



FY3/12 Financial Statements [J-GAAP]

May 14, 2012

Company Name: Matsuda Sangyo Co., Ltd.
 Exchanges listed on: Tokyo Stock Exchange (First Section)
 Company code: 7456 URL: <http://www.matsuda-sangyo.co.jp>
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 Date of regular shareholders' meeting: June 28, 2012
 Expected dividend payment date: June 29, 2012
 Expected release filing date of the formal financial statements: June 28, 2012
 Supplementary materials for financial results prepared: Yes
 Information meeting for financial results held: Yes (for institutional investors and analysts)

(Figures are rounded down to the nearest million yen)

1. FY3/12 Consolidated results (April 1, 2011–March 31, 2012)

(1) Consolidated operating results (Percentages are year-on-year changes)

	Net Sales		Operating income		Ordinary income		Net income	
	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)
FY3/12	187,606	2.2	6,837	13.0	7,028	14.5	4,206	15.9
FY3/11	183,494	17.3	6,051	27.1	6,136	23.7	3,629	24.3

(Note) Comprehensive income: FY3/12 4,080 million yen (18.2%) FY3/11 3,451 million yen (9.2%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary income / total assets	Operating margin
	(yen)	(yen)	(%)	(%)	(%)
FY3/12	150.81	—	10.6	11.5	3.6
FY3/11	129.09	—	9.8	10.4	3.3

(Reference) Gain or loss on equity investments: FY3/12 338 million yen FY3/11 201 million yen

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	(millions of yen)	(millions of yen)	(%)	(yen)
FY3/12	61,363	41,138	67.0	1,490.19
FY3/11	61,042	38,349	62.8	1,363.89

(Reference) Shareholders' equity: FY3/12 41,138 million yen FY3/11 38,349 million yen

(3) Consolidated cash flows

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents at end of period
	(millions of yen)	(millions of yen)	(millions of yen)	(millions of yen)
FY3/12	5,536	-742	-1,354	9,948
FY3/11	3,656	-3,209	2,079	6,605

2. Dividends

	Dividends per share					Total dividends (annual)	Payout ratio (consolidated)	Dividends/net assets (consolidated)
	Q1	Q2	Q3	Q4	Annual			
	(yen)	(yen)	(yen)	(yen)	(yen)	(millions of yen)	(%)	(%)
FY3/11	—	12.00	—	12.00	24.00	674	18.6	1.8
FY3/12	—	12.00	—	12.00	24.00	666	15.9	1.7
FY3/13 (projections)	—	12.00	—	12.00	24.00		15.0	

3. FY3/13 Consolidated earnings projections (April 1, 2012–March 31, 2013)

(Percentages are year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	(millions yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)	(yen)
1H FY3/13	91,000	-6.7	2,800	-29.7	2,900	-27.2	1,760	-28.6	63.75
FY3/13	195,000	3.9	7,000	2.4	7,200	2.4	4,420	5.1	160.10

* Notes

(1) Material changes in subsidiaries during the fiscal year (changes in specified subsidiaries resulting from changes in scope of consolidation): No

(2) Changes in accounting principles, changes in accounting estimates and restatement of revisions

- 1) Changes in accounting policies with revision of accounting standards: No
- 2) Changes in accounting policies other than the above: No
- 3) Changes in accounting estimates: No
- 4) Restatement of revisions: No

(3) Number of issued shares (common shares)

1) Number of issued shares (including treasury stock)	FY3/12	28,908,581 shares	FY3/11	28,908,581 shares
2) Number of treasury stock	FY3/12	1,302,477 shares	FY3/11	790,678 shares
3) Average number of shares during the period	FY3/12	27,889,929 shares	FY3/11	28,118,164 shares

(Reference) Summary of non-consolidated results

1. FY3/12 Non-consolidated results (April 1, 2011–March 31, 2012)

(1) Non-consolidated operating results

(Percentages are year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)
FY3/12	185,684	1.7	6,233	15.3	6,092	14.4	3,485	14.2
FY3/11	182,506	18.0	5,408	19.7	5,323	16.1	3,051	7.1

	Net income per share	Diluted net income per share
	(yen)	(yen)
FY3/12	124.95	–
FY3/11	108.51	–

(2) Non-consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	(millions of yen)	(millions of yen)	(%)	(yen)
FY3/12	57,858	38,036	65.7	1,377.82
FY3/11	57,855	35,743	61.8	1,271.18

(Reference) Shareholders' equity: FY3/12 38,036 million yen FY3/11 35,743 million yen

*Presentation of implementation status for audit procedures

The audit procedure based on the Financial Instruments and Exchange Act does not apply to this report. At the time of disclosure of this report, audit procedures for financial statements pursuant to the Financial Instruments and Exchange Act had not been completed.

