

Annual Report 2003

Year ended March 31, 2003



For the
INDUSTRY

For the
EARTH



For the
HUMAN LIFE



MATSUDA

MATSUDA SANGYO CO.,LTD.

Security Code : 7456

MATSUDA SANGYO CO.,LTD.

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.



C O N T E N T S

To our shareholders.....	2
Review of operations.....	3
Consolidated financial highlights.....	4
Precious metals-related business.....	5
Topics : Environmental recycling business.....	7
Food products-related business.....	8
Consolidated financial statements.....	9
Non-consolidated financial statements.....	11
Stock data and Company overview.....	13
Matsuda Sangyo Group.....	14

Upon taking the helm

Having assumed the presidency of Matsuda Sangyo Co., Ltd. on May 20, 2003, succeeding Hiroshi Matsuda, I welcome this opportunity to address our shareholders.

Matsuda Sangyo, an enterprise comprising three different businesses, namely, precious metals, the environment, and food products, has developed through diversification. The gaining of a listing on the OTC market and our subsequent promotion to the first section of Tokyo Stock Exchange attest to this development. Our history of development owes much to our former president, Hiroshi Matsuda, who founded the Company, inculcated a pioneering spirit at the heart of management, and earned the support of shareholders and customers by pursuing stability and sustainable growth.

At present, with the Japanese economy beset by deflationary pressure, the Company is operating in a tough business environment. The Company reported a great decline in profits for the fiscal year ended March 31, 2003, compared with the previous year.

As president, in order to achieve a new round of development, I am resolved to maintain the pioneering spirit that has underpinned the Company's development and to adhere to our management policies. My objective is to ensure that the management of Matsuda Sangyo is fine-tuned to the circumstances in which we operate, so that we can secure a position as an excellent company benefiting society and enjoying

the wholehearted confidence of our shareholders and customers.

Our medium term goal is to achieve annual net sales of ¥100 billion. Although our profits declined for the year under review, our revenue base has been expanding as indicated by the increase in net sales. While reestablishing the three core businesses in order to improve profitability, we are redoubling our efforts to establish a fourth business alongside the precious metals, environment, and food products businesses.

In all our endeavors, we are determined to earn the continuing support and confidence of our shareholders.

Yoshiaki Matsuda

President and Representative Director

June 2003



Overview of the fiscal year ended March 31, 2003

In the year under review, while deflationary pressure increased, sentiment regarding the Japanese economy became gloomier due to accelerating restructuring and the high level of corporate bankruptcies, coupled with sluggish personal consumption.

The business environment surrounding the Company's precious metals-related business was generally lackluster, despite a partial recovery in the semiconductor devices and electronic components industry. The food products-related business faced a severe business environment owing to deflationary pressure and weak consumption by end-users. Also, several of the Company's customers went bankrupt.

In these circumstances, Matsuda Sangyo stepped up efforts to improve the efficiency of operations and to expand sales by offering products and services that better meet market needs. However, the Company's profitability deteriorated greatly as the precious metals-related business suffered a loss due to fluctuations in the precious metals market and the food products-related business recorded a large bad debts loss.

As a result, the Company's profits declined greatly compared with the previous fiscal year. Although net sales for the year under review increased 6.7% year on year to ¥88,414 million, operating income was ¥1,103 million, down 62.6%, ordinary income was ¥1,129 million, down 61.9%, and net income was ¥468 million, down 60.1%.

Earnings forecasts for the fiscal year from April 1, 2003, to March 31, 2004

Consolidated		Non-consolidated	
Net sales	¥90,000 million	Net sales	¥88,000 million
Ordinary income	¥1,700 million	Ordinary income	¥1,800 million
Net income	¥850 million	Net income	¥900 million

Medium-term to long-term management strategy

Over the medium to long term, we intend to pursue a business strategy that positions the precious metals-related business as the engine for expansion, and the foods-related business as the operation spearheading stable growth.

