FY3/11 Financial Statements [J-GAAP]

May 13, 2011

Company Name: Matsuda Sangyo Co., Ltd.
Exchanges listed on: Tokyo Stock Exchange (First Section)
Company code: 7456 URL: http://www.matsuda-sangyo.co.jp
Representative: Representative Director/President Yoshiaki Matsuda
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Date of regular shareholders' meeting: June 29, 2011 Expected dividend payment date: June 30, 2011
Expected release filing date of the formal financial statements June 29, 2011
Supplementary materials for financial results prepared: Yes
Information meeting for financial results held: (for institutional investors and analysts): Yes

(Figures are rounded down to the nearest million yen)

1. FY3/11 Consolidated results (April 1, 2010–March 31, 2011)

(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)	%
FY3/11	183,494	17.3	6,051	27.1	6,136	23.7	3,629	24.3
FY3/10	156,424	-14.3	4,762	-38.6	4,961	-28.4	2,921	-24.1

(Note) Comprehensive income: FY3/11 3,451 million yen (9.2%) FY3/10 3,161 million yen (- %)

	Net income per share	Diluted net income per share	Return on equity	Ordinary income / total assets	Operating margin
	Yen	Yen	%	%	%
FY3/11	129.09	—	9.8	10.4	3.3
FY3/10	103.89	—	8.5	9.5	3.0

(Reference) Gain or loss on equity investments: FY3/11 201 million yen FY3/10 155 million yen

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	(millions of yen)	(millions of yen)	%	Yen
FY3/11	61,042	38,349	62.8	1,363.89
FY3/10	56,433	35,574	63.0	1,265.15

(Reference) Shareholders' equity: FY3/11 38,349 million yen FY3/10 35,574 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)
FY3/11	3,656	-3,209	2,079	6,609
FY3/10	-711	-1,450	-1,675	4,103

2. Dividends

	Dividends per share					Total dividends (annual)	Payout ratio (consolidated)	Dividends/ Net Assets (consolidated)
(Record date)	Q1	Q2	Q3	Q4	Full fiscal year			
	Yen	Yen	Yen	Yen	Yen	(millions of yen)	%	%
FY3/10	—	12.00	—	12.00	24.00	674	23.1	2.0
FY3/11	—	12.00	—	12.00	24.00	674	18.6	1.8
FY3/12 (projections)	—	12.00	—	12.00	24.00		16.5	

3. FY3/12 Consolidated earnings projections (April 1, 2011–March 31, 2012)

(Percentages are year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	(millions of yen)	%	(millions of yen)	%	(millions of yen)	%	(millions of yen)	%	Yen
1H FY3/12	93,000	2.6	3,200	11.7	3,300	15.2	2,020	18.6	71.84
FY3/12	190,000	3.5	6,500	7.4	6,700	9.2	4,100	13.0	145.81

4. Other

(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 and procedures or format of consolidated financial statements

(1) Changes accompanying revisions to items such as accounting standards: Yes

(2) Other changes: No

(3) Number of issued shares (common shares)

(1) Number of issued shares at the end of the fiscal period (including treasury shares)

FY3/11 28,908,581 FY3/10 28,908,581

(2) Number of treasury shares at the end of the fiscal period

FY3/11 790,678 FY3/10 790,195

(3) Average number of shares during the fiscal period

FY3/11 28,118,164 FY3/10 28,118,748

(Reference) Summary of non-consolidated results

1. FY03/11 Non-consolidated results (April 1, 2010–March 31, 2011)

(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)	%
FY3/11	182,506	18.0	5,408	19.7	5,323	16.1	3,051	7.1
FY3/10	154,683	-12.6	4,518	-26.6	4,584	-20.7	2,847	-13.0

	Net income per share	Diluted net income per share
	Yen	Yen
FY3/11	108.51	–
FY3/10	101.27	–

(2) Non-consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	(millions of yen)	(millions of yen)	%	Yen
FY3/11	57,855	35,743	61.8	1,271.18
FY3/10	53,726	33,416	62.2	1,188.41

(Reference) Shareholders' equity: FY3/11 35,743 million yen FY3/10 33,416 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.

