



Consolidated Financial Statements for the Third Quarter of FY3/11 [J-GAAP]

February 7, 2011

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 Exchanges listed on: Tokyo Stock Exchange (First Section)
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 Quarterly results information meeting held: No

(Figures are rounded down to the nearest million yen)

1. Q3 FY3/11 Consolidated results (April 1, 2010 – December 31, 2010)

(1) Consolidated operating results (cumulative) (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)	(%)
Q3 FY3/11	138,462	21.8	4,741	41.1	4,737	47.6	2,811	53.5
Q3 FY3/10	113,664	-25.2	3,360	-43.9	3,210	-39.8	1,831	-41.3

	Net income per share	Diluted net income per share
	(yen)	(yen)
Q3 FY3/11	99.98	—
Q3 FY3/10	65.14	—

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	(millions of yen)	(millions of yen)	(%)	(yen)
Q3 FY3/11	59,055	37,612	63.7	1,337.66
FY3/10	56,433	35,574	63.0	1,265.15

(Reference) Shareholders' equity Q3 FY3/11 37,612 million yen FY3/10 35,574 million yen

2. Dividends

	Annual Dividends (yen)				
	Q1	Q2	Q3	Q4	Annual
	(yen)	(yen)	(yen)	(yen)	(yen)
FY3/10	—	12.00	—	12.00	24.00
FY3/11	—	12.00	—		
FY3/11 (Projections)				12.00	24.00

(Note) Changes in projections of dividends in the period: No

3. Consolidated earnings projections for FY3/11 (April 1, 2010 – March 31, 2011)

(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)
FY3/11	180,000	15.1	6,000	26.0	6,000	20.9	3,550	21.5	126.25

(Note) Changes in projections of consolidated earnings in the period: Yes

4. Others (For details, please refer to the [Attached Document] page 6 “2.Other information”.)

(1) Changes to significant subsidiaries during the current quarter: No

(Note) This refers to changes in specific subsidiaries involving a change in the scope of consolidation during the period under review.

(2) Adoption of the simplified accounting as well as specific accounting: No

(Note) This refers to the adoption of simplified accounting treatment or specific accounting treatment for preparing the quarterly consolidated financial statements.

(3) Changes in accounting principles, processes, presentation methods, etc.

1) Changes accompanying revisions of accounting standards: Yes

2) Other changes: No

(Note) This refers to changes in accounting principles, processes, presentation methods, etc., pertaining to the preparation of quarterly consolidated financial statements as stated in “Changes in significant matters forming the basis of preparing the quarterly consolidated financial statements.”

(4) Number of issued shares (common shares)

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

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

3) Average number of shares during the period

1)	As of December 31, 2010	28,908,581 shares	As of March 31, 2010	28,908,581 shares
2)	As of December 31, 2010	790,532 shares	As of March 31, 2010	790,195 shares
3)	As of December 31, 2010	28,118,224 shares	As of December 31, 2009	28,118,848 shares

Presentation of implementation status for quarterly review procedures

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

Explanation related to appropriate use of earnings projections and other items

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.

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1. Qualitative information on consolidated results during the period

(1) Qualitative information on consolidated results

In the first nine months of the fiscal year ending March 31, 2011, the Japanese economy showed signs of a turnaround supported by a recovery in corporate earnings and capital expenditures. However, economic recovery remained weak overall due to an ongoing decline in production and exports owing to the strong yen coupled with persistently high unemployment.

Against this backdrop, Matsuda Sangyo Group employed proactive sales efforts aimed at addressing the needs of customers of both the precious metals business and food business in order to boost profitability.

The following is a performance of each business.

Precious metals business

The precious metals division benefited from overall strong production at semiconductor and electronic parts makers (both key customers), reflecting brisk domestic demand driven by policy measures and higher demand for telecommunication and IT products in emerging economies. As a result, sales volume of precious metal chemical products and recovery of precious metals both remained at high levels. Meanwhile, higher prices for precious metals boosted sales considerably from the previous first nine months' level.

Recycling volume in the environment division also rose year on year, as the decline in output of waste products, appeared to bottom out.

As a result, net sales for the precious metals business were ¥105,064 million (up 24.6% year-on-year), and operating income was ¥4,084 million (up 45.8% year-on-year).

