FY3/10 Financial Statements

May 14, 2010

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 29, 2010 Expected dividend payment date: June 30, 2010
Expected release filing date of the formal financial statements June 29, 2010

(Figures are rounded down to the nearest million yen)

1. FY3/10 Consolidated results (April 1, 2009–March 31, 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)	%
FY3/10	156,424	-14.3	4,762	-38.6	4,961	-28.4	2,921	-24.1
FY3/09	182,496	-6.3	7,757	-14.6	6,933	-21.8	3,847	-27.2

	Net income per share	Diluted net income per share	Return on equity	Ordinary income / total assets	Operating margin
	Yen	Yen	%	%	%
FY3/10	103.89	–	8.5	9.5	3.0
FY3/09	134.65	–	11.9	12.4	4.3

(Reference) Gain and loss on equity investments FY3/10 155 million yen FY3/09 -418 million yen
(Note) The Company enacted a 1.1:1 stock split on September 1, 2008.

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	(millions of yen)	(millions of yen)	%	Yen
FY3/10	56,433	35,574	63.0	1,265.15
FY3/09	48,439	33,088	68.3	1,176.71

(Notes) Shareholders' equity FY3/10 35,574 million yen FY3/09 33,088 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)
FY3/10	-711	-1,450	-1,675	4,103
FY3/09	14,392	-1,729	-7,086	7,888

2. Dividends

	Dividends per share					Total dividends paid (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)	%	%
FY3/09	—	12.00	—	12.00	24.00	682	17.8	2.0
FY3/10	—	12.00	—	12.00	24.00	674	23.1	2.0
FY3/11 (projections)	—	12.00	—	12.00	24.00		—	

3. FY3/11 Consolidated earnings projections (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

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（those listed in changes to important items forming the basis for preparation of consolidated financial statements）

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

(2) Other changes: no

(Note) Refer to page 16 “Important items for preparation of consolidated financial statements” for details.

(3) Number of issued shares (common shares)

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

FY3/10 28,908,581 FY3/09 28,908,581

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

FY3/10 790,195 FY3/09 789,233

(Reference) Summary of non-consolidated results

1. FY03/10 Non-consolidated results (April 1, 2009–March 31, 2010)

(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)	%
FY3/10	154,683	-12.6	4,518	-26.6	4,584	-20.7	2,847	-13.0
FY3/09	177,005	-7.1	6,158	-24.9	5,779	-28.4	3,273	-30.7

	Net income per share	Diluted net income per share
	Yen	Yen
FY3/10	101.27	–
FY3/09	114.55	–

(Note) The Company enacted a 1.1:1 stock split on September 1, 2008.

(2) Non-consolidated financial position

	Total assets	Net assets	Shareholders’ equity ratio	Net assets per share
	(millions of yen)	(millions of yen)	%	Yen
FY3/10	53,726	33,416	62.2	1,188.41
FY3/09	44,566	31,089	69.8	1,105.61

(Notes) Shareholders’ equity FY3/10 33,416 million yen FY3/09 31,089 million yen

2. FY03/11 Non-consolidated earnings projections (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	77,000	12.9	2,450	100.2	2,450	108.3	1,450	111.2	51.56
FY3/11	158,000	2.1	5,000	10.7	5,000	9.1	3,000	5.3	106.69

*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.

1. Operating results

1) Analysis of operating results

Consolidated operating results

(millions of yen) (year on year comparison)

Net sales	156,424	(	-26,071	-14.3%)
Operating income	4,762	(	-2,995	-38.6%)
Ordinary income	4,961	(	-1,972	-28.4%)
Net income	2,921	(	-926	-24.1%)

During the fiscal year ended March 31, 2010, the economy of Japan showed signs of recovery, with exports increasing and growth in corporate profits; nevertheless, employment and a number of other areas remain bleak.

Against this backdrop, we sought to countermeasure the major decline in profit that began in our precious metals business in the second half of the previous fiscal year through sales targeting the diverse needs of customers in industries such as semiconductors and electronic parts. Also, we streamlined and fortified operations both at home and abroad by, for example, establishing an overseas subsidiary in Malaysia. In our food business, meanwhile, we worked to improve profitability by shrinking inventories and enhancing marketing strategies to better respond to changes in market conditions, all the while continuing to focus on providing customers with reliable and safe food products.