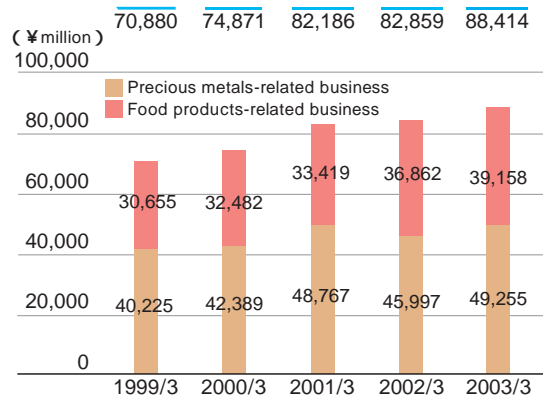
Expectations are that the global IT industry, which is the main target of the Company's precious metals-related business, will experience continued growth over the medium to long term. To take full advantage of this growth, Matsuda Sangyo intends to expand its network of production and sales bases both in Japan and abroad. In February 2003, Matsuda Sangyo (Thailand) Co., Ltd. commenced fully fledged operation of a new plant for recycling precious metals. Also, with an eye to strengthening our capabilities for developing new technologies and products, the Company established the Research and Development Center in Iruma, Saitama prefecture.

In the environmental field, Z.E.R.O. Japan Co., Ltd., a subsidiary, is promoting its business in line with the projects for polychlorinated biphenyl (PCB) processing facilities in Japan. Japan Environment Corporation adopted our system for the country's first PCB treatment facility, which is located in Kitakyushu. The Company aims to expand the scope of the precious metals-related business and boost earnings by investing in the business.

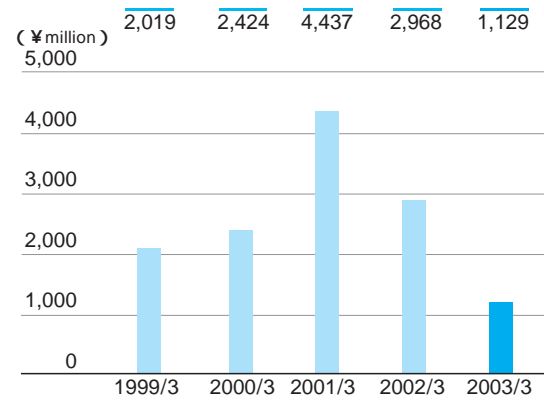
Regarding the food products-related business, although consumption has been sluggish and deflationary pressure remains a concern, The Company aims to maintain stable growth of the business through further strengthening of the Company's long-cultivated quality assurance functions, diversification of suppliers, improvement of the distribution network, and differentiation based on our ability to flexibly respond to customer needs.

The Company continues to focus on innovation of business processes by means of improved information systems. In related moves, we are integrating core business process systems as well as preparing for e-commerce.

