



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

August 09, 2010

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 Exchanges listed on: Tokyo Stock Exchange (First Section)
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(Figures are rounded down to the nearest million yen)

1. Q1 FY3/11 Consolidated results (April 1, 2010 – June 30, 2010)

(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)	(%)
Q1 FY3/11	46,796	45.8	1,500	439.8	1,490	373.9	893	540.0
Q1 FY3/10	32,094	-44.9	277	-92.8	314	-92.2	139	-94.3

	Net income per share	Diluted net income per share
	(yen)	(yen)
Q1 FY3/11	31.79	—
Q1 FY3/10	4.96	—

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	(millions of yen)	(millions of yen)	(%)	(yen)
Q1 FY3/11	58,647	36,243	61.8	1,288.97
FY3/10	56,433	35,574	63.0	1,265.15

(Reference) Shareholders' equity Q1 FY3/11 36,243 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	—				
FY3/11 (Projections)		12.00	—	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)
1H FY3/11	78,000	13.0	2,640	103.4	2,700	126.7	1,600	145.1	56.90
FY3/11	160,000	2.3	5,500	15.5	5,700	14.9	3,500	19.8	124.47

(Note) Changes in projections of consolidated earnings in the period: No

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

(2) Adoption of the simplified accounting as well as specific accounting: Yes

(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 Accounting Principles, Processes, Presentation Methods, etc.”

(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 June 30, 2010	28,908,581 shares	As of March 31, 2010	28,908,581 shares
2)	As of June 30, 2010	790,324 shares	As of March 31, 2010	790,195 shares
3)	As of June 30, 2010	28,118,300 shares	As of June 30, 2009	28,119,224 shares

(Notes)

- At the time of disclosure of this report, review procedures for quarterly financial statements pursuant to the Financial Products and Exchange Law had not been completed.
- 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 of Attached Document

1. Qualitative information on consolidated results during the period	4
(1) Qualitative information on consolidated results	4
(2) Qualitative information on consolidated financial position	4
(3) Qualitative information on consolidated earnings projections	5
2. Other information	6
(1) Changes to significant subsidiaries during the period	6
(2) Overview of the simplified accounting as well as specific accounting	6
(3) Overview of changes in accounting principles, processes, presentation methods, etc.....	6
(4) Overview of significant events regarding premise of going-concerns	6
3. Quarterly consolidated financial statements	7
(1) Quarterly consolidated balance sheets	7
(2) Quarterly consolidated statements of income	9
(3) Quarterly consolidated statements of cash flows	10
(4) Notes on premise of a going concern.....	11
(5) Segment Information.....	11
(6) Note in the event of dramatic fluctuations in shareholders' equity	12

1. Qualitative information on consolidated results during the period

(1) Qualitative information on consolidated results

The first quarter of the fiscal year ending March 31, 2011 saw growth in exports on the back of economic improvement overseas and signs of a recovery in personal consumption at home; nevertheless, worries over the European financial situation and further yen appreciation conspired to keep economic conditions challenging in Japan.

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

As a result of growth in demand on the back of stimulus packages introduced in various countries following the onset of the global economic crisis and healthy sales of PCs and portable IT devices, production remains strong at the precious metals division's principal customers – namely, semiconductor and electronic parts makers. This has led to ongoing recovery in the precious metal materials recovery, with sales volumes for bullions, precious metal chemical products, and other similar products increasing significantly year-on-year. Meanwhile, higher market prices for precious metals boosted sales considerably from the previous first quarter's levels.

Recycling volumes increased year-on-year in the environment division, because a continued decline in output with production cutback in our customers in the manufacturing industry finally hit bottom.

As a result, for this business, net sales were ¥35,686 million (up 57.3% year-on-year), and operating income was ¥1,263 million (up 734.7% year-on-year).

Food business

Our food business continues to endure difficult conditions as deflation and poor employment figures have led to a cooling in consumer confidence and increased price sensitivity that led to more low-ends. In such an environment, the end of price erosion and rising sales volume for seafood products such as Surimi fish paste has resulted in a year-on-year increase in sales. Sales of livestock products including chicken meat as well as agricultural products such as vegetables were also up, mostly due to volume growth.

