to ¥1,001 million because of our aggressive reduction of debts.

Non-consolidated financial statements

Non-consolidated Balance Sheets

As of March 31, 2003 and 2004

(¥ million)

Assets	2003	2004	Liabilities	2003	2004
Currents assets	20,451	22,128	Current liabilities	11,655	12,222
Cash and deposits	2,254	1,588	Accounts payable	7,694	8,082
Notes receivable	672	514	Current portion of long term debt	628	462
Accounts receivable	8,907	10,802	Other portions payable	1,772	1,076
Inventories	5,311	5,913	Accrued expenses	503	502
Deferred tax assets	225	372	Accrued income taxes	65	1,024
Other accounts receivable	1,797	837	Allowance for bonuses	375	426
Other	1,369	2,198	Other accounts payable	616	648
Allowance for doubtful accounts	86	99	Fixed liabilities	2,915	2,715
Fixed assets	11,045	10,781	Long-term debt	1,762	1,490
Tangible fixed assets	7,252	6,974	Accrued pension and severance costs	370	397
Buildings	1,842	1,694	Accrued directors' retirement benefits	782	827
Land	3,934	3,922	Other	0	0
Construction in progress	-	9	Total liabilities	14,570	14,938
Other	1,476	1,347	Shareholders' equity		
Intangible fixed assets	354	333	Common stock	3,559	3,559
Investment and other assets	3,437	3,472	Common stock	3,559	3,559
Investment securities	979	1,256	Legal capital surplus	4,008	4,008
Investment in affiliates	346	385	Legal capital surplus	4,008	4,008
Membership	256	169	Retained earnings	9,357	10,273
Deposits	447	447	Retained earnings	177	177
Deferred tax assets	671	652	Voluntary reserve	7,090	7,090
Other	1,012	942	Unappropriated retained earnings	2,090	3,005
Allowance for doubtful accounts	276	380	Unrealized gains on marketable securities	64	203
Total assets	31,496	32,910	Treasury stock	△ 64	△ 74
			Total shareholders' equity	16,925	17,971
			Total liabilities and shareholders' equity	31,496	32,910

Non-consolidated Statements of Income

Years ended March 31, 2003 and 2004

(¥ million)

	2003	2004
Net sales	87,431	91,124
Cost of sales	77,701	80,719
Selling, general and administrative expenses	8,465	8,167
Operating income	1,264	2,236
Non-operating income	136	69
Non-operating expenses	144	180
Ordinary income	1,256	2,126
Extraordinary income	20	318
Extraordinary losses	171	124
Income before income taxes	1,105	2,320
Income taxes	718	1,423
Deferred income taxes	178	223
Net income	565	1,120
Unappropriated retained earnings brought forward	1,524	1,904
Loss from disposal of treasury stock	-	19
Unappropriated retained earnings	2,090	3,005

Appropriation of Retained Earnings

As of June 27, 2003 and June 29, 2004

(¥ million)

	2003	2004
Unappropriated retained earnings	2,090	3,005
This was appropriated as follows		
Dividends	173	216
Directors' bonuses	12	13
Earning carried forward to the following year	1,904	2,776

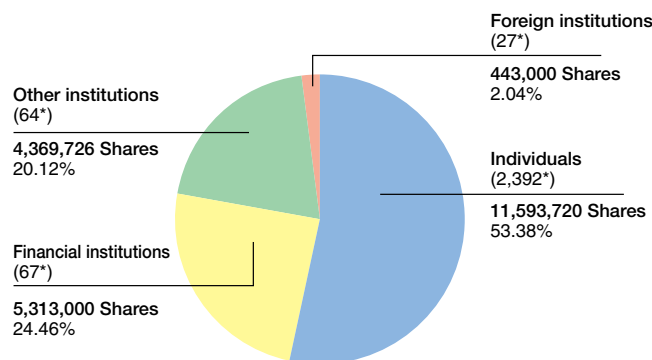
Stock data

as of March 31, 2004

Total number of shares authorized to be issued	40,000,000 shares
Total number of shares issued and outstanding:	21,719,446 shares
Number of shareholders:	2,550