As a result, consolidated net sales fell 14.3% year-on-year to 156,424 million yen, operating income fell 38.6% to 4,762 million yen. In terms of non-operating income or loss, equity-method earnings turned positive during the fiscal year and foreign-exchange losses also contracted sharply. As a result of these factors, ordinary income was ¥4,961 million (down 28.4%), and net income was ¥2,921 million (down 24.1%).

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	118,499	(	-16,041	-11.9%)	4,042	(	-2,777	-40.7%)
Food business	37,975	(	-10,052	-20.9%)	719	(	-218	-23.3%)
Eliminations or corporate	-49				–			
Total	156,424	(	-26,071	-14.3%)	4,762	(	-2,995	-38.6%)

Precious metals business:

In our precious metals division, production in the semiconductors and electronic parts industries has recovered from the sharp decline triggered by the global financial crisis of 2008. Therefore, our sales of precious metal chemical products and electronic materials products recovered, and recovery volumes of precious metal materials have also rebounded. In the second half, furthermore, precious metal prices also recovered from the decline of a year earlier, contributing to overall segment sales. That said, however, earnings during the first half of the fiscal year were hit hard by the slowdown in production in the semiconductors and electronic parts industries, and as a result, full-term sales were down year-on-year.

Signs of recovery were also seen in the environment division, but they were rather lackluster, and given that the overall cutback in manufacturing by industrial clients also led to less waste products being produced, the division’s recycling volumes declined year-on-year.

As a result, sales for the precious metals business fell 11.9% year-on-year to 118,499 million yen, and operating income fell 40.7% year-on-year to 4,042 million yen.

Food business:

Our food business continues to face harsh operating conditions as the deflationary environment saps consumer confidence and contributes to ongoing weakness in the restaurant industry.
As the situation stands, there are signs that price erosion for chicken meat, Surimi fish paste, and other similar products is coming to an end. In terms of seafood products in particular, shrimp and the like saw growth in sales volume, but not by enough to counter a decline in volume of our key Surimi products; consequently, sales in this product grouping contracted overall. In addition, sales of livestock products including chicken meat as well as agricultural products such as vegetables were also pushed down by a combination of volume decline and price erosion.

As a result, the food business reported consolidated net sales of 37,975 million yen (down 20.9%) and operating income of 719 million yen (down 23.3%).

Outlook for the fiscal year ending March 2011

Consolidated earnings projections

(millions of yen) (Comparison to FY10/3)

Net sales	160,000	(+3,575 +2.3%)
Operating income	5,500	(+738 +15.5%)
Ordinary income	5,700	(+739 +14.9%)
Net income	3,500	(+579 +19.8%)

Going forward, the situation remains unpredictable given specific concerns about resource price volatility and the state of the European financial condition as well as general apprehension regarding economic slowdown pursuant to declining personal consumption and the drop in public works activity.

In our precious metals business, therefore, we will work to streamline and fortify our domestic and overseas operations with the aim of realizing a business structure that can reliably respond to growing competition, to increase the volume of material handled, and to expand the scope of our operations, while at the same time continuing to carefully monitor developments in the semiconductors and electronic parts industries.

In our food business, we intend to develop products that can reliably generate profit even in the face of deflationary conditions, and to strengthen our relationships with suppliers.

2) Analysis of financial position

(1) Assets, liabilities and net assets

Assets

Total assets increased 7,993 million yen year-on-year to 56,433 million yen. The main factor behind this is current assets growth brought about by an increase in notes and accounts receivable, inventory, and other accounts receivable, which outweighed a drop in cash and deposits.

Liabilities

Total liabilities increased 5,508 million yen year-on-year to 20,859 million yen. Chiefly, this is the result of the difference between an increase in accounts payable and other accounts payable and a decrease in debts.

Net assets

Net assets increased 2,485 million yen year-on-year to 35,574 million yen. The main factors behind this are an increase in shareholders' equity due to net income and the like and an increase in valuation and translation adjustments.

(2) Cash flow status

Cash and cash equivalents (hereafter, "cash") for the fiscal year ended March 2010 were as follows: Cash flow from operating activities decreased 711 million yen, cash flow from investing activities decreased 1,450 million yen, and cash flow from financing activities decreased 1,675 million yen. Cash on hand at the end of the consolidated FY2009, after adjusting for translations, decreased 3,784 million yen year-on-year to 4,103 million yen.