As a result, for this business, net sales were ¥11,126 million (up 18.0% year-on-year), and operating income was ¥237 million (up 87.3% year-on-year).

Thus, for the first quarter of the fiscal year ending March 31, 2011, consolidated net sales were ¥46,796 million (up 45.8% year-on-year), operating income was ¥1,500 million (up 439.8% year-on-year), ordinary income was ¥1,490 million (up 373.9% year-on-year), and net income was ¥893 million (up 540.0% year-on-year).

Effective the period under review, we have applied "Accounting Standard for Disclosure of Segment Information" (ASBJ Statement No. 17, March 27, 2009) and "Application Guidance on Accounting Standard for Disclosure of Segment Information" (ASBJ Guidance No. 20, March 21, 2008). Our reportable segments on the new standard are the same as before, so we report the year-on-year comparison above.

(2) Qualitative information on consolidated financial position

(1) Assets, liabilities and net assets

Total assets

Total assets as of the end of the first quarter were ¥58,647 million, up ¥2,213 million from the previous fiscal year end. The main factors behind this are an increase in trade notes and accounts receivable.

Liabilities

Total liabilities as of the end of the first quarter increased ¥1,544 million from the previous fiscal year end to ¥22,403 million. The main factor behind this is increased debt.

Net assets

Net assets as of the end of the first quarter were ¥36,243 million, up ¥669 million from the previous fiscal year end. The main factors behind this are an increase in shareholders' equity from net income, and an increase in valuation and translation adjustments.

(2) Cash Flows Status

Cash and cash equivalents (hereafter, "cash") as of the end of the first quarter were as follows: Cash flows from operating activities decreased ¥1,260 million, cash flows from investing activities decreased ¥573 million, and cash

flows from financing activities increased ¥1,560 million. As a result, cash on hand at the end of the first quarter after adjusting for translations, decreased ¥260 million from the end of the previous fiscal year to ¥3,842 million.

Cash flows from operating activities:

Net cash used in operating activities in the first quarter. This is mainly due to increases in trade notes and accounts receivable and inventory, and the difference between decreases in other current assets and increases in other liabilities. It should be noted that this figure is almost identical to the ¥1,247 million outflow in the previous first quarter.

Cash flows from investing activities:

Net cash used in investing activities was ¥573 million in the first quarter. This was mainly due to the purchase of tangible fixed assets, including land and precision cleaning equipment. It should be noted that this figure is almost identical to the ¥598 million outflow in the previous first quarter.

Cash flows from financing activities:

Net cash provided by financing activities was ¥1,560 million. This was mainly due to an increase in short-term loans payable. It should be noted that this represents an increase of ¥2,596 million, compared with the ¥1,036 decrease in the previous first quarter.

(3) Qualitative information on consolidated earnings projections

The consolidated earnings projections are unchanged from the yearly results announcement on May 14, 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

(Simplified accounting method)

Depreciation and amortization method for tangible fixed assets

Assets depreciated with the declining balance method will have their depreciation and amortization expense for the corresponding consolidated FY calculated by charging the expense proportionality over each period.

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

Application of accounting standards related to asset retirement obligations

Effective the period under review, the Company has applied "Accounting Standard for Asset Retirement Obligations" (ASBJ Statement No. 18, March 31, 2008) and "Application Guidance for 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 ¥37 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 under the first three months.

(4) Overview of significant events regarding premise of going-concerns

There is nothing to report.