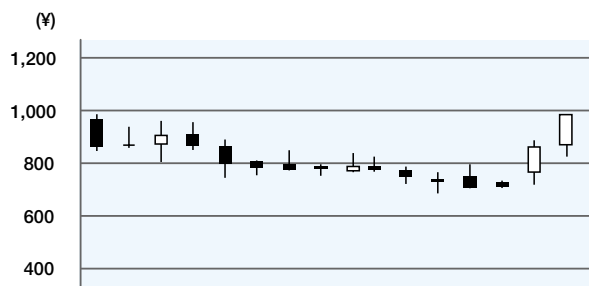
Distribution of shares

as of March 31, 2004

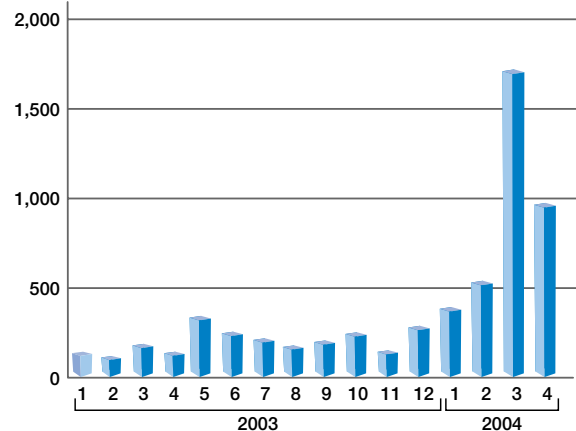


*Number of Shareholders

Stock price and trading volume



(Thousand shares)