Cash flow from operating activities:

Operating activities resulted in a cash outflow of 711 million yen. This was mainly due to the increase in accounts receivable and inventory in excess of the increase in accounts payable and net income after income taxes. It should be noted that this represents a drop of ¥15,103 million from the ¥14,392 million generated in the previous fiscal year.

Cash flow from investing activities:
Investing activities resulted in an outflow of 1,450 million yen. This was principally due to the acquisition of land, enhancement of the environmental business base, and replacement investment for production equipment. Furthermore, this represents a drop of ¥278 million from the ¥1,729 million of the previous fiscal year.

Cash flow from financing activities:
Financing activities resulted in an outflow of 1,675 million yen. This was mainly due to the payment of short-term debt and long-term debt, and also to dividend payments. It should be noted that this represents a narrowing of ¥5,410 million from the ¥7,086 million outflow of the previous fiscal year.

(Notes) Trend in cash flow indicators

	FY3/06	FY3/07	FY3/08	FY3/09	FY3/10
Shareholders' equity ratio	46.4	48.4	50.0	68.3	63.0
Shareholders' equity ratio on a market value basis	135.5	128.0	93.5	64.7	86.6
Ratio of interest-bearing debt to cash flow	2.8	—	–	0.2	–
Interest coverage ratio	27.5	—	–	168.4	–

(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 FY3/10 and FY3/11

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 2011 (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 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, 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, various types of meat such as beef, poultry and others, and processed livestock products comprised mainly of 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 expend 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

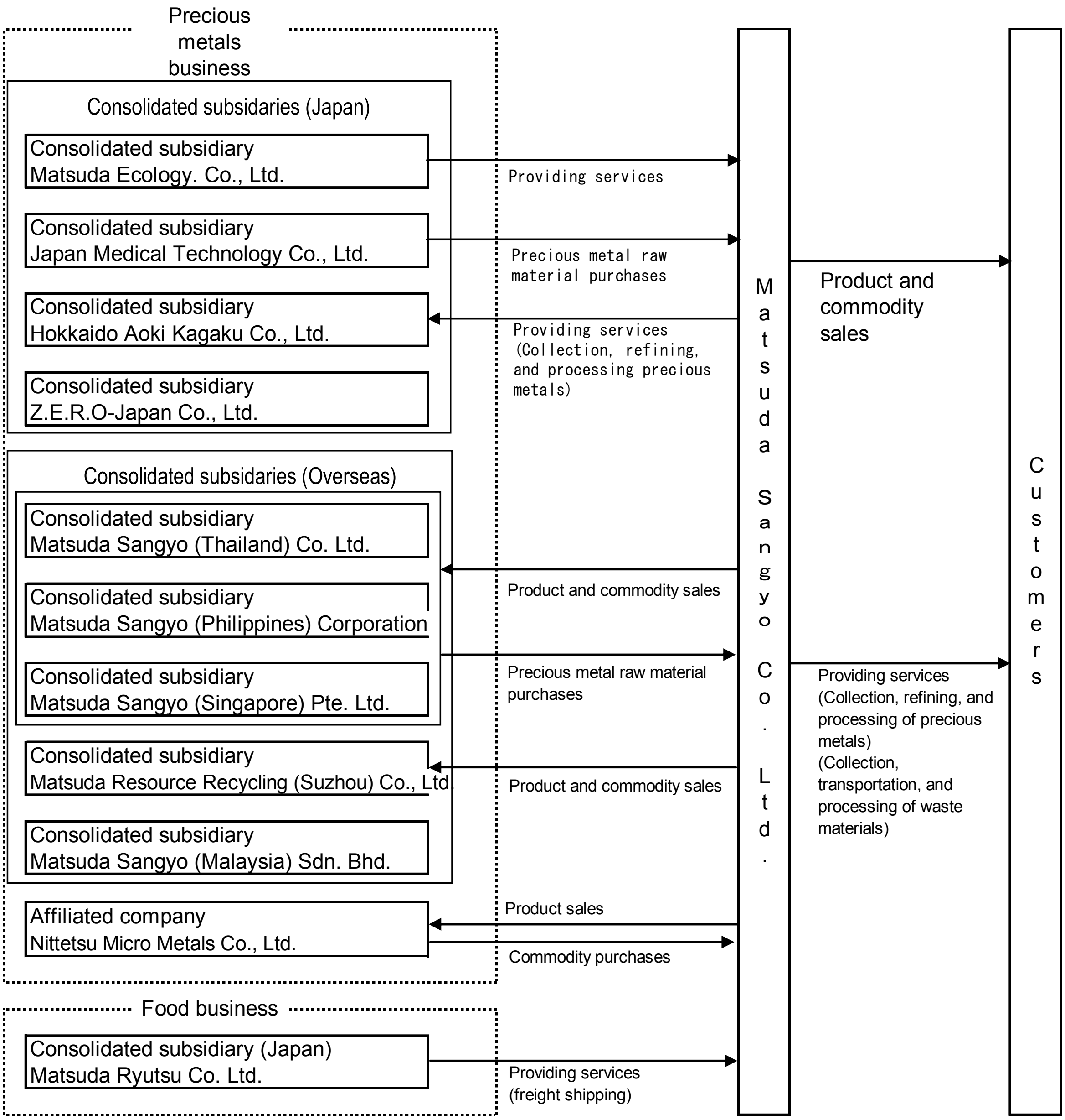
The Group uses poisonous and toxic substances but appropriately processes the waste liquid and atmospheric emissions, taking the environment into consideration. However, operating results could be affected if a problem were to occur with the management of these materials for any various reasons, including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