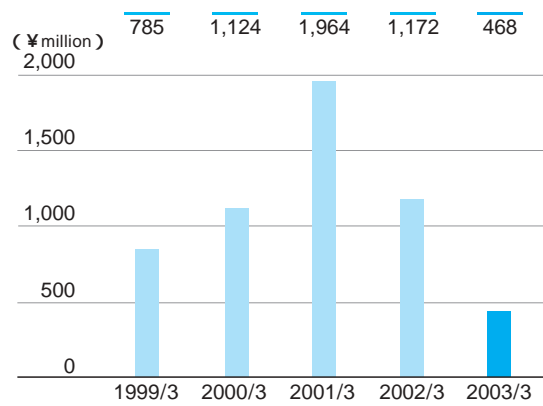
Net sales



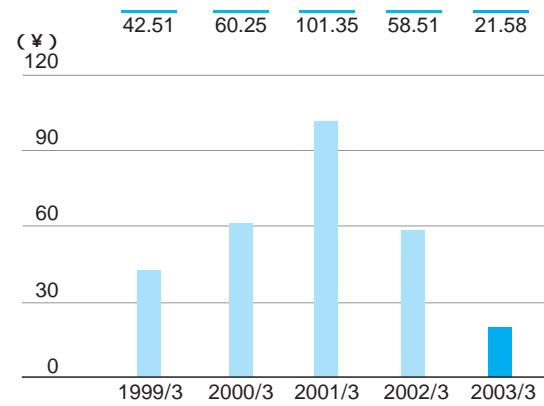
Ordinary income



Net income

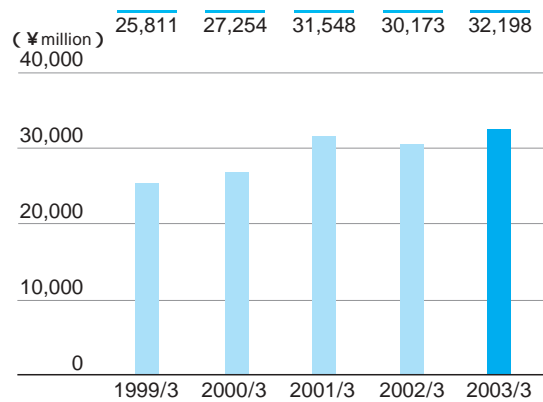


Adjusted net income per share

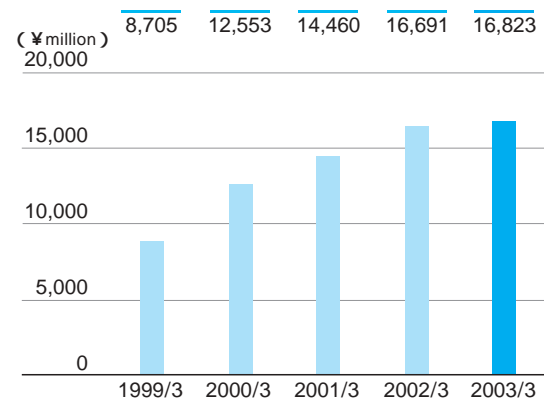


* Due to a 2-for-1 stock split carried out on May 18, 2001, figures prior to the fiscal year ended March 31, 2001, have been adjusted retroactively.

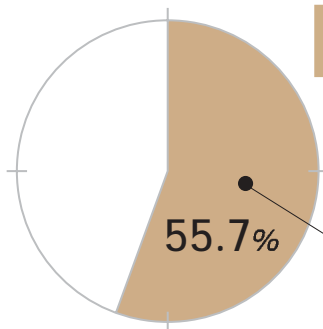
Total assets



Shareholders' equity



For the INDUSTRY



[Precious metals-related business]

- Precious Metals Operation
- Environment Operation

Precious metals-related business: Net sales

¥49,255 million (up 7.1% year on year)

Precious metals-related business: Operating income

¥1,051 million (down 49.1% year on year)



■ Bullion manufactured by Matsuda Sangyo:

This bullion certified by the London Bullion Market Association (LBMA) and the London Platinum and Palladium Market (LPPM) is distributed internationally.

Overview of the fiscal year ended March 31, 2003

— [Precious Metals Operation]

Regarding the Precious Metals Operation, the recovered quantity of materials containing precious metals for recycling increased thanks to an upturn in the production of the semiconductor devices and electronic components industry, the main customer of the Precious Metals Operation. However, sales of precious metals products were sluggish partly due to a decline in use of palladium in electronic components. Also, the fall in palladium quotations had a highly adverse impact on profitability.

On the other hand, sales of electronic materials such as gold bonding wires and chemical products containing precious metals were robust. Regarding cleaning of parts for semiconductor deposition equipment, the volume handled increased as a result of integration of processes and an increase in the number of different types of products through vigorous technology development.



■ Plant in Thailand starts operation:

Having started full-scale operation in February 2003, this plant is now at the heart of our precious metals recycling business in Southeast Asia—and of our drive to become the leading refiner in East Asia.

■ GOLD SAVER electrowinning gold recovery equipment:

Making full use of our advanced technology and accumulated know-how, this equipment automatically and efficiently recovers gold from waste solutions produced during precious metal plating processes.



For the EARTH



■MCR plant:

Japan's first large-scale terrestrial waste treatment facility established in response to the prohibition of disposal of industrial waste in the oceans. Films, photo waste and other types of waste are rendered harmless by high-temperature oxidation.



■Research and Development Center:

Technology development, analysis and facility technology capabilities for the precious metals-related business are concentrated at the Research and Development Center, opened in August 2002, to strengthen these capabilities.

【Environment Operation】

Although the volume of industrial waste disposed of has been decreasing due to the sluggish Japanese economy and companies' efforts to reduce waste, the need for appropriate waste treatment is greater than ever in view of the mounting legal requirements. In these circumstances, we executed vigorous marketing highlighting the waste acid and alkaline treatment technology of the Production Group, which is ISO14001-certified plant, and our nationwide collection and transportation network. The sensitizer sales operation strove to expand its market share by providing a diversified service to customers in order to cope with the overall shrinking of the market in line with the trend toward digitization.

The production operation refurbished exhaust gas treatment facilities for incinerators in response to the strengthened regulations concerning dioxins at the national level. As a result, although the treatment costs increased, an exhaust gas treatment system that can satisfy the mandatory value by a great margin has been completed.

For the term under review, the precious metals-related business reported sales of ¥49,255 million, an increase of 7.1% year on year, and operating income of ¥1,051 million, down 49.1%.