Contents

1. Operating results

(1) Analysis of operating results

Consolidated operating results (millions of yen) (year-on-year comparison)

Net sales	183,494	(	+27,070	+17.3%	)
Operating income	6,051	(	+1,289	+27.1%	)
Ordinary income	6,136	(	+1,175	+23.7%	)
Net income	3,629	(	+708	+24.3%	)

During the consolidated fiscal year ended March 31, 2011, overseas markets showed signs of a turnaround but the Japanese economy continued to face a difficult business environment affected by weak employment and a strong yen, and was dealt an additional severe blow by the Tohoku Earthquake that struck at the end of the fiscal year.

Against this backdrop, in our precious metals business, we worked on sales activities in response to diverse needs of customers in industries such as semiconductors and electronic parts. Also, we streamlined and fortified operations both at home and abroad. In our food business as well, we worked to strengthen sales activities to better respond to changes in market conditions, while continuing to focus on providing customers with reliable and safe food products. Our inventory sustained some damage as a result of the Tohoku Earthquake.

As a result, consolidated net sales rose 17.3% year on year to 183,494 million yen, and operating income rose 27.1% to 6,051 million yen. Ordinary income rose 23.7% to ¥6,136 million, and net income increased 24.3% to ¥3,629 million, in spite of weaker foreign exchange losses under non-operating expenses, and extraordinary losses such as asset retirement obligations.

The following is a summary of business by segment:

Consolidated results by segment

(millions of yen) (year on year comparison)

Segment	Net sales					Operating income				
Precious metals business	139,868	(	+21,369	+18.0%	)	5,504	(	+1,461	+36.2%	)
Food business	43,683	(	+5,708	+15.0%	)	546	(	-172	-24.0%	)
Eliminations or corporate	-56					—				
Total	183,494	(	+27,070	+17.3%	)	6,051	(	+1,289	+27.1%	)

Precious metals business

The precious metals division benefited from overall strong production at semiconductor and electronic parts makers (both key customers), reflecting rising demand for automobiles, electric home appliances, and telecommunication and IT products in overseas markets, and brisk demand at home supported by policy measures such as the eco-point system. Accordingly, sales volume of precious metal chemical products and recovery of precious metals both remained at high levels. Meanwhile, precious metals prices rose throughout the year. Therefore, sales for the division increased year on year.

Recycling volume and sales in the environment division also rose year on year, as output of waste products showed upward trend.

As a result, net sales for the precious metals business increased 18.0% year on year to 139,868 million yen, and operating income increased 36.2% year on year to 5,504 million yen.

Food business

The food business continued to operate under difficult conditions as rising global food prices combined with weaker consumer sentiment as a result of deflationary pressures and the harsh employment situation, a growing trend among consumers to seek out lower-priced food products, and a slump in the restaurant industry. Despite this environment, sales of seafood products such as *surimi* fish paste increased year on year due to higher sales volume. Sales of livestock products including eggs and chicken increased due to higher sales volume and unit prices, and sales of agricultural products such as vegetables increased mainly due to higher sales volume. However, the division suffered a loss of about ¥250 million on credit costs and inventory losses caused by the Tohoku Earthquake.

As a result, net sales of the food business increased 15.0% year on year to 43,683 million yen, but operating income decreased 24.0% to 546 million yen.

Outlook for the fiscal year ending March 2012

Consolidated earnings projections

(millions of yen) (Comparison to FY11/3)

Net sales	190,000	(+6,505 +3.5%)
Operating income	6,500	(+449 +7.4%)
Ordinary income	6,700	(+563 +9.2%)
Net income	4,100	(+470 +13.0%)

Looking ahead to the next fiscal year, we anticipate production activities will gradually pick up despite concerns over a delayed supply chain recovery in the manufacturing industry and power supply shortages resulting from the Tohoku Earthquake. Against this backdrop, the precious metals business will closely monitor trends in the semiconductor and electronic parts sectors at home and abroad, aim to increase measures to strengthen overseas operation, and work to further expand its business.