*Explanation of the proper use of earnings projections and other notes

The statements about future described on this material such as earnings projections have been made based on information currently available and some conditions that we judge rational. Actual earnings may differ greatly from the above projections for various reasons such as changes in business conditions. For the matters regarding the earnings projections, please refer to "Analysis of operating results" on page 2.

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1. Operating results

(1) Analysis of operating results

Consolidated operating results	(millions of yen) (year-on-year comparison)		
Net sales	187,606	(+4,111	+2.2%)
Operating income	6,837	(+786	+13.0%)
Ordinary income	7,028	(+891	+14.5%)
Net income	4,206	(+576	+15.9%)

During the consolidated fiscal year ended March 31, 2012, conditions in the Japanese economy remained difficult due to the slowdown in economic activity caused by the Great East Japan Earthquake, as well as rapid yen appreciation amid deflationary conditions and the impact of supply chain disruption due to the Thai floods.

Against this backdrop, Matsuda Sangyo Group's precious metals business worked to respond to the needs of a wide range of customers in the semiconductor, electronic parts and other sectors, while strengthening its business sites in Japan and overseas and striving to fully restore operations affected by the flooding in Thailand. The food business worked to strengthen sales activities and maintain supplies of reliable and safe food products in response to changes in the market environment.

As a result, consolidated net sales rose 2.2% year on year to 187,606 million yen, and operating income rose 13.0% to 6,837 million yen. Ordinary income was ¥7,028 million (up 14.5% year on year) and net income was ¥4,206 million (up 15.9% year on year) owing to an increase in equity in earnings of affiliates under non-operating income.

The following is a summary of business by segment:

Consolidated results by segment

Segment	(millions of yen) (year on year comparison)					
	Net sales		Operating income			
Precious metals business	145,273	(+5,405	+3.9%)	5,700	(+196	+3.6%)
Food business	42,397	(-1,286	-2.9%)	1,137	(+590	+107.9%)
Eliminations or corporate	-64			—		
Total	187,606	(+4,111	+2.2%)	6,837	(+786	+13.0%)

Precious metals business

In the precious metals division, output declined at key customers in the semiconductor and electronic parts sectors due to supply chain disruption and sluggish production activity caused by the Great East Japan Earthquake and the flooding in Thailand. 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.

As a result, net sales for the precious metals business increased 3.9% year on year to 145,273 million yen, and operating income increased 3.6% year on year to 5,700 million yen.

Food business

In the food business, the impact of the global rise in food prices was partially offset by the strong yen, but operating conditions remained difficult as a growing number of consumers sought out lower-priced items due to weakening consumer confidence amid deflationary conditions. Against this backdrop, 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 restaurant industry declined, while sales of livestock and other products rose due to an increase in sales volume and average sales prices for eggs.

As a result, net sales for the food business totaled ¥42,397 million (down 2.9% year on year) and operating income increased sharply to ¥1,137 million (up 107.9% year on year), partly reflecting the absence of a negative impact from the earthquake which weighed on operating income last year.

Outlook for the fiscal year ending March 2013

Consolidated earnings projections

	(millions of yen) (Comparison to FY3/12)		
Net sales	195,000	(+7,394	+3.9%)
Operating income	7,000	(+162	+2.4%)
Ordinary income	7,200	(+172	+2.4%)
Net income	4,420	(+214	+5.1%)

Looking ahead to the next fiscal year, we anticipate some risks such as fallout from the sovereign debt crisis in Europe and issues related to electric power and energy supplies. However, manufacturing activity appears to be picking up amid strengthening global demand, including a recovery in the semiconductor and electronic parts sectors after the Thai flooding. We therefore anticipate a gradual increase in the volume of precious metals recovered by the Group. Against this backdrop, we plan to actively utilize our overseas operating sites to increase business volume in the precious metals business.

In the food business, we will work to generate steady earnings through aggressive marketing activities tailored to customer needs.

(2) Analysis of financial position

1) Assets, liabilities and net assets

Assets

Total assets increased 320 million yen year on year to 61,363 million yen. This modest increase mainly reflected an increase in cash and deposits, offset by declines for notes and accounts receivable—trade, inventory, and tangible and intangible fixed assets.

Liabilities

Total liabilities decreased 2,468 million yen year on year to 20,224 million yen. Chiefly, this is the result of a decrease in accounts payable—trade and other accounts payable.

Net assets

Net assets increased 2,788 million yen year on year to 41,138 million yen. This primarily reflected decreases due to dividends paid and the purchase of treasury stock, outweighed by an increase from net income.

2) Cash flow status

As of March 31, 2012, the balance of cash and cash equivalents (hereafter, “cash”) stood at 9,948 million yen, an increase of 3,343 million yen year on year. Operating activities provided net cash of 5,536 million yen, investing activities used net cash of 742 million yen, and financing activities used net cash of 1,354 million yen.