Company overview

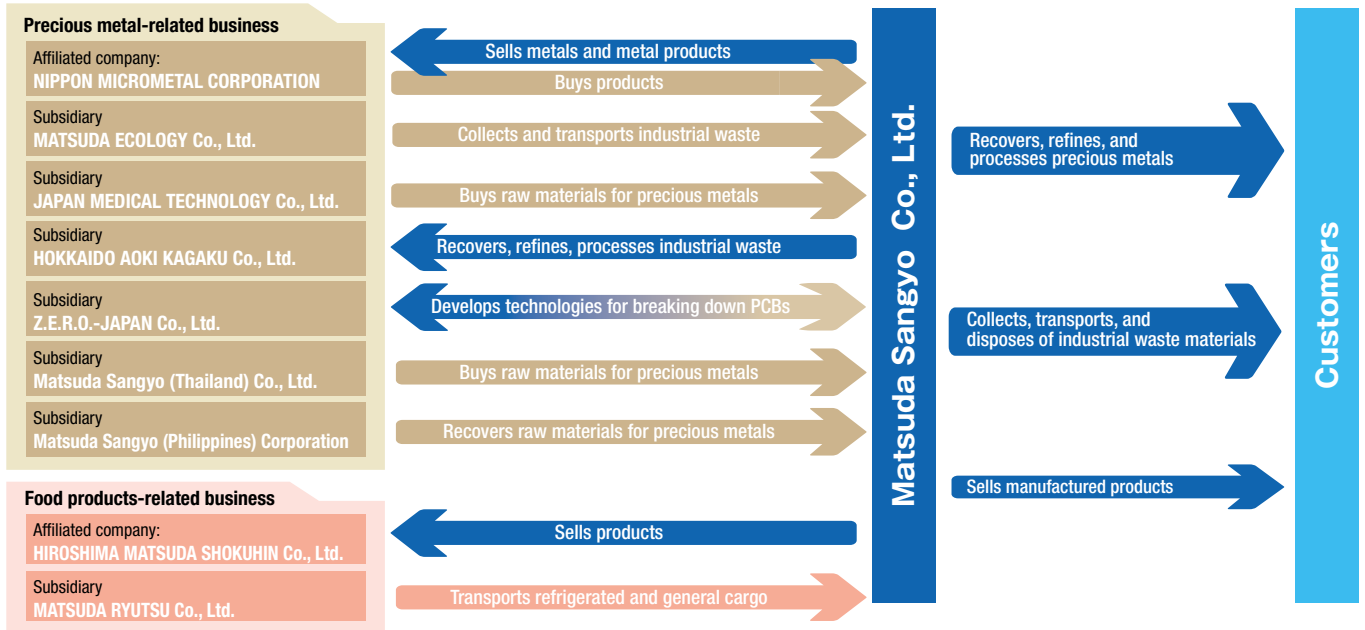
as of March 31, 2004

Corporate name:	MATSUDA SANGYO Co., Ltd
Head office:	Shinjuku Nomura Bldg. 6F 26-2, 1 Chome, Nishi-Shinjuku, Shinjuku-ku, Tokyo
Foundation:	June 18, 1951
Common stock:	¥3,559 million
Number of employees:	557 (Male: 502, Female: 55)
Main businesses:	Recovery and refining of precious metals, sale of precious metal materials and electronic materials, wholesale of food product processed and raw materials, collection, transportation, and processing of industrial waste
Accounting auditor:	ChuoAoyama PriceWaterhouse Coopers

Board of directors

as of June 29, 2004

President and Representative Director:	Yoshiaki Matsuda
Senior Managing Directors:	Koji Tsusima Kenichi Tategami Shine Watanuki
Managing Directors:	Norio Kojima Yukihiro Kaku Tsuneo Tokunaga Yasuhiko Kumagai
Directors:	Yoshitaka Tashiro Yuji Katayama Masanori Funamoto Kenji Hosoda Takashige Sasaki
Corporate Auditor (standing)	Yasuo Tamura
Corporate Auditors	Tatsuo Asami Tetsuo Tani Tadashi Uematsu



Precious metal division

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

Environment division

Head office / Aomori / Sendai
Saitama / Tokyo / Chiba
Kanagawa / Yokohama
Shizuoka / Nagoya / Osaka
Fukuyama / Fukuoka

Overseas

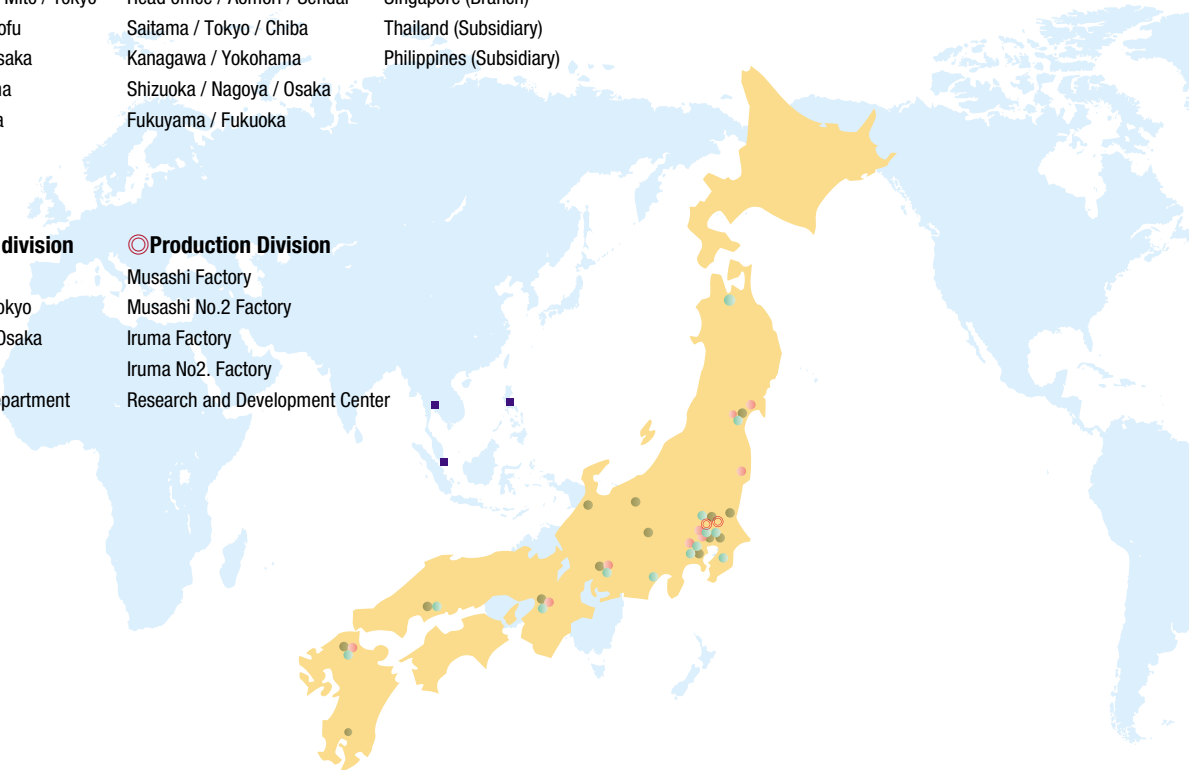
Singapore (Branch)
Thailand (Subsidiary)
Philippines (Subsidiary)