In the food business, we will focus on steadily securing earnings by aiming to bolster sales activities geared toward customer needs amid the current deflationary environment.

(2) Analysis of financial position

1) Assets, liabilities and net assets

Assets

Total assets increased 4,609 million yen year on year to 61,042 million yen. The main factors behind this are increases in cash and deposits, trade notes and accounts receivable, and tangible fixed assets.

Liabilities

Total liabilities increased 1,833 million yen year on year to 22,692 million yen. Chiefly, this is the result of an increase in long-term loans payable due to increasing demand on capital investment.

Net assets

Net assets increased 2,775 million yen year on year to 38,349 million yen. The main factor behind this is an increase in shareholders' equity due to an increase in net income and other factors.

2) Cash flow status

As of March 31, 2011, the balance of cash and cash equivalents (hereafter, "cash") stood at 6,609 million yen, an increase of 2,506 million yen year on year. Operating activities provided net cash of 3,656 million yen, investing activities used net cash of 3,209 million yen, and financing activities provided net cash of 2,079 million yen.

Cash flow from operating activities:

Operating activities provided net cash of 3,656 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 an increase in trade notes and accounts receivable on the other. This represents a rise of 4,367 million yen from the 711 million yen drop in the previous fiscal year.

Cash flow from investing activities:

Investing activities used net cash of 3,209 million yen. This was mainly due to the acquisition of tangible fixed assets including land. This represents a widening of 1,759 million yen from the 1,450 million yen outflow of the previous fiscal year.

Cash flow from financing activities:

Financing activities provided net cash of 2,079 million yen. This was mainly due to the difference between the financing of long-term debt for capital investment, and dividend payments. This represents a widening of 3,754 million yen from the 1,675 million yen outflow of the previous fiscal year.

(Notes) Trend in cash flow indicators

	FY3/07	FY3/08	FY3/09	FY3/10	FY3/11
Shareholders' equity ratio	48.4	50.0	68.3	63.0	62.8
Shareholders' equity ratio on a market value basis	128.0	93.5	64.7	86.6	58.3
Ratio of interest-bearing debt to cash flow	—	—	0.2	—	1.2
Interest coverage ratio	—	—	168.4	—	69.3

(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 FY3/07, 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 FY3/11 and FY3/12

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 2012 (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.