Cash flow from operating activities:

Operating activities provided net cash of 5,536 million yen. This mainly reflects the difference between the increase in income before income taxes on the one hand, and the corresponding increase in income taxes paid and a decrease in accounts payable on the other. This represents a rise of 1,879 million yen from the 3,656 million yen increase in the previous fiscal year.

Cash flow from investing activities:

Investing activities used net cash of 742 million yen. This was chiefly due to the purchase of tangible fixed assets, including asset purchases related to a new plant in Malaysia. Compared with the previous fiscal year, when investing activities used net cash of 3,209 million yen, net cash used in investing activities declined 2,467 million yen.

Cash flow from financing activities:

Financing activities used net cash of 1,354 million yen. This mainly reflected dividends paid and the purchase of treasury stock. Compared with the previous fiscal year, when financing activities provided net cash of 2,079 million, net cash used in financing activities decreased by 3,433 million yen.

(Reference) Trend in cash flow indicators

	FY3/08	FY3/09	FY3/10	FY3/11	FY3/12
Shareholders' equity ratio	50.0	68.3	63.0	62.8	67.0
Shareholders' equity ratio on a market value basis	93.5	64.7	86.6	58.3	61.1
Ratio of interest-bearing debt to cash flow	—	0.2	—	1.2	0.8
Interest coverage ratio	—	168.4	—	69.3	111.9

(Notes) Shareholders' equity ratio: Shareholders' equity/total assets

Shareholders' equity ratio on a market value basis: Total market value of shares/total assets

Ratio of interest-bearing debt to cash flow: Interest-bearing debt/cash flow from operating activities

Interest coverage ratio: Cash flow from operating activities/interest paid

* All the indicators are calculated using consolidated financial figures.

* The total market value of shares is calculated as the product of the share price and the number of issued shares at the end of the fiscal year.

* Cash flow from operating activities is the cash flow from operating activities appearing in the Consolidated Statement of Cash Flows. Interest-bearing debt is the total amount of debt appearing in the Consolidated Balance Sheet on which interest is paid. In addition, interest paid is the amount of interest paid appearing in the Consolidated Statement of Cash Flows.

* The ratio of interest-bearing debt to cash flow and the interest coverage ratio for FY3/08 and FY3/10 are not provided since cash flow from operating activities was negative.

(3) Basic policy on distribution of profits and dividends for FY3/12 and FY3/13

The Company's basic policy on distribution of profits is to meet shareholders' expectations by continuing to pay stable dividends in balance with internal reserves. Internal reserves are used effectively for investment in growth such as increasing the production capacity of facilities and conducting research and development for the precious metals business to improve future profitability and strengthen the corporate structure.

Based on this policy, the Company plans to pay a year-end dividend of 12 yen per share. In combination with the interim dividend of 12 yen, dividends for the full fiscal year are expected to be 24 yen per share.

The Company expects to pay 24 yen per share in dividends for the fiscal year ending March 2013 (12 yen per share as an interim dividend, and 12 yen per share as a year-end dividend). The Company will continue to distribute profits to its shareholders in a comprehensive way according to the operating results.

(4) Business and other risks

The main business risks recognized by the Group are described below. If these risks become reality, they may have a major effect on the Company's business performance and financial position. In recognition of these risks, our TRM (Total Risk Management) Committee will develop a risk management system with the aim of avoiding risks and minimizing the effect of such risks if they occur.

1) Price fluctuations for core products and commodities

a. Products

The Group's products mainly consist of the precious metals such as gold, silver, platinum and palladium; the main raw materials used in their production are the recycled raw materials containing the various precious metals. As a general rule, the purchase price is based on the market price for precious metal bullion and the market prices are affected by changes in the international commodities market and fluctuation in exchange rates. The prices of these products are also determined based on the market price. The Group employs commodity futures to avoid pricing risk attendant to fluctuating prices, but it is possible that changes in the price of precious metals could affect its operating results.

b. Commodities

A large portion of the Group's processed raw materials for food products, which consist mainly of *surimi* fish paste and other seafood, livestock products, and agricultural products, come from overseas. Both the purchase and sales price of these products are affected by fluctuations in commodity market prices and exchange rates. The Group addresses these changes by using forward exchange contracts and passing on price changes to customers; however, these price changes could affect its operating results.

2) Quality issues related to the Group's food business

The Group purchases a wide range of products from overseas for the food business, including processed seafood ingredients comprised mainly of *surimi* fish paste, shrimp, crab, squid, octopus, processed agricultural products comprised mainly of fresh, dried, and frozen vegetables, and processed livestock products comprised mainly of various types of meat of beef, chicken and others, and chicken eggs. The Group also sells these products to food manufacturers of *surimi* fish paste, frozen food, prepared food, confectionery and other food products on a wholesale basis. The Group carries out strict labeling of food products as specified by law, and make every effort to strengthen its quality control training and contamination countermeasures for overseas food products. However, its operating results could be affected if food safety problems were to occur and measures such as a ban on imports were imposed.