2.Corporate Group

The Matsuda Sangyo Group is composed of 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 waste; and the food business, which involves selling processed food ingredients and providing distribution services to restaurant industry, etc. 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.

It should be noted that Matsuda Sangyo (Malaysia) Sdn. Bhd. was newly established in June 2009 as a wholly-owned subsidiary of the Company.

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

The 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 2010, the ratio of ordinary income to total assets was 9.5%. However, the shareholders' equity ratio was 63.0%, 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 goal for the precious metals division is to become the number one refiner in Asia, and efforts are being made to expand the recovery and recycling of precious metals and sales of items such as electronic materials and chemical products both in Japan and overseas. As part of efforts to strengthen overseas operations, the Group established a new overseas subsidiary in Malaysia in the fiscal year ended March 2010, adding to the overseas subsidiaries already active in Thailand, the Philippines, Singapore, and China's Suzhou City. 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.

In the environment division, we will continue to make efficient use of the Group's processing facilities for waste acid and alkali and its authorized nationwide network for the processing thereof, while also working both to establish a business structure that facilitates efficient response to fluctuating demand from client industries and to enhance overall marketing capabilities.

In our production division, which is our precious-metal and environmental processing operations site, we will work to enhance our smelting technologies with the aim of expanding the range of precious metals and other materials that can be recovered. Also we will aggressively apply ourselves to the replacement and upgrading of equipment, and strive to create a production system capable of efficiently handling recovered materials of a diverse range of qualities and volumes. The Group is also committed to positive R&D in areas such as the development of plating chemicals that meet the needs of the electronics and other industries. Moreover, the Group is working to gain the trust of the community and its clients by making dedicated efforts to address issues such as the development of technologies to appropriately process for waste liquids, water and gas, and the promotion of reduced energy consumption, with regard to strengthened legislation governing waste products and the need to reduce the burden on the global environment.

Food business:

In the food products operation, we aim to leverage the expertise in quality assurance that the Group has acquired over many years; to utilize the provision of safe, reliable and high quality food products as a key differentiator in placing us ahead of the competition; and furthermore, to proactively respond to the needs of companies in the prepared-food and restaurant industries. The Group is also involved in the development of new products to meet clients' needs through the representative office in Qingdao, China, and the diversification of its purchasing sources.