■Exhaust gas treatment facility:

This exhaust gas treatment facility minimizes generation of dioxins. In response to more stringent environmental regulations, we are contributing to the emergence of a recycle-based society.



■Mobile crusher:

We have a thorough system to ensure confidentiality in order to respond to various customer needs, including on-site crushing of materials containing precious metals for recycling.

Our subsidiary Z.E.R.O. Japan's advanced PCB separation technology strengthens environmental protection.

Q What is polychlorinated biphenyl (PCB)?

A PCB, a chemically synthesized organic chloride, was formerly used for various purposes because of its flameproof and dielectric characteristics as well as its chemical stability. However, it was found that because PCB easily dissolves in fat, it is gradually accumulated in tissue due to chronic intake and causes various symptoms such as skin disorders. Accordingly, production of PCB ceased in 1973.

Q Why has the PCB problem become a major issue?

A As establishment of PCB treatment facilities has not been promoted since the cessation of production, PCB has been stored by enterprises for around 30 years. Although waste containing PCB is classified as industrial waste requiring special control and is thus subject to strict regulation, there is concern that environmental risks are increasing because of long-term storage of waste containing PCB by enterprises.

Q What sort of PCB separation technology does Z.E.R.O. Japan possess?

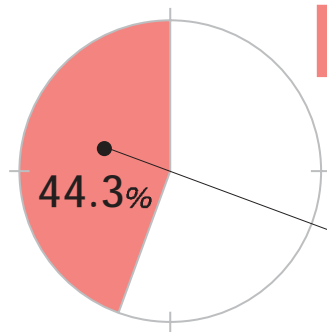
A Z.E.R.O. Japan's technology is called vacuum thermal recycling (VTR). The VTR system utilizes the difference between vapor pressures unique to substances in a closed vacuum process and recovery is performed by separating the substances that evaporate from those that do not evaporate. Because VTR is a closed vacuum system, no toxic substances evaporated during treatment processes are emitted outside the facility, and therefore, safety is ensured. VTR is an excellent recycling system with minimal environmental impact.



VTR system

Q Describe the development of Z.E.R.O. Japan's business.

A At present, Japan Environment Corporation is establishing facilities nationwide for treatment of waste containing PCB in accordance with the PCB Special Measures Law that came into effect in 2001. Z.E.R.O. Japan's VTR technology was adopted for Japan Environment Corporation's Kitakyushu project phase 1, which will lead to establishment of the first PCB treatment facility in Japan.



For the HUMAN LIFE

[Food products-related business]

Food products-related business: Net sales

¥39,158 million (up 6.2% year on year)

Food products-related business: Operating income

¥51 million (down 94.2% year on year)

Overview of the fiscal year ended March 31, 2003

The food products-related business was affected by weak consumption as consumers became increasingly price conscious in a deflationary economy and their reluctance to spend became more evident. At the same time, the need for quality control of food products and thorough history control increased in view of issues concerning residual agricultural chemicals and other issues concerning food safety.

In these circumstances, the operation executed thorough user-driven marketing in a bid to more precisely meet customer needs. Also, the operation diversified its procurement of foodstuffs and strengthened product quality assurance functions in order to expand sales. Moreover, the trade volume of the Fresh Foods and Vegetables Distribution Center, established in the previous year to expand the customer base in the restaurant industry, rose as the number of customers increased.

As a result, sales of the food products-related business were ¥39,158 million, up 6.2% year on year. However, operating income was ¥51 million, down



■Food products:

Direct processing of fresh ingredients wherever they are produced throughout the world enables us to provide at attractive prices the high-quality food products customers want.



■Quality Assurance Department:

The Quality Assurance Department executes various quality inspections and prepares quality assurance certificates to confirm the safety of foodstuffs before delivery to customers. Thanks to our quality assurance system, which is widely admired and emulated in the industry, people can enjoy wholesome, safe food.

94.2%, because of a large bad debts loss, an increase in expenses such as safety inspection costs, and a loss associated with large fluctuations in supply and demand for broiler chickens raised overseas.