3) Addressing legal regulations

There is a trend towards stricter environmental laws as a result of growing societal concern over environmental issues. If regulations of the precious metals business were tightened, various measures such as increasing capital expenditures might become necessary. The Group also conducts various operations including collecting, transporting and disposing of waste as a business covered by the Waste Disposal and Public Cleaning Law, and the continuation of our business is based on the major assumption that the Group complies with the various laws.

In addition to establishing corporate ethics rules, which clearly state corporate ethics and legal compliance in writing, the Group has created compliance rules to set forth how compliance is to be implemented, and is working to achieve compliance in all business activities.

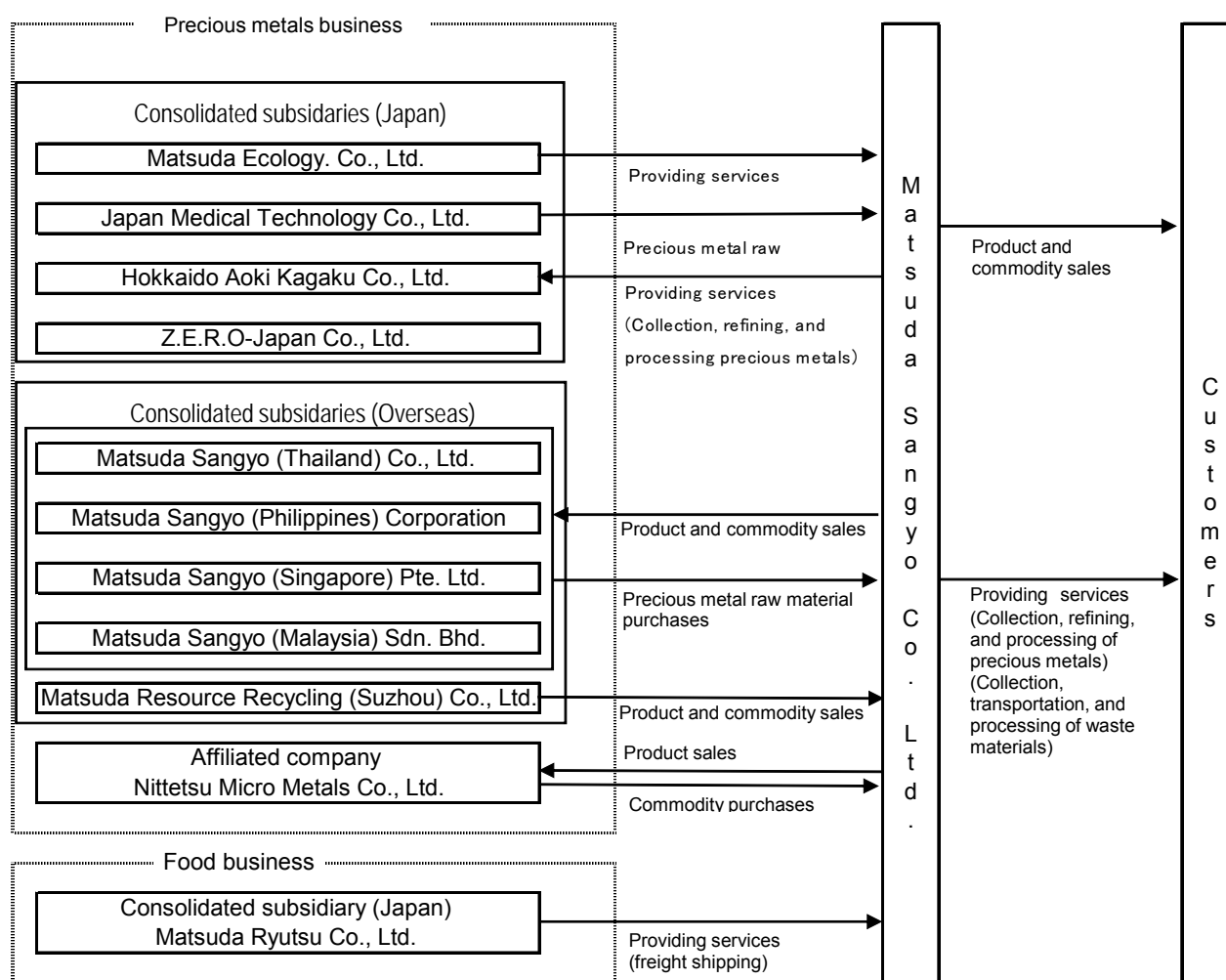
4) Management of waste and other materials

The Group uses poisonous and toxic substances but appropriately processes the waste liquid and atmospheric emissions, taking the environment into consideration. However, operating results could be affected if a problem were to occur with the management of these materials for any various reasons, including an accident at the plant.