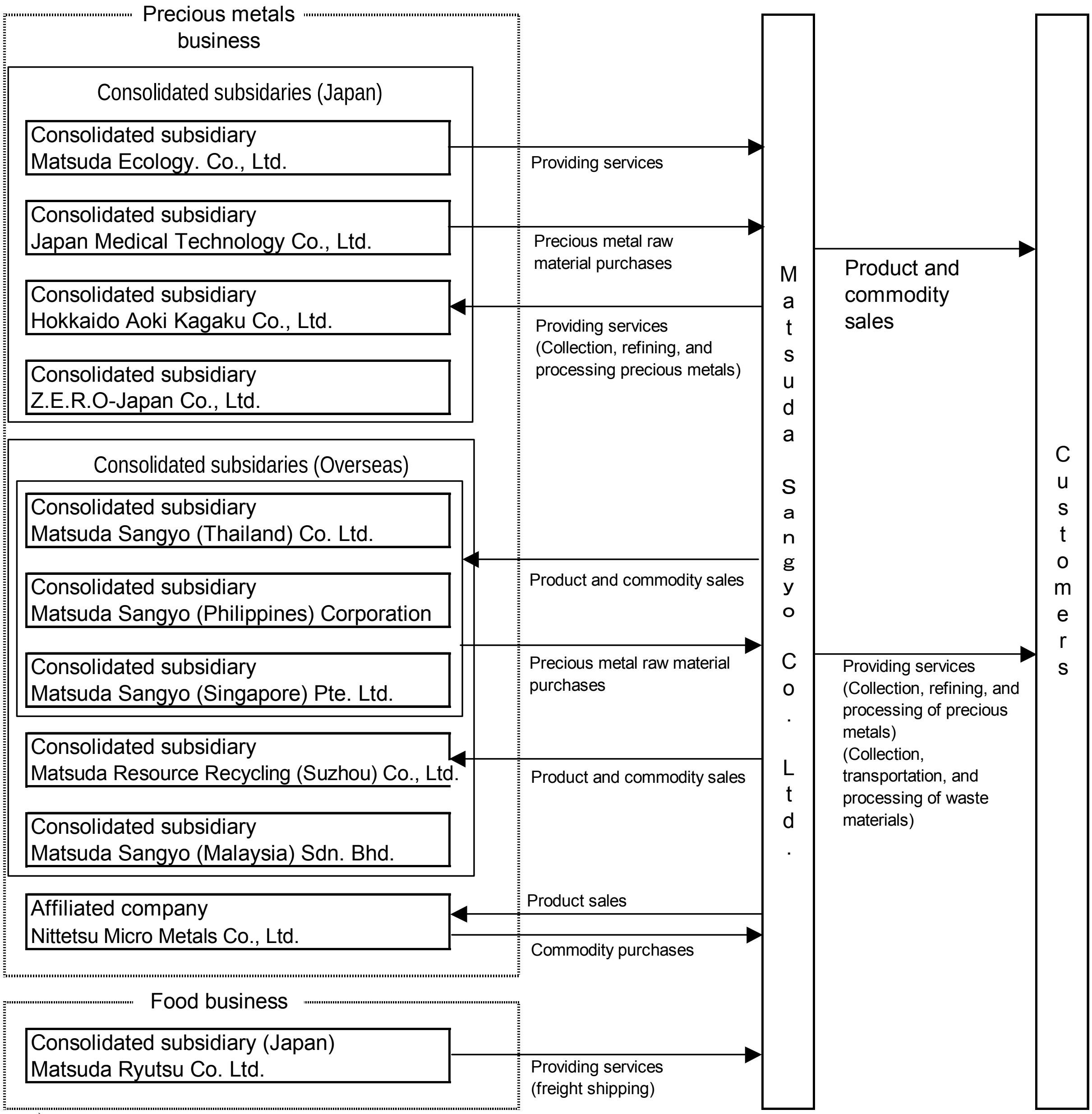
4) Management of waste and other materials

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 Nippon Mircometal Corporation 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 though 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 2011, the ratio of ordinary income to total assets was 10.4%, and the shareholders' equity ratio was 62.8%, 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. Our Malaysian subsidiary is currently constructing a plant equipped with a smelting facility, scheduled to start operation by March 2012. 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 headquarters, which functions as our base of operations for precious metals and environmental processing, we will respond to the growing diversity in recovery materials and strive to improve recovery rates, while proactively tapping into demand for manufacturing facility upgrades. We will aggressively pursue R&D such as development of plating and catalyst chemical products geared toward the electronics and other sectors. At the same time, we intend to promote energy conservation, including through measures to address the power supply shortages expected in the summer, and proactively adopt risk management strategies such as exploring methods to secure power in emergency situations.

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. As part of this, we intend to strengthen initiatives to provide food ingredients to the industry supporting home-cooked meal such as sales outlets for prepared foods in mass retailers,.

(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)