4） Other important corporate management issues

The Company engages in real estate lease transactions, insurance transactions, and clerical work consultancy 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)

	FY3/09 (March 31, 2009)	FY3/10 (March 31, 2010)
Assets		
Current assets		
Cash and deposits	7,891	4,107
Notes and accounts receivable	13,979	18,478
Merchandise and finished goods	5,473	6,797
Work in process	130	303
Raw materials and supplies	4,873	6,979
Deferred tax assets	940	770
Other accounts receivable	546	2,941
Others	1,355	2,164
Allowance for doubtful accounts	-20	-33
Total current assets	35,169	42,509
Fixed assets		
Tangible fixed assets		
Buildings and structures	4,559	5,168
Accumulated depreciation	-2,559	-2,779
Buildings and structures, net	2,000	2,389
Machinery and delivery equipment	4,192	4,436
Accumulated depreciation	-2,965	-3,390
Machinery and equipment, net	1,227	1,045
Land	5,148	5,761
Lased assets	231	315
Accumulated depreciation	-22	-82
Lased assets, net	208	232
Construction in progress	328	205
Others	554	598
Accumulated depreciation	-414	-455
Others, net	140	142
Total tangible fixed assets	9,053	9,776
Intangible fixed assets		
Goodwill	12	—
Others	1,410	1,143
Total intangible fixed assets	1,423	1,143
Investments and other assets		
Investment securities	1,562	1,755
Deferred tax assets	220	192
Others	1,230	1,263
Allowance for doubtful accounts	-220	-208
Total investments and other assets	2,792	3,004
Total fixed assets	13,270	13,924
Total assets	48,439	56,433

(millions of yen)

	FY3/09 (March 31, 2009)	FY3/10 (March 31, 2010)
Liabilities		
Current liabilities		
Notes and accounts payable	7,506	10,741
Short-term debt	630	30
Long-term debt expected to be repaid within a year	340	290
Lease liabilities	48	67
Accrued income taxes	1,428	1,523
Allowance for bonuses	607	632
Other accounts payable	681	3,528
Others	1,996	2,202
Total current liabilities	13,239	19,016
Fixed liabilities		
Long-term debt	1,267	977
Lease liabilities	159	164
Allowance for retirement benefits	349	311
Allowance for directors' retirement benefits	332	379
Others	3	10
Total fixed liabilities	2,111	1,842
Total liabilities	15,351	20,859
Net assets		
Shareholders' equity		
Common stock	3,559	3,559
Legal capital surplus	4,008	4,008
Retained earnings	26,683	28,929
Treasury stock	-780	-781
Total shareholders' equity	33,470	35,715
Valuation and translation adjustments		
Unrealized gains on other marketable securities	104	126
Deferred hedge gain/loss ('-' means loss)	-174	-41
Foreign currency translation adjustments	-312	-226
Total of valuation and translation adjustments	-382	-141
Total net assets	33,088	35,574
Total liabilities and net assets	48,439	56,433

2) Consolidated Statement of Income

(millions of yen)

	FY3/09 (April 1, 2008 – March 31, 2009)	FY3/10 (April 1, 2009 – March 31, 2010)
Net sales	182,496	156,424
Cost of sales	163,268	141,052
Gross profit	19,227	15,372
Selling, general, and administrative expenses	11,470	10,610
Operating income	7,757	4,762
Non-operating income		
Interest income	7	1
Dividends income	16	15
Equity in earnings of affiliates	—	155
Purchase discounts	61	52
Insurance income	57	12
Other	54	38
Total non-operating income	197	275
Non-operating expenses		
Interest expenses	86	30
Equity in losses of affiliates	418	—
Commission fee	7	7
Foreign exchange loss	493	33
Other	14	4
Total non-operating expenses	1,021	76
Ordinary income	6,933	4,961
Extraordinary income		
Gain on sales of fixed assets	0	11
Gain on sales of investment securities	0	0
Total extraordinary income	1	11
Extraordinary losses		
Impairment loss	52	3
Loss on retirement of fixed assets	42	14
Loss on valuation of investment securities	33	12
Loss on sales of investment securities	11	—
Total extraordinary losses	141	30
Income before income taxes	6,793	4,942
Income taxes, etc.	2,745	1,930
Additional income taxes, etc.	323	—
Income taxes-deferred	-122	90
Total income taxes	2,945	2,021
Net income	3,847	2,921

3) Consolidated Statement of Changes in Shareholders' Equity

(millions of yen)