2. Corporate group

Matsuda Sangyo Group is composed of the Company, 10 subsidiaries and 1 affiliated company; the main businesses of the Group are the precious metals business, which involves the recovery and refining of precious metals, the sale of items such as precious metal bullion and electronic materials, and the collection, transportation, and processing of industrial wastes; and the food business, which involves selling processed food ingredients and providing distribution services. The following subsidiaries support the Company regarding business for regions and industries related to the precious metals business: Matsuda Ecology Co., Ltd., Japan Medical Technology Co., Ltd., Hokkaido Aoki Kagaku Co., Ltd., Z.E.R.O.-Japan Co., Ltd., Matsuda Sangyo (Thailand) Co., Ltd., Matsuda Sangyo (Philippines) Corporation., and Matsuda Sangyo (Singapore) Pte. Ltd., Matsuda Resource Recycling (Suzhou) Co., Ltd., and Matsuda Sangyo (Malaysia) Sdn. Bhd. The subsidiary Matsuda Ryutsu Co., Ltd., is responsible for distribution for the Company's food business. The affiliated company Nittetsu Micro Metals Co., Ltd. handles the production of electronic materials, particularly gold bonding wires, the main product for the precious metals business.

The following is an organizational chart of the business:



(Notes)

1. Japan Medical Technology Co., Ltd, and Hokkaido Aoki Kagaku Co., Ltd., are subsidiaries of the subsidiary Matsuda Ecology Co., Ltd.
2. Affiliated companies are all accounted for under the equity method.

3. Management policy

(1) Basic corporate management policy

Matsuda Sangyo Group's corporate ethics are rooted in "making effective use of the earth's resources and contributing to society through business," and the Group has developed its business on the three pillars: the precious metals business, in working to recycle and make effective use of precious metals and limited resources; the environmental business, which aims to pass on a pristine environment to the next generation; and the food business, which aims to provide stable food resources and the abundant bounty from the earth.

The Group's basic management policy is to "focus on customers" and "focus on shareholders." The Group sees its path to growth as understanding customer needs precisely and working for mutual survival and prosperity with its customers. The Group's goal is to contribute to securing resources through its resource recycling business, to contribute to the development of cutting-edge technology through precious metal processing and sales, to contribute to environmental protection through its environmental business, and to contribute to culinary life and culture through its food business while striving to expand the scope of its business and earn reasonable profits through sustained marketing efforts.

(2) Business indicators used as benchmarks

The Group has set the following numerical benchmarks for mid-term management: Ratio of ordinary income to total assets of 10% or more and a shareholders' equity ratio of 55% or more. At the end of fiscal year ended March 2012, the ratio of ordinary income to total assets was 11.5%, and the shareholders' equity ratio was 67.0%, both of which surpassed the benchmark. In the future as well, the Group will continue to work earnestly to increase earnings and improve operational efficiency.

(3) Medium- to long-term business strategy and issues faced by the Group

In the medium to long term, the Group will deploy a strategy that has positioned the precious metals business as the driving force behind expansion and growth and the food business as a stable growth business.

The following is a summary for each segment:

Precious metals business:

The precious metals division will implement proactive initiatives to bolster its overseas operations in an effort to become the No. 1 refiner in East Asia. In the fiscal year under review, our local subsidiary in Malaysia established a new plant with metal refining facilities. We also opened a representative office in Hanoi, Vietnam, and a branch office in Taiwan. Our subsidiaries in Thailand, the Philippines, Singapore, and China (Suzhou) are making efforts to expand the recovery and recycling of precious metals and sales of items such as electronic materials and chemical products. Going forward, given the outlook for a significant medium to long-term increase in demand for electronics products in the East Asia region, we will work to further enhance our marketing capabilities and on-site processing infrastructure.

The environment division will work to expand services that can respond to changes in client industries and develop marketing strategies that leverage the Group's processing facilities for waste acid and alkali and its authorized nationwide network for the processing of these materials.

At our production division, we will start investing in upgrades to precious metal production equipment. We will also aggressively push ahead with R&D projects such as the development of new chemical products to meet needs in the electronics sector and other industries. We plan to implement energy saving measures, including initiatives to counter potential power shortages this summer, and actively take steps to mitigate disaster-related risk.

Food business:

In the food products division, we aim to leverage the expertise in quality assurance that the Group has acquired over many years and proactively expand sales to respond to the needs from changing client industries, in line with our basic policy of aiming to differentiate ourselves from competitors through the provision of safe, reliable, quality food products. Also, we plan to actively reinforce our overseas business sites.

(4) Other important corporate management issues

The Company engages in real estate lease transactions, insurance transactions, and clerical work agency with Matsuda Bussan, the Company's main shareholder. The terms of the lease were determined in a fair manner by taking into account the appraised value of the real estate as determined by a real estate appraiser and prices in the neighboring area. Payments of insurance premiums are made based on the same terms that are commonly used for insurance transactions.