	FY3/10 (March 31, 2010)	FY3/11 (March 31, 2011)
Assets		
Current assets		
Cash and deposits	4,107	6,609
Notes and accounts receivable – trade	18,478	19,947
Merchandise and finished goods	6,797	6,667
Work in process	303	366
Raw materials and supplies	6,979	6,918
Deferred tax assets	770	718
Other accounts receivable	2,941	2,597
Others	2,164	1,525
Allowance for doubtful accounts	-33	-95
Total current assets	42,509	45,256
Fixed assets		
Tangible fixed assets		
Buildings and structures	5,168	5,377
Accumulated depreciation	-2,779	-2,997
Buildings and structures, net	2,389	2,380
Machinery and delivery equipment	4,436	4,708
Accumulated depreciation	-3,390	-3,740
Machinery and equipment, net	1,045	968
Land	5,761	7,670
Lased assets	315	363
Accumulated depreciation	-82	-157
Lased assets, net	232	206
Construction in progress	205	406
Others	598	599
Accumulated depreciation	-455	-490
Others, net	142	108
Total tangible fixed assets	9,776	11,742
Intangible fixed assets		
Others	1,143	846
Total intangible fixed assets	1,143	846
Investments and other assets		
Investment securities	1,755	1,851
Deferred tax assets	192	284
Others	1,263	1,233
Allowance for doubtful accounts	-208	-170
Total investments and other assets	3,004	3,197
Total fixed assets	13,924	15,786
Total assets	56,433	61,042

(millions of yen)

	FY3/10 (March 31, 2010)	FY3/11 (March 31, 2011)
Liabilities		
Current liabilities		
Notes and accounts payable – trade	10,741	10,416
Short-term loans payable	30	-
Current portion of long-term loans payable	290	998
Lease obligations	67	78
Accrued income taxes	1,523	1,410
Reserve for bonuses	632	604
Other accounts payable	3,528	2,556
Others	2,202	2,621
Total current liabilities	19,016	18,686
Fixed liabilities		
Long-term loans payable	977	3,128
Lease obligations	164	128
Reserve for retirement benefits	311	276
Reserve for directors' retirement benefits	379	453
Others	10	19
Total fixed liabilities	1,842	4,006
Total liabilities	20,859	22,692
Net assets		
Shareholders' equity		
Common stock	3,559	3,559
Capital surplus	4,008	4,008
Retained earnings	28,929	31,884
Treasury stock	-781	-782
Total shareholders' equity	35,715	38,670
Accumulated other comprehenseive income		
Valuation difference on available-for-sale securities	126	102
Deferred gains or losses on hedges	-41	-66
Foreign currency translation adjustments	-226	-356
Total accumulated other comprehensive income	-141	-320
Total net assets	35,574	38,349
Total liabilities and net assets	56,433	61,042

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

(millions of yen)

	FY3/10 (April 1, 2009 – March 31, 2010)	FY3/11 (April 1, 2010 – March 31, 2011)
Net sales	156,424	183,494
Cost of sales	141,052	166,143
Gross profit	15,372	17,351
Selling, general and administrative expenses	10,610	11,300
Operating income	4,762	6,051
Non-operating income		
Interest income	1	0
Dividends income	15	16
Equity in earnings of affiliates	155	201
Purchase discounts	52	57
House rent income	—	47
Insurance income	12	2
Others	38	27
Total non-operating income	275	353
Non-operating expenses		
Interest expenses	30	52
Commission fee	7	6
Foreign exchange losses	33	164
Cost of lease revenue	—	40
Others	4	4
Total non-operating expenses	76	268
Ordinary income	4,961	6,136
Extraordinary income		
Gain on sales of fixed assets	11	0
Gain on sales of investment securities	0	—
Total extraordinary income	11	0
Extraordinary losses		
Impairment loss	3	38
Loss on sales of fixed assets	—	0
Loss on retirement of fixed assets	14	24
Loss on valuation of investment securities	12	10
Loss on sales of investment securities	—	3
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	37
Total extraordinary losses	30	114
Income before income taxes	4,942	6,022
Income taxes – current	1,930	2,398
Income taxes – deferred	90	-6
Total income taxes	2,021	2,392
Income before minority interests	—	3,629
Net income	2,921	3,629

(Consolidated statements of comprehensive income)

(Millions of yen)