Consolidated Balance Sheets

As of March 31, 2002 and 2003

(¥ million)

Assets	2002	2003	Liabilities	2002	2003
Current assets	20,093	20,208	Current liabilities	11,174	12,313
Cash and deposits	2,181	2,400	Notes and accounts payable	8,006	7,716
Notes and accounts receivable	10,595	9,860	Short-term debt	150	480
Inventories	6,532	5,362	Current portion of long-term debt	304	661
Deferred tax assets	178	235	Accrued income taxes	374	74
Other accounts receivable	—	1,779	Allowance for bonuses	422	400
Other	635	656	Other accounts payable	—	1,886
Allowance for doubtful accounts	△29	△87	Other	1,915	1,094
Fixed assets	10,079	11,990	Fixed liabilities	2,286	3,050
Tangible fixed assets	6,598	8,048	Long-term debt	1,228	1,867
Buildings and structures	1,494	2,371	Accrued pension and severance costs	388	388
Machinery and delivery equipment	737	1,190	Accrued directors' retirement benefits	663	782
Land	3,934	4,167	Other	5	10
Construction in progress	376	259	Total liabilities	13,461	15,363
Other	55	60	Minority interests		
Intangible fixed assets	104	372	Minority interests	20	10
Other	104	372	Shareholders' equity		
Investments and other assets	3,376	3,569	Common stock	3,559	3,559
Investment securities	1,198	1,362	Legal capital surplus	4,008	4,008
Long-term loans	15	11	Retained earnings	9,025	9,261
Membership	274	256	Unrealized gains on marketable securities	97	64
Deposits	492	464	Translation adjustments	1	0
Deferred tax assets	528	675	Treasury stock	△0	△70
Other	942	1,074			
Allowance for doubtful accounts	△75	△276	Total shareholders' equity	16,691	16,823
Total assets	30,173	32,198	Total liabilities, minority interests and shareholders' equity	30,173	32,198

Consolidated Statements of Income

For the years ended March 31, 2002 and 2003

(¥ million)

	2002	2003
Net sales	82,859	88,414
Cost of sales	70,903	77,701
Gross profit	11,956	10,712
Selling, general and administrative expenses	9,004	9,609
Operating income	2,951	1,103
Non-operating income	118	177
Interest income	4	4
Dividend income	13	18
Equity in earnings of affiliates	28	58
Cash discount	16	17
Foreign currency translation gain	32	—
Other	23	76
Non-operating expenses	101	151
Interest expenses	42	48
Stock listing costs	26	—
Commission expenses	30	19
Other	1	83
Ordinary income	2,968	1,129
Extraordinary Income	—	20
Income from sale of securities	—	20
Extraordinary losses	445	172
Valuation losses for securities	336	145
Loss on disposal of fixed assets	15	26
Loss on sale of land	88	—
Loss on sale of memberships	4	—
Income before income taxes	2,522	977
Income taxes	1,431	726
Deferred income taxes	△45	△177
Minority interests (losses)	36	39
Net income	1,172	468

Consolidated Statements of Retained Earnings

Years ended March 31, 2002 and 2003

(¥ million)

	2002	2003
(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	7,981	9,025
Increase in consolidated retained earnings	1,172	468
Net income	1,172	468
Decrease in consolidated retained earnings	128	232
Cash dividends paid	113	217
Directors and auditors bonuses paid	15	14
Consolidated retained earnings at end of year	9,025	9,261

Consolidated Statements of Cash Flows

Years ended March 31, 2002 and 2003

(¥ million)

	2002	2003
Cash flow from operating activities		
Income before income taxes	2,522	977
Depreciation	387	462
Amortization of consolidation goodwill	21	—
Increase (decrease) in allowance for doubtful accounts	△8	258
Increase (decrease) in allowance for bonuses	20	△22
Increase in accrued pension and severance costs	24	△0
Increase in accrued directors' retirement benefits	86	119
Interest and dividend income	△17	△23
Interest expense	42	48
Equity in earnings of affiliates	△28	△58
Bonuses to directors and auditors	△15	△14
Income from sale of securities	—	△20
Valuation losses on investment securities	336	145
Loss on sale of fixed assets	88	—
Loss on disposal of fixed assets	15	26
Loss on sale of golf memberships	4	—
Increase(decrease) in notes and accounts receivable	△122	569
Increase in inventories	1,750	1,169
Decrease in notes and accounts payable	△491	△290
Other	△109	△582
Sub-total	4,510	2,765
Interest and dividend received	25	31
Interest paid	△41	△45
Income taxes paid	△2,902	△1,026
Net cash provided by operating activities	1,591	1,724
Cash flow from investing activities		
Purchases of tangible fixed assets	△825	△2,062
Proceeds from sale of tangible fixed assets	52	1
Purchases of investment securities	△169	△421
Proceeds from sale of investment securities	101	114
Other	△181	△203
Net cash used in investing activities	△1,022	△2,572
Cash flow from financing activities		
Increase in short-term loans	7	364
Proceeds from long-term debt	730	1,800
Repayment of long-term debt	△2,231	△804
Proceeds from stock issued	1,198	—
Purchases of treasury stock	—	△63
Cash dividends paid	△113	△217
Net cash used in financing activities	△410	1,078
Effect of exchange rate changes on cash and cash equivalents	0	△10
Increase in cash and cash equivalents	159	221
Cash and cash equivalents at beginning of year	2,009	2,169
Cash and cash equivalents at end of year	2,169	2,390