3. Quarterly consolidated financial statements

(1) Quarterly consolidated balance sheets

(millions of yen)

	Q1 FY3/11 (June 30, 2010)	FY3/10 Summary (March 31, 2010)
Assets		
Current assets		
Cash and deposits	3,847	4,107
Notes and accounts receivable - trade	20,833	18,478
Merchandise and finished goods	7,203	6,797
Work in process	340	303
Raw materials and supplies	7,061	6,979
Deferred tax assets	669	770
Other accounts receivable	3,398	2,941
Others	1,186	2,164
Allowance for doubtful accounts	-19	-33
Total current assets	44,523	42,509
Fixed assets		
Tangible fixed assets		
Buildings and structures	5,238	5,168
Accumulated depreciation	-2,844	-2,779
Buildings and structures, net	2,393	2,389
Machinery and delivery equipment	4,585	4,436
Accumulated depreciation	-3,496	-3,390
Machinery and delivery equipment, net	1,089	1,045
Land	5,794	5,761
Lased assets	320	315
Accumulated depreciation	-99	-82
Lased assets, net	220	232
Construction in progress	374	205
Others	616	598
Accumulated depreciation	-471	-455
Others, net	144	142
Total tangible fixed assets	10,016	9,776
Intangible fixed assets		
Others	1,063	1,143
Total intangible fixed assets	1,063	1,143
Investments and other assets		
Investment securities	1,791	1,755
Deferred tax assets	223	192
Others	1,223	1,263
Allowance for doubtful accounts	-194	-208
Total investments and other assets	3,043	3,004
Total fixed assets	14,123	13,924
Total assets	58,647	56,433

(millions of yen)

	Q1 FY3/11 (June 30, 2010)	FY3/10 Summary (March 31, 2010)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	11,154	10,741
Short-term loans payable	2,030	30
Current portion of long-term loans payable	365	290
Lease obligations	69	67
Accrued income taxes	558	1,523
Reserve for bonuses	355	632
Other accounts payable	3,272	3,528
Others	2,930	2,202
Total current liabilities	20,735	19,016
Fixed liabilities		
Long-term loans payable	817	977
Lease obligations	151	164
Reserve for retirement benefits	303	311
Reserve for directors' retirement benefits	385	379
Others	10	10
Total fixed liabilities	1,667	1,842
Total liabilities	22,403	20,859
Net assets		
Shareholders' equity		
Common stock	3,559	3,559
Capital surplus	4,008	4,008
Retained earnings	29,486	28,929
Treasury stock	-781	-781
Total shareholders' equity	36,272	35,715
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	99	126
Deferred gains or losses on hedges	14	-41
Translation adjustments	-142	-226
Total of valuation and translation adjustments	-28	-141
Total net assets	36,243	35,574
Total liabilities and net assets	58,647	56,433

(2) Quarterly consolidated statements of income

(millions of yen)

	Q1 FY3/10 (April 1, 2009 – June 30, 2009)	Q1 FY3/11 (April 1, 2010 – June 30, 2010)
Net sales	32,094	46,796
Cost of sales	29,199	42,535
Gross profit	2,895	4,260
Selling, general, and administrative expenses	2,617	2,760
Operating income	277	1,500
Non-operating income		
Interest income	0	0
Dividends income	8	9
Equity in earnings of affiliates	50	97
Purchase discounts	9	14
Insurance income	—	0
Other	8	10
Total non-operating income	78	131
Non-operating expenses		
Interest expenses	8	12
Commission fee	1	1
Foreign exchange losses	30	126
Other	1	0
Total non-operating expenses	41	140
Ordinary income	314	1,490
Extraordinary income		
Reversal of allowance for doubtful accounts	—	16
Total extraordinary income	—	16
Extraordinary losses		
Loss on retirement or sales of fixed assets	8	0
Loss on valuation of investment securities	6	3
Loss on sales of investment securities	—	3
Loss on application of accounting standard for asset retirement obligations	—	37
Total extraordinary losses	14	44
Income before income taxes	299	1,462
Income taxes-current	45	518
Income taxes-deferred	114	50
Total income taxes	159	568
Income before minority interests	—	893
Net income	139	893

(3) Quarterly consolidated statements of cash flows

(millions of yen)