	FY3/10 (April 1, 2009 – March 31, 2010)	FY3/11 (April 1, 2010 – March 31, 2011)
Income before minority interests	—	3,629
Other comprehensive income		
Valuation difference on available-for-sale securities	—	-23
Deferred gains or losses on hedges		-25
Foreign currency translation adjustment	—	-79
Share of other comprehensive income of affiliates accounted for using equity method	—	-49
Total other comprehensive income	—	-178
Comprehensive income	—	3,451
Comprehensive income attributable to	—	
Comprehensive income attributable to owners of the parent	—	3,451
Comprehensive income attributable to minority interests	—	—

(3) Consolidated statements of changes in shareholders' equity

(millions of yen)

	FY3/10 (April 1, 2009 – March 31, 2010)	FY3/11 (April 1, 2010 – March 31, 2011)
Shareholders' equity		
Common stock		
Balance at the beginning of the 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 the 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 the period	26,683	28,929
Change of items during the period		
Dividends from surplus	-674	-674
Net income	2,921	3,629
Total change of items during the period	2,246	2,955
Balance at the end of the period	28,929	31,884
Treasury stock		
Balance at the beginning of the period	-780	-781
Change of items during the period		
Purchase of treasury stock	-1	-0
Total change of items during the period	-1	-0
Balance at the end of the period	-781	-782
Total shareholders' equity		
Balance at the beginning of the period	33,470	35,715
Change of items during the period		
Dividends from surplus	-674	-674
Net income	2,921	3,629
Purchase of treasury stock	-1	-0
Total change of items during the period	2,244	2,954
Balance at the end of the period	35,715	38,670

(millions of yen)

	FY3/10 (April 1, 2009 – March 31, 2010)	FY3/11 (April 1, 2010 – March 31, 2011)
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the beginning of the period	104	126
Change of items during the period		
Net changes of items other than shareholders' equity	22	-23
Total change of items during the period	22	-23
Balance at the end of period	126	102
Deferred gains or losses on hedges		
Balance at the beginning of the period	-174	-41
Change of items during the period		
Net changes of items other than shareholders' equity	133	-25
Total change of items during the period	133	-25
Balance at the end of period	-41	-66
Foreign currency translation adjustments		
Balance at the beginning of the period	-312	-226
Change of items during the period		
Net changes of items other than shareholders' equity	85	-129
Total change of items during the period	85	-129
Balance at the end of period	-226	-356
Total accumulated other comprehensive income		
Balance at the beginning of the period	-382	-141
Change of items during the period		
Net changes of items other than shareholders' equity	240	-178
Total change of items during the period	240	-178
Balance at the end of period	-141	-320
Total net assets		
Balance at the beginning of the period	33,088	35,574
Change of items during the period		
Dividends from surplus	-674	-674
Net income	2,921	3,629
Purchase of treasury stock	-1	-0
Net changes of items other than shareholders' equity	240	-178
Total change of items during the period	2,485	2,775
Balance at the end of period	35,574	38,349

(4) Consolidated statements of cash flow

(millions of yen)