Non-consolidated Balance Sheets

As of March 31, 2002 and 2003

(¥ million)

Assets	2002	2003	Liabilities	2002	2003
Current assets	19,850	20,451	Current liabilities	10,826	11,655
Cash and deposits	2,012	2,254	Accounts payable	8,015	7,694
Notes receivable	950	672	Current portion of long-term debt	173	628
Accounts receivable	9,536	8,907	Other accounts payable	—	1,772
Inventories	6,393	5,311	Accrued expenses	759	503
Other accounts receivable	—	1,797	Accrued income taxes	362	65
Deferred tax assets	166	225	Allowance for bonuses	397	375
Other	819	1,369	Other	1,118	616
Allowance for doubtful accounts	△28	△86			
			Fixed liabilities	2,226	2,915
Fixed assets	9,890	11,045	Long-term debt	1,190	1,762
Tangible fixed assets	6,498	7,252	Accrued pension and severance costs	372	370
Buildings	1,171	1,842	Accrued directors' retirement benefits	663	782
Land	3,934	3,934	Other	0	0
Construction in progress	376	—	Total liabilities	13,052	14,570
Other	1,015	1,476	Shareholders' equity		
Intangible fixed assets	101	354	Common stock	3,559	3,559
Investments and other assets	3,289	3,437	Legal capital surplus	4,008	4,008
Investment securities	859	979	Legal capital surplus	4,008	4,008
Investment in affiliates	346	346	Retained earnings	9,024	9,357
Membership	274	256	Retained earnings	177	177
Deposits	443	447	Voluntary reserve	6,090	7,090
Deferred tax assets	525	671	Unappropriated retained earnings	2,756	2,090
Other	914	1,012	Unrealized gains on marketable securities	97	64
Allowance for doubtful accounts	△75	△276	Treasury stock	△0	△64
			Total shareholders' equity	16,688	16,925
Total assets	29,740	31,496	Total liabilities and shareholders' equity	29,740	31,496

Non-consolidated Statements of Income		
Years ended March 31, 2002 and 2003 (¥ million)		
	2002	2003
Net sales	82,021	87,431
Cost of sales	71,058	77,701
Gross profit	10,962	9,729
Selling, general and administrative expenses	7,830	8,465
Operating income	3,131	1,264
Non-operating income	98	136
Interest income	6	19
Interest on securities	1	0
Dividend income	20	26
Cash discount	16	17
Insurance income	—	48
Other	54	23
Non-operating expenses	95	144
Interest expenses	38	42
Stock listing costs	26	—
Other	30	101
Ordinary income	3,135	1,256
Extraordinary income	—	20
Income from sale of securities	—	20
Extraordinary losses	445	171
Valuation losses for securities	336	145
Loss on disposal of fixed assets	15	25
Loss on sale of land	88	—
Loss on sale of memberships	4	—
Income before income taxes	2,689	1,105
Income taxes	1,420	718
Deferred income taxes	△41	△178
Net income	1,311	565
Unappropriated retained earnings brought forward	1,445	1,524
Unappropriated retained earnings	2,756	2,090

Appropriation of Retained Earnings		
As of June 27, 2002 and June 27, 2003 (¥ million)		
	2002	2003
Unappropriated retained earnings	2,756	2,090
This was appropriated as follows.		
Dividends	217	173
Directors' bonuses	14	12
Special reserve	1,000	—
Earnings carried forward to the following year	1,524	1,904
Note		
	2002	2003
Cash dividends	¥10 per share	¥8 per share
	(Ordinary dividend of ¥7 per share, commemorative dividend of ¥3 per share)	

1. Notice of repurchase of treasury stock

The Company repurchased its shares as follows pursuant to the provision of Article 210 of the Commercial Code.

Repurchase period: From June 28, 2002, to June 6, 2003

Total number of shares repurchased:

187,000 shares

Total value of shares repurchased:

¥157,707,500

(Note)

Matters resolved at the ordinary general meeting of shareholders held on June 27, 2002.