	Q1 FY3/10 (April 1, 2009 – June 30, 2009)	Q1 FY3/11 (April 1, 2010 – June 30, 2010)
Cash flows from operating activities		
Income before income taxes	299	1,462
Depreciation and other amortization	272	268
Change in allowance for doubtful accounts ('-' means decrease)	-2	-27
Change in allowance for bonuses ('-' means decrease)	-270	-277
Change in allowance for retirement benefits ('-' means decrease)	-8	-7
Change in allowance for directors' retirement bonuses ('-' means decrease)	9	6
Interest and dividends income	-8	-9
Interest expense	8	12
Equity in earnings or losses of affiliates ('-' means earnings)	-50	-97
Gain or loss on sales of investment securities ('-' means gain)	—	3
Gain or loss on valuation of investment securities ('-' means gain)	6	3
Gain or loss on retirement or sales of fixed assets ('-' means gain)	8	0
Loss on application of accounting standard for asset retirement obligations	—	37
Change in notes and accounts receivable-trade ('-' means increase)	-983	-2,319
Change in other accounts receivable ('-' means increase)	-3,758	-459
Change in inventory ('-' means increase)	838	-450
Change in accounts payable-trade ('-' means decrease)	8	354
Change in other accounts payable ('-' means decrease)	3,764	-58
Others	-132	1,742
Subtotal	1	185
Interest and dividends received	13	9
Interest paid	-8	-11
Income taxes paid	-1,254	-1,443
Cash flows from operating activities	-1,247	-1,260
Cash flows from investing activities		
Purchase of property, plant and equipment	-550	-574
Purchase of intangible fixed assets	-27	-4
Purchase of investment securities	-3	-1
Proceeds from sales of investment securities	—	14
Others	-16	-7
Cash flows from investing activities	-598	-573
Cash flows from financing activities		
Net change in short-term loans payable ('-' means decrease)	-600	2,000
Repayment of long-term loans payable	-85	-85
Purchase of treasury stock	-0	-0
Cash dividends paid	-337	-337
Others	-13	-17
Cash flows from financing activities	-1,036	1,560
Effect of exchange rate change on cash and cash equivalents	38	13
Change in cash and cash equivalents ('-' means decrease)	-2,843	-260
Cash and cash equivalents at beginning of period	7,888	4,103
Cash and cash equivalents at end of period	5,044	3,842

(4) Notes on premise of a going concern

First three months of FY3/11 (April 1, 2010 – June 30, 2010)

There is nothing to report.

(5) Segment Information

[Segment information by business]

First three months of FY3/10 (April 1, 2009 – June 30, 2009)

(millions of yen)

	Precious metals business	Food business	Total	Eliminations or corporate	Consolidated
Net sales	22,680	9,428	32,109	(14)	32,094
Operating income	151	126	277	—	277

[Segment information by region]

First three months of FY3/10 (April 1, 2009 – June 30, 2009)

(millions of yen)

	Japan	Asia	Total	Eliminations or corporate	Consolidated
Net sales	32,115	2,781	34,896	(2,802)	32,094
Operating income or loss	309	-29	280	(2)	277

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

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

(Note 3) Importance of net sales in 'Asia' segment has increased. Consequently, segment information by region is shown above.

[Overseas sales]

First three months of FY3/10 (April 1, 2009 – June 30, 2009)

(millions of yen)

	Asia	Total
Overseas sales (A)	4,896	4,896
Consolidated net sales (B)	32,094	32,094
A / B (%)	15.3	15.3

(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 Disclosure of Segment Information" (ASBJ Statement No. 17, March 27, 2009) and "Application Guidance on Accounting Standard for Disclosure of Segment 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 three months of FY3/11 (April 1, 2010 – June 30, 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	35,685	11,111	46,796	—	46,796
(2) Net sales & remittances between segments	1	14	15	-15	—
Total	35,686	11,126	46,812	-15	46,796
Segment income	1,263	237	1,500	—	1,500

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 dramatic fluctuations in shareholders' equity

First three months of FY3/11 (April 1, 2010 – June 30, 2010)

There is nothing to report.