4. Consolidated financial statements
(1) Consolidated balance sheet

(millions of yen)

	FY3/11 (March 31, 2011)	FY3/12 (March 31, 2012)
Assets		
Current assets		
Cash and deposits	6,609	9,952
Notes and accounts receivable – trade	19,947	19,534
Merchandise and finished goods	6,667	7,015
Work in process	366	230
Raw materials and supplies	6,918	5,996
Deferred tax assets	718	622
Other accounts receivable	2,597	1,219
Others	1,525	1,159
Allowance for doubtful accounts	-95	-17
Total current assets	45,256	45,713
Fixed assets		
Tangible fixed assets		
Buildings and structures	5,377	5,662
Accumulated depreciation	-2,997	-3,256
Buildings and structures, net	2,380	2,405
Machinery and delivery equipment	4,708	4,576
Accumulated depreciation	-3,740	-3,666
Machinery and delivery equipment, net	968	909
Land	7,670	7,540
Leased assets	363	360
Accumulated depreciation	-157	-233
Leased assets, net	206	127
Construction in progress	406	287
Others	599	815
Accumulated depreciation	-490	-516
Others, net	108	299
Total tangible fixed assets	11,742	11,569
Intangible fixed assets		
Others	846	622
Total intangible fixed assets	846	622
Investments and other assets		
Investment securities	1,851	2,180
Deferred tax assets	284	203
Others	1,233	1,272
Allowance for doubtful accounts	-170	-199
Total investments and other assets	3,197	3,457
Total fixed assets	15,786	15,649
Total assets	61,042	61,363

(millions of yen)

	FY3/11 (March 31, 2011)	FY3/12 (March 31, 2012)
Liabilities		
Current liabilities		
Notes and accounts payable – trade	10,416	8,820
Short-term loans payable	–	1,015
Current portion of long-term loans payable	998	718
Lease obligations	78	64
Accrued income taxes	1,410	1,589
Reserve for bonuses	604	624
Other accounts payable	2,556	1,239
Others	2,621	2,913
Total current liabilities	18,686	16,985
Fixed liabilities		
Long-term loans payable	3,128	2,409
Lease obligations	128	63
Reserve for retirement benefits	276	252
Reserve for directors' retirement benefits	453	494
Others	19	18
Total fixed liabilities	4,006	3,238
Total liabilities	22,692	20,224
Net assets		
Shareholders' equity		
Common stock	3,559	3,559
Capital surplus	4,008	4,008
Retained earnings	31,884	35,417
Treasury stock	-782	-1,401
Total shareholders' equity	38,670	41,584
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	102	129
Deferred gains or losses on hedges	-66	8
Foreign currency translation adjustments	-356	-583
Total accumulated other comprehensive income	-320	-445
Total net assets	38,349	41,138
Total liabilities and net assets	61,042	61,363

(2) Consolidated statements of income and comprehensive income
(Consolidated statements of income)

(millions of yen)

	FY3/11 (April 1, 2010 – March 31, 2011)	FY3/12 (April 1, 2011 – March 31, 2012)
Net sales	183,494	187,606
Cost of sales	166,143	169,604
Gross profit	17,351	18,001
Selling, general and administrative expenses	11,300	11,164
Operating income	6,051	6,837
Non-operating income		
Interest income	0	0
Dividends income	16	17
Equity in earnings of affiliates	201	338
Purchase discounts	57	36
House rent income	47	60
Others	29	99
Total non-operating income	353	553
Non-operating expenses		
Interest expenses	52	48
Foreign exchange losses	164	166
Cost of lease revenue	40	58
Others	10	88
Total non-operating expenses	268	362
Ordinary income	6,136	7,028
Extraordinary income		
Gain on sales of fixed assets	0	—
Total extraordinary income	0	—
Extraordinary losses		
Impairment loss	38	—
Loss on sales of fixed assets	0	—
Loss on retirement of fixed assets	24	—
Loss on valuation of investment securities	10	—
Loss on sales of investment securities	3	—
Loss on adjustment for changes of accounting standard for asset retirement obligations	37	—
Total extraordinary losses	114	—
Income before income taxes	6,022	7,028
Income taxes – current	2,398	2,694
Income taxes – deferred	-6	127
Total income taxes	2,392	2,822
Income before minority interests	3,629	4,206
Net income	3,629	4,206

(Consolidated statements of comprehensive income)

(Millions of yen)

	FY3/11 (April 1, 2010 – March 31, 2011)	FY3/12 (April 1, 2011 – March 31, 2012)
Income before minority interests	3,629	4,206
Other comprehensive income		
Valuation difference on available-for-sale securities	-23	27
Deferred gains or losses on hedges	-25	74
Foreign currency translation adjustment	-79	-200
Share of other comprehensive income of affiliates accounted for using equity method	-49	-26
Total other comprehensive income	-178	-125
Comprehensive income	3,451	4,080
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	3,451	4,080
Comprehensive income attributable to minority interests	—	—