Food business

The food business continued to face challenging conditions. Customers in Japan increasingly looked for lower-priced items. Meanwhile, global food prices continued to rise owing to capital inflows into the food markets from quantitative easing implemented by developed countries, as well as poor harvests caused by bad weather. Despite this environment, sales of seafood products such as *surimi* fish paste increased year-on-year on higher sales volume. Sales of poultry 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 unit prices.

As a result, net sales for the food business were ¥33,441 million (up 13.8% year-on-year), and operating income was ¥657 million (up 17.8% year-on-year).

Thus, for the nine month of the fiscal year ending March 31, 2011, consolidated net sales were ¥138,462 million (up 21.8% year-on-year), operating income was ¥4,741 million (up 41.1% year-on-year), ordinary income was ¥4,737 million (up 47.6% year-on-year), and net income was ¥2,811 million (up 53.5% year-on-year).

Effective from the first quarter of the fiscal year ending March 31, 2011, we have 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). Our reportable segments on the new standard are the same as before.

(2) Qualitative information on consolidated financial position

(1) Assets, liabilities and net assets

Total assets

Total assets as of the end of the third quarter were ¥59,055 million, up ¥2,622 million from the previous fiscal year end. This is the result of an increase in trade accounts receivable and purchase of tangible fixed assets although cash and deposits declined.

Liabilities

Total liabilities as of the end of the third quarter increased ¥583 million from the previous fiscal year end to ¥21,442 million. This is mainly because of an increase in debt more than offset decreases in trade notes and other accounts payable.

Net assets

Net assets as of the end of the third quarter increased ¥2,038 million from the previous fiscal year end to ¥37,612 million. The main factor behind this is an increase in shareholders' equity from net income.

(2) Cash Flows Status

Cash and cash equivalents (hereafter, "cash") as of the end of the third quarter decreased ¥1,198 million from the previous fiscal year end to ¥2,905 million. Cash flow status and the main factors behind changes are explained below.

Cash flows from operating activities:

Net cash used in operating activities during the first nine months was ¥1,821 million. This was mainly due to increases in trade notes and accounts receivable and inventory, and a decrease in accounts payable. It should be noted that this figure is ¥1,255 million lower than the ¥3,076 million outflow in the same period of the previous fiscal year.

Cash flows from investing activities:

Net cash used in investing activities during the first nine months was ¥2,613 million. This was mainly due to the purchase of tangible fixed assets, including land, buildings and precision cleaning equipment. It should be noted that this figure is ¥1,305 million higher than the ¥1,308 million outflow in the same period of the previous fiscal year.

Cash flows from financing activities:

Net cash provided by financing activities was ¥3,279 million. This was mainly due to increases in short-term and long-term loans payable. This figure is a ¥4,404 million increase compared with the ¥1,125 decrease in the same period of the previous fiscal year.

(3) Qualitative information on consolidated earnings projections

In the first nine months of the fiscal year, sales volume of precious metal products increased while precious metals prices continued to trend at high levels. As a result, we have made changes to our earnings projections for the fiscal year ending March 31, 2011 released on November 8, 2010.

2. Other information

(1) Changes to significant subsidiaries during the period

There is nothing to report.

(2) Overview of the simplified accounting as well as specific accounting

There is nothing to report.

(3) Overview of changes in accounting principles, processes, presentation methods, etc.

Application of accounting standards related to asset retirement obligations

Effective from the first quarter of the fiscal year ending March 31, 2011, the Company has applied "Accounting Standard for Asset Retirement Obligations" (ASBJ Statement No. 18, March 31, 2008) and "Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No. 21, March 31, 2008).

The impact of this change on operating income and ordinary income was negligible, and income before income taxes decreased by ¥38 million.

Quarterly consolidated statements of income

In accordance with Accounting Standards concerning Consolidated Financial Statements (ASBJ Statement No. 22, December 26, 2008) and pursuant to implementation of a Cabinet Office Ordinance (No. 5, released March 24, 2009) revising a section of the Regulation for Terminology, Forms and Preparation of Financial Statements, income before minority interests is presented from the first quarter of the fiscal year ending March 31, 2011.