	FY3/09 (April 1, 2008 – March 31, 2009)	FY3/10 (April 1, 2009 – March 31, 2010)
Shareholders' equity		
Common stock		
Balance at the end of previous term	3,559	3,559
Change in items for the fiscal year		
Total change in items for the fiscal year	—	—
Balance at the end of current term	3,559	3,559
Additional paid-in capital		
Balance at the end of previous term	4,009	4,008
Change in items for the fiscal year		
Change of scope of equity method	-0	—
Total change in items for the fiscal year	-0	—
Balance at the end of current term	4,008	4,008
Retained earnings		
Balance at the end of previous term	23,494	26,683
Change in items for the fiscal year		
Cash dividends	-659	-674
Net income	3,847	2,921
Total change in items for the fiscal year	3,188	2,246
Balance at the end of current term	26,683	28,929
Treasury stock		
Balance at the end of previous term	-121	-780
Change in items for the fiscal year		
Acquisition of treasury stock	-664	-1
Change of scope of equity method	5	—
Total change in items for the fiscal year	-658	-1
Balance at the end of current term	-780	-781
Total shareholders' equity		
Balance at the end of previous term	30,941	33,470
Change in items for the fiscal year		
Cash dividends	-659	-674
Net income	3,847	2,921
Acquisition of treasury stock	-664	-1
Change of scope of equity method	4	—
Total change in items for the fiscal year	2,529	2,244
Balance at the end of current term	33,470	35,715

(millions of yen)

	FY3/09 (April 1, 2008 – March 31, 2009)	FY3/10 (April 1, 2009 – March 31, 2010)
Valuation and translation adjustments		
Unrealized gain (loss) on available-for-sale securities		
Balance at the end of previous term	203	104
Change in items for the fiscal year		
Change in non-equity items for the fiscal year (net)	-98	22
Total change in items for the fiscal year	-98	22
Balance at the end of current term	104	126
Deferred gains or losses on hedges		
Balance at the end of previous term	54	-174
Change in items for the fiscal year		
Change in non-equity items for the fiscal year (net)	-228	133
Total change in items for the fiscal year	-228	133
Balance at the end of current term	-174	-41
Cumulative translation adjustment		
Balance at the end of previous term	263	-312
Change in items for the fiscal year		
Change in non-equity items for the fiscal year (net)	-575	85
Total change in items for the fiscal year	-575	85
Balance at the end of current term	-312	-226
Total valuation and translation adjustments		
Balance at the end of previous term	520	-382
Change in items for the fiscal year		
Change in non-equity items for the fiscal year (net)	-902	240
Total change in items for the fiscal year	-902	240
Balance at the end of current term	-382	-141
Total net assets		
Balance at the end of previous term	31,462	33,088
Change in items for the fiscal year		
Cash dividends	-659	-674
Net income	3,847	2,921
Acquisition of treasury stock	-664	-1
Change of scope of equity method	4	—
Change in non-equity items for the fiscal year (net)	-902	240
Total change in items for the fiscal year	1,626	2,485
Balance at the end of current term	33,088	35,574

4) Consolidated Statement of Cash Flow

(millions of yen)

	FY3/09 (April 1, 2008– March 31, 2009)	FY3/10 (April 1, 2009– March 31, 2010)
Cash flow from operating activities		
Income before income taxes	6,793	4,942
Depreciation	1,076	1,153
Amortization of good will	25	12
Impairment loss	52	3
Change in allowance for doubtful accounts ('-' means decrease)	-44	0
Change in allowance for bonuses ('-' means decrease)	16	25
Change in allowance for retirement benefits ('-' means decrease)	-61	-38
Change in allowance for directors' retirement bonuses ('-' means decrease)	-37	46
Interest or dividends received	-24	-16
Interest paid	86	30
Equity in earnings or losses of affiliates ('-' means earnings)	418	-155
Gain or loss on sales of investment securities ('-' means gain)	10	-0
Gain or loss on valuation of investment securities ('-' means gain)	33	12
Gain or loss on sales of tangible fixed assets ('-' means gain)	-0	-11
Loss on retirement of property, plant and equipment	42	14
Change in accounts receivable ('-' means increase)	6,666	-4,483
Change in other accounts receivable ('-' means increase)	3,726	-2,405
Change in inventory ('-' means increase)	6,626	-3,515
Change in accounts payable - trade ('-' means decrease)	-4,712	3,175
Changes in other accounts payable ('-' means decrease)	-3,527	2,729
Other changes	891	-389
Subtotal	18,060	1,130
Interest and dividends received	27	17
Interest paid	-85	-31
Corporate & other taxes paid	-3,610	-1,827
Cash flow from operating activities	14,392	-711
Cash flow from investment activities		
Expenditure for the purchase of tangible fixed assets	-1,344	-1,327
Proceeds from the sale of tangible fixed assets	3	—
Expenditure for the purchase of intangible fixed assets	-456	-69
Expenditure for the purchase of investment securities	-16	-10
Proceeds from the sale of investment securities	22	1
Others	61	-43
Cash flow from investing activities	-1,729	-1,450
Cash flow from financing activities		
Net change in short-term loans ('-' means decrease)	-5,400	-600
Proceeds from long-term loans	300	—
Expenditure for the repayment of long-term loans	-640	-340
Expenditure for acquisition of treasury stock	-664	-1
Dividends paid	-659	-674
Others	-22	-59
Cash flow from financing activities	-7,086	-1,675
Foreign currency translation adjustment on cash and cash equivalents	-412	52
Change in cash and cash equivalents ('-' means decrease)	5,164	-3,784
Cash and cash equivalents at beginning of period	2,724	7,888
Cash and cash equivalents at end of period	7,888	4,103