(3) Consolidated statements of changes in shareholders' equity

(millions of yen)

	FY3/11 (April 1, 2010 – March 31, 2011)	FY3/12 (April 1, 2011 – March 31, 2012)
Shareholders' equity		
Common stock		
Balance at the beginning of current period	3,559	3,559
Change of items during the period		
Total changes of items during the period	—	—
Balance at the end of the period	3,559	3,559
Capital surplus		
Balance at the beginning of current period	4,008	4,008
Change of items during the period		
Total change of items during the period	—	—
Balance at the end of the period	4,008	4,008
Retained earnings		
Balance at the beginning of current period	28,929	31,884
Change of items during the period		
Dividends from surplus	-674	-673
Net income	3,629	4,206
Total change of items during the period	2,955	3,533
Balance at the end of the period	31,884	35,417
Treasury stock		
Balance at the beginning of current period	-781	-782
Change of items during the period		
Purchase of treasury stock	-0	-619
Total change of items during the period	-0	-619
Balance at the end of the period	-782	-1,401
Total shareholders' equity		
Balance at the beginning of current period	35,715	38,670
Change of items during the period		
Dividends from surplus	-674	-673
Net income	3,629	4,206
Purchase of treasury stock	-0	-619
Total change of items during the period	2,954	2,913
Balance at the end of the period	38,670	41,584

(millions of yen)

	FY3/11 (April 1, 2010 – March 31, 2011)	FY3/12 (April 1, 2011 – March 31, 2012)
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the beginning of the period	126	102
Change of items during the period		
Net changes of items other than shareholders' equity	-23	27
Total change of items during the period	-23	27
Balance at the end of period	102	129
Deferred gains or losses on hedges		
Balance at the beginning of the period	-41	-66
Change of items during the period		
Net changes of items other than shareholders' equity	-25	74
Total change of items during the period	-25	74
Balance at the end of period	-66	8
Foreign currency translation adjustments		
Balance at the beginning of the period	-226	-356
Change of items during the period		
Net changes of items other than shareholders' equity	-129	-227
Total change of items during the period	-129	-227
Balance at the end of period	-356	-583
Total accumulated other comprehensive income		
Balance at the beginning of the period	-141	-320
Change of items during the period		
Net changes of items other than shareholders' equity	-178	-125
Total change of items during the period	-178	-125
Balance at the end of period	-320	-445
Total net assets		
Balance at the beginning of the period	35,574	38,349
Change of items during the period		
Dividends from surplus	-674	-673
Net income	3,629	4,206
Purchase of treasury stock	-0	-619
Net changes of items other than shareholders' equity	-178	-125
Total change of items during the period	2,775	2,788
Balance at the end of period	38,349	41,138

(4) Consolidated statements of cash flow

	(millions of yen)	
	FY3/11 (April 1, 2010– March 31, 2011)	FY3/12 (April 1, 2011– March 31, 2012)
Cash flow from operating activities		
Income before income taxes	6,022	7,028
Depreciation and other amortization	1,168	1,122
Impairment loss	38	–
Change in allowance for doubtful accounts ('-' means decrease)	24	-49
Change in allowance for bonuses ('-' means decrease)	-28	19
Change in allowance for retirement benefits ('-' means decrease)	-34	-23
Change in allowance for directors' retirement bonuses ('-' means decrease)	74	41
Interest and dividends income	-17	-18
Interest expense	52	48
Equity in earnings or losses of affiliates ('-' means earnings)	-201	-338
Gain or loss on sales of investment securities ('-' means gain)	3	–
Gain or loss on valuation of investment securities ('-' means gain)	10	–
Gain or loss on sales of fixed assets ('-' means gain)	0	–
Loss on retirement of tangible fixed assets	24	–
Loss on adjustment for changes of accounting standard for asset retirement obligations	37	–
Change in accounts receivable – trade ('-' means increase)	-1,484	381
Change in other accounts receivable ('-' means increase)	351	1,373
Change in inventory ('-' means increase)	62	561
Change in accounts payable - trade ('-' means decrease)	-283	-1,484
Changes in other accounts payable ('-' means decrease)	-805	-1,475
Other changes	1,189	897
Subtotal	6,204	8,084
Interest and dividends received	19	18
Interest paid	-52	-49
Income taxes paid	-2,514	-2,516
Cash flow from operating activities	3,656	5,536
Cash flow from investing activities		
Purchase of property, plant and equipment	-3,116	-679
Proceeds from sale of property, plant and equipment	–	68
Purchase of intangible fixed assets	-40	-102
Purchase of investment securities	-8	-8
Proceeds from sale of investment securities	14	–
Others	-59	-20
Cash flow from investing activities	-3,209	-742