Type of shares to be repurchased:

Shares of common stock of Matsuda Sangyo

Maximum number of shares to be repurchased:

1,500,000 shares

Maximum total value of shares to be repurchased:

¥1,500,000,000

2. Notice of repurchase of treasury stock

At the general meeting of shareholders held on June 27, 2003, repurchase of shares pursuant to the provisions of Article 210 of the Commercial Code was resolved and approved as follows.

(1) Type of shares to be repurchased:

Shares of common stock of Matsuda Sangyo

(2) Maximum number of shares to be repurchased:

2,000,000 shares

(3) Maximum total value of shares to be repurchased:

¥2,000,000,000

Stock data and Company overview

Stock data

as of March 31, 2003

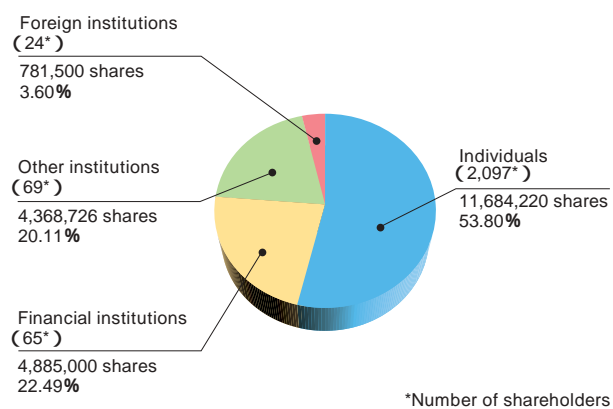
Total number of shares authorized to be issued:
..... 40,000,000 shares

Total number of shares issued and outstanding:
..... 21,719,446 shares

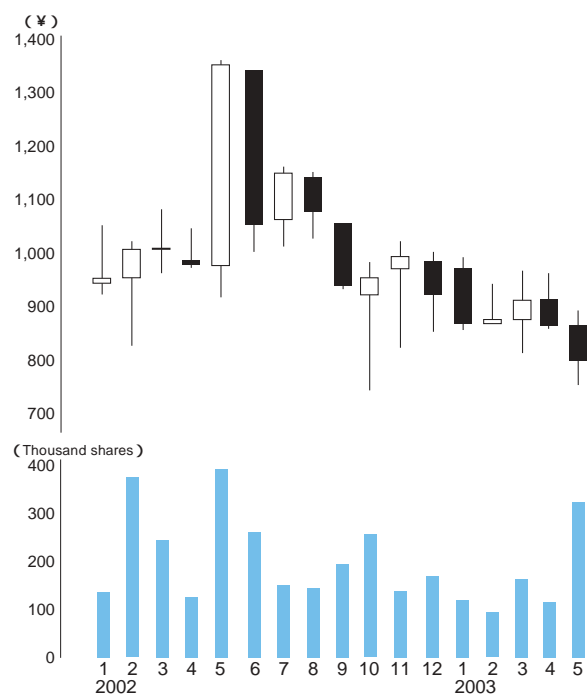
Number of shareholders:
..... 2,255

Distribution of shares

as of March 31, 2003



Stock prices and trading volume



Company overview

as of March 31, 2003

- 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: 553 (Male: 495, Female: 58)