3. Quarterly consolidated financial statements

(1) Quarterly consolidated balance sheets

(millions of yen)

	Q3 FY3/11 (December 31, 2010)	FY3/10 Summary (March 31, 2010)
Assets		
Current assets		
Cash and deposits	2,909	4,107
Notes and accounts receivable – trade	22,656	18,478
Merchandise and finished goods	6,664	6,797
Work in process	506	303
Raw materials and supplies	7,305	6,979
Deferred tax assets	409	770
Other accounts receivable	1,850	2,941
Others	1,278	2,164
Allowance for doubtful accounts	-38	-33
Total current assets	43,542	42,509
Fixed assets		
Tangible fixed assets		
Buildings and structures	5,437	5,168
Accumulated depreciation	-2,967	-2,779
Buildings and structures, net	2,469	2,389
Machinery and delivery equipment	4,676	4,436
Accumulated depreciation	-3,675	-3,390
Machinery and delivery equipment, net	1,001	1,045
Land	7,691	5,761
Leased assets	351	315
Accumulated depreciation	-136	-82
Leased assets, net	214	232
Construction in progress	7	205
Others	620	598
Accumulated depreciation	-495	-455
Others, net	124	142
Total tangible fixed assets	11,509	9,776
Intangible fixed assets		
Others	906	1,143
Total intangible fixed assets	906	1,143
Investments and other assets		
Investment securities	1,843	1,755
Deferred tax assets	205	192
Others	1,238	1,263
Allowance for doubtful accounts	-190	-208
Total investments and other assets	3,097	3,004
Total fixed assets	15,513	13,924
Total assets	59,055	56,433

(millions of yen)

	Q3 FY3/11 (December 31, 2010)	FY3/10 Summary (March 31, 2010)
Liabilities		
Current liabilities		
Notes and accounts payable – trade	9,363	10,741
Short-term loans payable	1,530	30
Current portion of long-term loans payable	898	290
Lease obligations	76	67
Accrued income taxes	550	1,523
Reserve for bonuses	315	632
Other accounts payable	1,845	3,528
Others	3,131	2,202
Total current liabilities	17,711	19,016
Fixed liabilities		
Long-term loans payable	2,877	977
Lease obligations	138	164
Reserve for retirement benefits	286	311
Reserve for directors' retirement benefits	407	379
Others	22	10
Total fixed liabilities	3,731	1,842
Total liabilities	21,442	20,859
Net assets		
Shareholders' equity		
Common stock	3,559	3,559
Capital surplus	4,008	4,008
Retained earnings	31,066	28,929
Treasury stock	-782	-781
Total shareholders' equity	37,852	35,715
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	112	126
Deferred gains or losses on hedges	-44	-41
Translation adjustments	-307	-226
Total of valuation and translation adjustments	-239	-141
Total net assets	37,612	35,574
Total liabilities and net assets	59,055	56,433

(2) Quarterly consolidated statements of income

(millions of yen)

	Q3 FY3/10 (April 1, 2009 – December 31, 2009)	Q3 FY3/11 (April 1, 2010 – December 31, 2010)
Net sales	113,664	138,462
Cost of sales	102,379	125,303
Gross profit	11,285	13,159
Selling, general, and administrative expenses	7,924	8,417
Operating income	3,360	4,741
Non-operating income		
Interest income	1	0
Dividends income	13	15
Equity in earnings of affiliates	—	163
Purchase discounts	38	46
Insurance income	11	1
Others	28	53
Total non-operating income	93	280
Non-operating expenses		
Interest expenses	24	39
Equity in losses of affiliates	95	—
Commission fee	5	4
Foreign exchange losses	113	209
Others	4	31
Total non-operating expenses	243	284
Ordinary income	3,210	4,737
Extraordinary income		
Gain on sales of fixed assets	11	—
Gain on sales of investment securities	0	—
Total extraordinary income	11	—
Extraordinary losses		
Impairment loss	3	22
Loss on retirement or sales of fixed assets	11	1
Loss on valuation of investment securities	8	4
Loss on sales of investment securities	—	3
Loss on application of accounting standard for asset retirement obligations	—	37
Total extraordinary losses	24	68
Income before income taxes	3,197	4,668
Income taxes – current	1,186	1,502
Income taxes – deferred	179	355
Total income taxes	1,366	1,857
Income before minority interests	—	2,811
Net income	1,831	2,811

(3) Quarterly consolidated statements of cash flows

(millions of yen)