	(millions of yen)	
	FY3/11	FY3/12
	(April 1, 2010– March 31, 2011)	(April 1, 2011– March 31, 2012)
Cash flow from financing activities		
Net change in short-term loans payable ('-' means decrease)	-30	1,015
Proceeds from long-term loans payable	3,300	–
Repayment of long-term loans payable	-440	-998
Purchase of treasury stock	-0	-619
Dividends paid	-674	-673
Others	-74	-78
Cash flow from financing activities	2,079	-1,354
Foreign currency translation adjustment on cash and cash equivalents	-24	-96
Change in cash and cash equivalents ('-' means decrease)	2,501	3,343
Cash and cash equivalents at beginning of period	4,103	6,605
Cash and cash equivalents at the end of period	6,605	9,948

(5) Notes on premise of a going concern

There is nothing to report.

(6) Additional information

(Accounting Standards on Accounting Changes and Error Corrections)

Effective from the beginning of first quarter of the fiscal year ending March 31, 2012, we have applied “Accounting Standards on Accounting Changes and Error Corrections” (ASBJ Statement No. 24, December 4, 2009) and “Guidance on Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Guidance No. 24, December 4, 2009) for accounting changes and error corrections.

(Thai floods)

Due to the flooding in Thailand, the Company has incurred impairment losses on tangible fixed assets and inventories at consolidated subsidiary Matsuda Sangyo (Thailand) Co., Ltd. and booked costs related to restoring operations at the subsidiary. However, the impact of these losses on ordinary income is minimal. Some insurance payments for the damage have already been approved and these have been booked as insurance income under non-operating income.

[Segment information, etc.]
(Segment information by business)

(Segment Information)

1. Overview of reportable segments

With respect to its business segments, the Company is able to obtain delineated financial data from among its structural units. Its segments are subject to regular examination in order to assist decision-making on allocation of managerial resources and evaluation of business performance by the Board of Directors.

At Matsuda Sangyo, operation divisions have been established based on each of our products and services in the head office, and each of these divisions' works to formulate comprehensive domestic and foreign strategies and to expand business for the corresponding products and services.

The Company thus comprises product, merchandise and service segments built around operation divisions, and the precious metals business and food business are designated as reporting segments. In this regard, business segments with essentially identical financial characteristics (i.e., the precious metals division and the environment division) are combined as the precious metals business.

The precious metals business recovers and refines precious metals, sells precious metal bullions, chemical products, and electronic materials, and collects, transports and disposes industrial wastes. The food business sells and transports seafood products, agricultural products, livestock products, and other raw materials for food processing.

2. Calculation method for net sales, income /loss, assets/liabilities, and other items for each reportable segment

Accounting methods used for each reportable segment follow the accounting methods for the preparation of consolidated financial statements. Income listed for each reportable segment refer to operating income. Inter-segment sales/transfers are based on market value.

3. Information for net sales, income /loss, assets/liabilities, and other items for each reportable segment
FY3/11 (April 1, 2010–March 31, 2011)

(millions of yen)

	Reportable Segments			Adjustments Note1	Amount recorded on consolidated statements of income Note2
	Precious metals business	Food business	Total		
Net sales					
(1) Net sales to external parties	139,863	43,631	183,494	—	183,494
(2) Net sales & remittances between segments	4	51	56	-56	—
Total	139,868	43,683	183,551	-56	183,494
Segment income	5,504	546	6,051	—	6,051
Segment assets	44,323	10,337	54,660	6,382	61,042
Other					
Depreciation	1,114	53	1,168	—	1,168
Impairment loss	—	—	—	38	38
Change in tangible and intangible fixed assets	2,891	23	2,914	—	2,914

(Notes)

- Adjustments correspond to the elimination of transactions and remittances between segments. Assets refer to company-wide assets and mainly comprise surplus operating funds (cash and deposits), long-term investment funds (investment securities).
- Total segment income matches operating income recorded on the consolidated statements of income.

FY3/12 (April 1, 2011–March 31, 2012)

(millions of yen)

	Reportable Segments			Adjustments Note1	Amount recorded on consolidated statements of income Note2
	Precious metals business	Food business	Total		
Net sales					
(1) Net sales to external parties	145,268	42,337	187,606	—	187,606
(2) Net sales & remittances between segments	4	59	64	-64	—
Total	145,273	42,397	187,670	-64	187,606
Segment income	5,700	1,137	6,837	—	6,837
Segment assets	40,081	12,368	52,449	8,913	61,363
Other					
Depreciation	1,075	46	1,122	—	1,122
Change in tangible and intangible fixed assets	872	57	930	—	930

(Notes)

1. Adjustments correspond to the elimination of transactions and remittances between segments. Assets refer to company-wide assets and mainly comprise surplus operating funds (cash and deposits), long-term investment funds (investment securities).
2. Total segment income matches operating income recorded on the consolidated statements of income.