	FY3/10 (April 1, 2009– March 31, 2010)	FY3/11 (April 1, 2010– March 31, 2011)
Cash flow from operating activities		
Income before income taxes	4,942	6,022
Depreciation and other amortization	1,153	1,168
Amortization of goodwill	12	—
Impairment loss	3	38
Change in allowance for doubtful accounts ('-' means decrease)	0	24
Change in allowance for bonuses ('-' means decrease)	25	-28
Change in allowance for retirement benefits ('-' means decrease)	-38	-34
Change in allowance for directors' retirement bonuses ('-' means decrease)	46	74
Interest and dividends income	-16	-17
Interest expense	30	52
Equity in earnings or losses of affiliates ('-' means earnings)	-155	-201
Gain or loss on sales of investment securities ('-' means gain)	-0	3
Gain or loss on valuation of investment securities ('-' means gain)	12	10
Gain or loss on sales of fixed assets ('-' means gain)	-11	0
Loss on retirement of tangible fixed assets	14	24
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	37
Change in notes and accounts receivable – trade ('-' means increase)	-4,483	-1,484
Change in other accounts receivable ('-' means increase)	-2,405	351
Change in inventory ('-' means increase)	-3,515	62
Change in accounts payable - trade ('-' means decrease)	3,175	-283
Changes in other accounts payable ('-' means decrease)	2,729	-805
Other changes	-389	1,189
Subtotal	1,130	6,204
Interest and dividends received	17	19
Interest paid	-31	-52
Income taxes paid	-1,827	-2,514
Cash flow from operating activities	-711	3,656
Cash flow from investing activities		
Purchase of property, plant and equipment	-1,327	-3,116
Purchase of intangible fixed assets	-69	-40
Purchase of investment securities	-10	-8
Proceeds from sale of investment securities	1	14
Others	-43	-59
Cash flow from investing activities	-1,450	-3,209
Cash flow from financing activities		
Net change in short-term loans payable ('-' means decrease)	-600	-30
Proceeds from long-term loans payable	—	3,300
Repayment of long-term loans payable	-340	-440
Purchase of treasury stock	-1	-0
Dividends paid	-674	-674
Others	-59	-74
Cash flow from financing activities	-1,675	2,079
Foreign currency translation adjustment on cash and cash equivalents	52	-19
Change in cash and cash equivalents ('-' means decrease)	-3,784	2,506
Cash and cash equivalents at beginning of period	7,888	4,103
Cash and cash equivalents at the end of period	4,103	6,609

[Segment information, etc.]

(Segment information by business)

FY3/10 (April 1, 2009–March 31, 2010)

	Precious metals business (millions of yen)	Food business (millions of yen)	Total (millions of yen)	Eliminations or corporate (millions of yen)	Consolidated (millions of yen)
I. Net sales and operating income					
Sales					
(1) Net sales to external parties	118,494	37,930	156,424	—	156,424
(2) Net sales & remittances between segments	4	44	49	(49)	—
Total	118,499	37,975	156,474	(49)	156,424
Operating expenses	114,456	37,256	151,712	(49)	151,662
Operating income	4,042	719	4,762	—	4,762
II. Assets / depreciation / capital expenditures					
Assets	41,655	10,371	52,026	4,406	56,433
Depreciation	1,103	50	1,153	—	1,153
Impairment loss	—	—	—	3	3
Capital expenditures	1,570	54	1,624	—	1,624

[Segment information by region]

FY3/10 (April 1, 2009–March 31, 2010)

	Japan (millions of yen)	Asia (millions of yen)	Total (millions of yen)	Eliminations or corporate (millions of yen)	Consolidated (millions of yen)
I. Net sales and operating income					
Sales					
(1) Net sales to external parties	150,012	6,411	156,424	—	156,424
(2) Net sales & remittances between segments	5,655	9,204	14,859	(14,859)	—
Total	155,668	15,616	171,284	(14,859)	156,424
Operating expenses	151,103	15,394	166,497	(14,834)	151,662
Operating income	4,564	222	4,787	(25)	4,762
II. Assets	49,889	4,975	54,865	1,568	56,433

(Overseas sales)

FY3/10 (April 1, 2009–March 31, 2010)

	Asia (millions of yen)	Total (millions of yen)
Overseas sales (A)	26,237	26,237
Consolidated net sales (B)	—	156,424
A / B (%)	16.8	16.8

(Note 1) Countries and regions above are segmented geographically.

(Note 2) 'Asia' above mainly consists of Taiwan, Thailand, Singapore, Philippines, Malaysia, and China.

(Note 3) Overseas sales consist of sales of our company and consolidated subsidiaries in Asia.

(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

FY3/10 (April 1, 2009–March 31, 2010)

This section has been omitted as the consolidated financial statement segment information based on treatment of prior segment information, is the same as based on "Accounting Standard for disclosures about Segments of an Enterprise and Related Information" (ASBJ Statement No. 17, March 27, 2009), etc.

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
Change in Tangible & intangible fixed assets	2,891	23	2,914	—	2,914

(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.

(Supplementary Information)

Effective the period under review, the Company has applied "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Statement No.17, March 27, 2009) and "Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Guidance No.20, March 21, 2008).