Board of directors

as of June 27, 2003

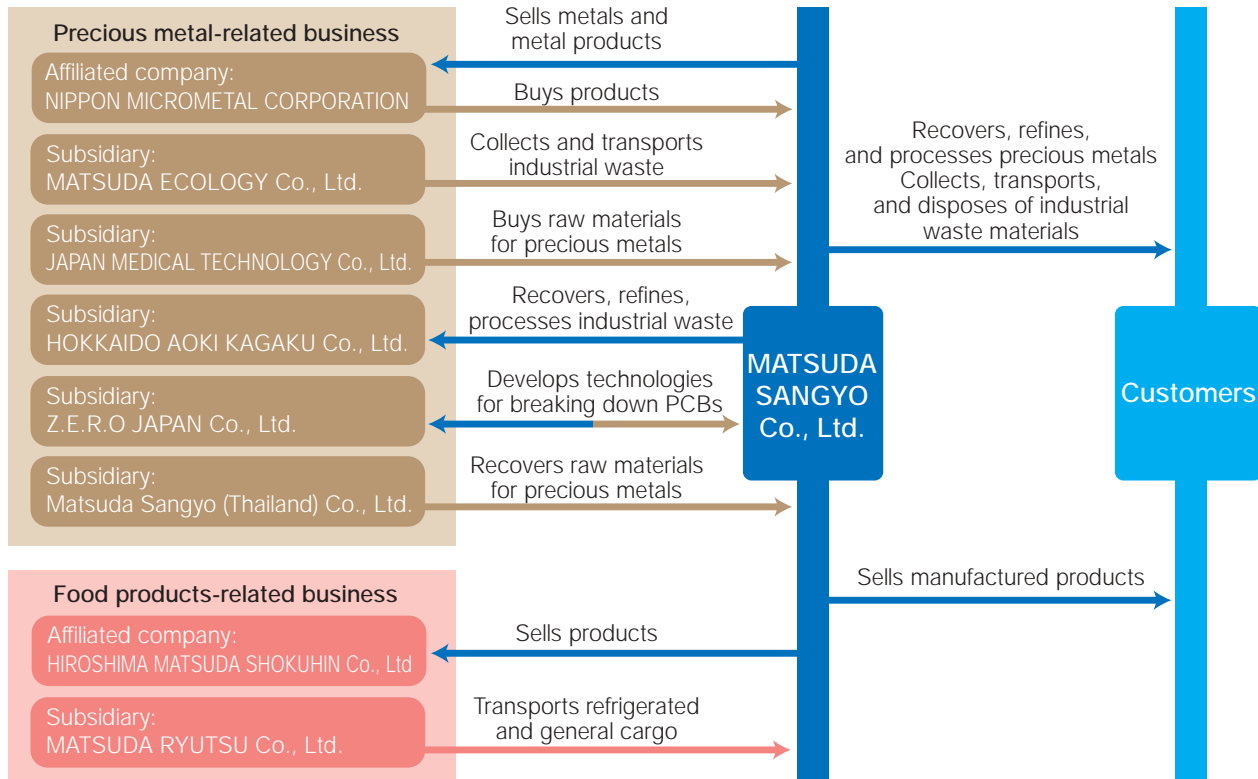


Chairman and
Representative Director
Hiroshi Matsuda



President and
Representative Director
Yoshiaki Matsuda

- Senior Managing Directors: Kenichi Tategami
Shine Watanuki
- Managing Directors: Norio Kojima
Yukihiro Kaku
Tsuneo Tokunaga
Yasuhiko Kumagai
Koji Tsushima
- Directors: Yoichi Asano
Yoshitaka Tashiro
Hitoshi Otogao
Yuji Katayama
- Corporate Auditor (standing): Yasuo Tamura
- Corporate Auditors: Tatsuo Asami
Tetsuo Tani
Tadashi Uematsu



Office and plants

as of March 31, 2003

● 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

● Food products division

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

▲ Overseas

Singapore (Branch)
Thailand (Subsidiary)

◎ Production Division

Musashi Factory
Iruma Factory



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 came into effect on April 1, 2003.
If a shareholder loses share certificates, previously it was necessary for the shareholder to file a petition for public notification and receive a judgment of nullification. Now, it is possible for a shareholder to request reissue of share certificates, if no objection is filed for a period of 12 months after the shareholder's filing of "share certificate loss registration" with UFJ Trust Bank, which is the Company's stock transfer agent, to render the lost share certificates null and void.
For further information, please contact the Corporate Agency Department, UFJ Trust Bank.
 - **Taxation for dividends has changed.**
In accordance with the revisions to the taxation system which are applicable to fiscal 2003 onward, the following changes have been made.
 - 1) The withholding tax rate of 10% is applied to the dividends paid by the Company to its shareholders during the period from April 1, 2003, to March 31, 2008.
 - 2) As a consequence of abolition of the upper limit for the system under which declaration of small amounts of dividends is not required, tax payment will be completed with tax withholding, even in the case that the amount of dividend a shareholder receives from the Company exceeds ¥100,000 per year. Additionally, shareholders may select comprehensive income taxation by filing an income tax return and applying tax deduction to dividend income. (Individual shareholders who own more than 5% of the Company's shares outstanding are not within the scope.)
 - 3) The system of withholding tax at taxpayer's option (35% withholding tax) was abolished as of March 31, 2003. For further information, please contact a local tax office.
 - **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; Head Office)
0120-68-4479 (Corporate Agency Department; 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.

ISO 14001
(Production Division)



MATSUDA SANGYO CO.,LTD.

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