5) Events or conditions of material importance related to continuing operations as a going concern:
There is nothing to report.

6) Important items for preparation of consolidated financial statements:
(1) Scope of consolidation
All subsidiaries are consolidated.
The Matsuda Sangyo Group has ten consolidated subsidiaries (Matsuda Ryutsu Co., Ltd., 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, Matsuda Sangyo (Singapore) Pte. Ltd.. Matsuda Resource Recycling (Suzhou) CO., LTD. and Matsuda Sangyo (Malaysia) Sdn. Bhd.
Of these, Matsuda Sangyo (Malaysia) Sdn.Bhd. was newly established during the fiscal year ended March 2010, and thus, is included within the scope of consolidation.

(2) Fiscal years of consolidated subsidiaries
Matsuda Sangyo (Thailand) Co., Ltd., Matsuda Sangyo (Philippines) Corporation, Matsuda Sangyo (Singapore) Pte. Ltd., Matsuda Resource Recycling (Suzhou) CO.,LTD. and Matsuda Sangyo (Malaysia) Sdn.Bhd. are all December 31 fiscal closers.
The consolidated financial statements of those companies have been prepared using subsidiary financial statements existing on that date, and any required consolidation-related adjustment has been made for important dealings executed between consolidated accounting dates.

7) Those listed in changes to important items forming the basis for preparation of quarterly consolidated financial statements

[Changes in accounting principles]

Application of partial amendments to Accounting Standard for Retirement Benefits (Part 3)
The partial amendments to Accounting Standard for Retirement Benefits (Part 3) as set forth in the Company Accounting Standards No. 19 (of July 31, 2008) are applied from the current fiscal year.
Pension fund obligations are not affected by application thereof.

Matters other than the above do not differ from those disclosed in the most recent Securities Report (June 21, 2009) are abridged here.

(8) Care duties for consolidated financial statements

(Segment information)

1. Segment information by business

FY3/09 (April 1, 2008–March 31, 2009)

	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	134,535	47,960	182,496	—	182,496
(2) Net sales & remittances between segments	4	66	71	(71)	—
Total	134,540	48,027	182,567	(71)	182,496
Operating expenses	127,719	47,090	174,809	(71)	174,738
Operating income	6,820	937	7,757	—	7,757
II. Assets / depreciation / capital expenditures					
Assets	29,943	11,056	41,000	7,439	48,439
Depreciation	1,031	44	1,076	—	1,076
Impairment loss	—	—	—	52	52
Capital expenditures	1,982	58	2,041	—	2,041

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

2. Segment information by region

FY3/09 (April 1, 2008–March 31, 2009)

	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	175,758	6,738	182,496	—	182,496
(2) Net sales & remittances between segments	5,042	13,210	18,253	(18,253)	—
Total	180,800	19,949	200,749	(18,253)	182,496
Operating expenses	173,733	19,296	193,030	(18,292)	174,738
Operating income	7,066	652	7,718	39	7,757
II. Assets	39,614	3,386	43,000	5,439	48,439

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

3. Overseas sales

FY3/09 (April 1, 2008–March 31, 2009)

	Asia (millions of yen)	Total (millions of yen)
Overseas sales (A)	27,156	27,156
Consolidated net sales (B)	—	182,496
A / B (%)	14.9	14.9

(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.

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.