	Q3 FY3/10 (April 1, 2009 – December 31, 2009)	Q3 FY3/11 (April 1, 2010 – December 31, 2010)
Cash flows from operating activities		
Income before income taxes	3,197	4,668
Depreciation and other amortization	864	864
Impairment loss	3	22
Change in allowance for doubtful accounts ('-' means decrease)	4	-13
Change in allowance for bonuses ('-' means decrease)	-311	-317
Change in allowance for retirement benefits ('-' means decrease)	-27	-25
Change in allowance for directors' retirement bonuses ('-' means decrease)	36	27
Interest and dividends income	-14	-15
Interest expense	24	39
Equity in earnings or losses of affiliates ('-' means earnings)	95	-163
Gain or loss on sales of investment securities ('-' means gain)	-0	3
Gain or loss on valuation of investment securities ('-' means gain)	8	4
Gain or loss on retirement or sales of fixed assets ('-' means gain)	0	1
Loss on application of accounting standard for asset retirement obligations	–	37
Change in notes and accounts receivable-trade ('-' means increase)	-5,780	-4,181
Change in other accounts receivable ('-' means increase)	-3,997	1,096
Change in inventory ('-' means increase)	-1,943	-421
Change in accounts payable-trade ('-' means decrease)	2,332	-1,368
Change in other accounts payable ('-' means decrease)	3,808	-1,570
Others	450	1,984
Subtotal	-1,250	672
Interest and dividends received	18	15
Interest paid	-24	-40
Income taxes paid	-1,819	-2,469
Cash flows from operating activities	-3,076	-1,821
Cash flows from investing activities		
Purchase of property, plant and equipment	-1,223	-2,568
Purchase of intangible fixed assets	-51	-16
Purchase of investment securities	-8	-6
Proceeds from sales of investment securities	1	14
Others	-25	-37
Cash flows from investing activities	-1,308	-2,613
Cash flows from financing activities		
Net change in short-term loans payable ('-' means decrease)	-150	1,500
Proceeds from long-term loans payable	–	2,800
Repayment of long-term loans payable	-255	-291
Purchase of treasury stock	-1	-0
Cash dividends paid	-674	-674
Others	-44	-54
Cash flows from financing activities	-1,125	3,279
Effect of exchange rate change on cash and cash equivalents	33	-42
Change in cash and cash equivalents ('-' means decrease)	-5,476	-1,198
Cash and cash equivalents at beginning of period	7,888	4,103
Cash and cash equivalents at end of period	2,411	2,905

(4) Notes on premise of a going concern

First nine months of FY3/11 (April 1, 2010 – December 31, 2010)

There is nothing to report.

(5) Segment Information

[Segment information by business]

First nine months of FY3/10 (April 1, 2009 – December 31, 2009)

(millions of yen)

	Precious metals business	Food business	Total	Eliminations or corporate	Consolidated
Net sales	84,314	29,388	113,702	(38)	113,664
Operating income	2,802	557	3,360	—	3,360

[Segment information by region]

First nine months of FY3/10 (April 1, 2009 – December 31, 2009)

(millions of yen)

	Japan	Asia	Total	Eliminations or corporate	Consolidated
Net sales	113,189	10,646	123,836	(10,171)	113,664
Operating income	3,230	150	3,381	(20)	3,360

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

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

[Overseas sales]

First nine months of FY3/10 (April 1, 2009 – December 31, 2009)

(millions of yen)

	Asia	Total
Overseas sales (A)	19,578	19,578
Consolidated net sales (B)	—	113,664
A / B (%)	17.2	17.2

(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 represent sales amounts for the Company and its consolidated subsidiaries in countries or regions outside of Japan.

[Segment information]

(Additional 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).

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, operating 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 and service segments built around operating divisions, and as in the past, 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; markets precious metal bullions, chemical products, and electronic materials; and collects, transports and disposes industrial waste products. The food business markets and transports seafood products, agricultural products, livestock products, and other raw

materials for food processing.

2. Sales and profits or losses by reportable segments

First nine months of FY3/11 (April 1, 2010 – December 31, 2010)

(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	105,061	33,401	138,462	—	138,462
(2) Net sales & remittances between segments	3	40	43	-43	—
Total	105,064	33,441	138,506	-43	138,462
Segment income	4,084	657	4,741	—	4,741

Notes:

1. Adjustments correspond to the elimination of transactions and remittances between segments.
2. Total segment income matches operating income recorded on the consolidated statements of income.

(6) Note in the event of significant fluctuations in shareholders' equity

First nine months of FY3/11 (April 1, 2010 – December 31, 2010)

There is nothing to report.