Food products division

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

Production Division

Musashi Factory
Musashi No.2 Factory
Iruma Factory
Iruma No2. Factory
Research and Development Center



IR Site



<http://www.matsuda-sangyo.co.jp/english/investment/index.html>

Investor information

Fiscal year ends on:	March 31
Record dates:	March 31: Matters related to ordinary general meetings of shareholders March 31: Shareholders on the record for dividend payments (September 30 for interim dividends)
Stock transfer agent:	UFJ Trust Bank, Ltd.
Stock transfer administrative office:	Corporate Agency Department, UFJ Trust Bank, Ltd. 10-11 Higashisuna 7-chome, Koto-ku, Tokyo 137-8081 Tel: 03-5683-5111
Stock transfer offices:	Branches of UFJ Trust Bank, Ltd. in Japan
Quoted securities exchange:	Tokyo Stock Exchange
Public notices appear in:	The Nihon Keizai Shimbun

Notes:

● **In accordance with the revised Commercial Code, the share certificate expiration system has been implemented since April 1, 2003.**

If a shareholder loses a share certificate, previously it was necessary for the shareholder to file a petition for public notification and receive a judgment of nullification. Since April 2003, however, it is possible for the shareholder to file a share certificate loss registration with UFJ Trust Bank, which is this Company's stock transfer agent, to render the lost share certificate null and void. The lost share certificate will then be reissued if no objection is filed for a period of 12 months. For further information, please contact the Corporate Agency Department of UFJ Trust Bank.

● **Regarding requests for forms related to the Company's shares**

Regarding requests for forms related to the Company's shares (including notifications of change in registered address, identification seal, name, or other investor information, designation form concerning bank transfer of dividends, applications for the purchase of less than the minimum trading unit, and the transfer of shares), please contact the abovementioned stock transfer agent by telephone or over the Internet. Services are available 24 hours a day.

Toll free: 0120-24-4479 (Corporate Agency Department; UFJ Trust Bank, Ltd. Head Office)
0120-68-4479 (Corporate Agency Department; UFJ Trust Bank, Ltd. Osaka Branch)

Internet: <http://www.ufjtrustbank.co.jp/>

Shareholders who use the share certificate custody & transfer system are requested to forward inquiries to the securities firms with which they have their accounts.

● **Taxation for dividends has changed.**

In accordance with fiscal 2003 revisions of the tax system:

- (1) The following withholding tax rates shall apply in the case of dividends received by shareholders from January 1, 2004: For individual shareholders resident in Japan: 10% (income tax 7%, local tax 3%) (excluding individual shareholders who own more than 5% of the Company's shares outstanding) For nonresidents, corporate shareholders, etc.: 7% (income tax 7%) Also, the upper limit of the system under which declaration of small-amount dividends is not required has been abolished, and it has become possible to complete taxation through the withholding tax alone even in cases where the amount of dividend received from the Company exceeds ¥100,000 a year. Additionally, shareholders may select comprehensive income taxation by filing an income tax return and applying the deduction for dividend income.
- (2) The system of withholding tax at taxpayer's option (35% withholding tax) was abolished as of March 31, 2003. For further information, please contact your local tax office.

MATSUDA SANGYO CO., LTD.

Shinjuku Nomura Bldg. 6F, 26-2, 1 Chome, Nishi-shinjuku,
Shinjuku-ku, Tokyo
TEL 03-5381-0001

Internet: <http://www.matsuda-sangyo.co.jp/english/>

ISO 14001 (Production Division)



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