



Q1 FY3/10 Financial Statements (Consolidated)

August 11, 2009

Company Name: Matsuda Sangyo Co., Ltd.
 Exchanges listed on: Tokyo Stock Exchange
 Company code: 7456 URL: <http://www.matsuda-sangyo.co.jp>
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(Figures are rounded down to the nearest million yen)

1. Q1 FY3/10 Consolidated results (April 1, 2009 – June 30, 2009)

(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 FY3/10	32,094	-44.9	277	-92.8	314	-92.2	139	-94.3
Q1 FY3/09	58,256	—	3,870	—	4,038	—	2,441	—

	Net income per share		Diluted net income per share	
	Yen		Yen	
Q1 FY3/10	4.96		—	
Q1 FY3/09	93.33		—	

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

(2) Changes in consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	(millions of yen)	(millions of yen)	%	Yen
Q1 FY3/10	49,688	33,201	66.8	1,180.75
FY3/09	48,439	33,088	68.3	1,176.71

(Reference) Shareholders' equity Q1 FY3/10 33,201 million yen FY3/09 33,088 million yen

2. Dividends

(Record date)	Dividend per share					Full fiscal year
	Q1	Q2	Q3	Q4	Yen	
FY3/09	—	12.00	—	12.00	24.00	24.00
FY3/10	—	—	—	—	—	—
FY3/10 (Projections)	—	12.00	—	12.00	24.00	24.00

(Note) Changes in projections of dividends in Q1 FY3/10: None

3. FY3/10 consolidated earnings projections (April 1, 2009 – March 31, 2010)

(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 FY3/10	63,000	-42.8	1,500	-72.3	1,500	-72.3	900	-72.4	32.00
FY3/10	140,000	-23.3	4,500	-42.0	4,500	-35.1	2,700	-29.8	96.01

(Note) Changes in projections of consolidated earnings Q1 FY3/10: None

4. Other

(1) Changes in subsidiaries during the period (changes in specified subsidiaries resulting from changes in scope of consolidation): None

(2) Application of the simplified accounting method and/or the special accounting method for quarterly consolidated financial statements: Yes

(Note) Refer to section 4, Other in Qualitative information and financial statements, on page 4 for details.

(3) Changes in accounting principles and procedures or format of quarterly consolidated financial statements (those listed in changes to important items forming the basis for preparation of quarterly consolidated financial statements)

(a) Changes accompanying revisions to items such as accounting standards: None

(b) Other changes: None

(4) Number of issued shares (common shares)

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

Q1 FY3/10	28,908,581	FY3/09	28,908,581
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(b) Number of treasury shares at the end of the period

Q1 FY3/10	789,771	FY3/09	789,233
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(c) Average number of shares during the period

Q1 FY3/10	28,119,224	Q1 FY3/09	26,158,922
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* 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.

[Qualitative information and financial statements]

1. Qualitative information concerning consolidated results

While production and sales of some industries in the Japanese economy bottomed out and shifted into recovery in Q1 FY3/10, there has been a sustained overall deterioration in corporate earnings and rising unemployment rate resulting from a decline in exports and curbs on capital investment, along with a drop in consumer spending.

Under these conditions, the Group's precious metals business has conducted sales activities and developed technology and products to respond to a wide range of customer needs in the semiconductor and electronic parts industries, among others. In the food business, we have strived to meet the needs of customers (food manufacturers and others) for safe imported foods by strengthening relationships with overseas suppliers while finding and developing new production locales and food materials.

Performance by business segment was as follows.

Precious metals business

In the precious metals business, the large-scale production declines that began in Q3 FY3/09 in the semiconductor and electronic parts industries finally bottomed out, with some segments even showing signs of production growth. Under these conditions, sales volumes of precious metal chemical products and gold bonding wires shifted into growth, with the precious metals recycling business also on a recovery track. However, sales volumes of precious metal products have declined significantly compared to Q1 FY3/09, and precious metal markets have also dropped, resulting in a decline in sales and profit compared to the previous Q1.

In the environment division, cutbacks in production among our customers in the manufacturing industry caused a continued decline in output, and we experienced a sustained decline in volume compared to the previous Q1. As a result, for this business, net sales were ¥22,680 million (down 50.2% year-on-year), and operating income was ¥151 million (down 95.4% year-on-year).

Food business

In the food business, consumer confidence has been significantly undermined due to concerns over the slowing economy and difficult employment conditions, and the difficult business environment looks set to continue. Under these conditions, sales volumes declined due to a slump in demand for premium seafood products such as surimi, resulting in a year-on-year decline in net sales. Volumes also declined for livestock products including chicken, and agricultural products such as vegetables. This, in addition to price declines in certain product segments, resulted in an overall sales decline. As a result, for this business, net sales were ¥9,428 million (down 26.1% year-on-year), and operating income was ¥126 million (down 79.2% year-on-year).

Thus, for Q1 FY3/10, consolidated net sales were ¥32,094 million (down 44.9% year-on-year), operating income was ¥277 million (down 92.8% year-on-year), ordinary income was ¥314 million (down 92.2% year-on-year), and net income was ¥139 million (down 94.3% year-on-year).

2. Qualitative information concerning consolidated financial position

(1) Assets, liabilities and net assets

Total assets

Total assets increased ¥1,248 million in Q1 compared to the end of the previous FY to ¥49,688 million. This is largely due to an increase in current assets, a result of increases in accounts receivable, as well as a drop in cash and deposits and inventories.

Liabilities

Total liabilities increased ¥1,135 million in Q1 compared to the end of the previous FY to ¥16,486 million. Mainly, this is the result of a decrease in short-term and long-term debt, a decrease in accrued income taxes, and an increase in accounts payable.

Net assets

Net assets as of the end of Q1 were ¥33,201 million, up slightly from the end of the previous FY. Mainly, this was due to the increase in valuation and translation adjustments slightly exceeding the decline in retained earnings, which were a result of dividend payouts.

(2) Cash Flow Status

Cash and cash equivalents (hereafter, "cash") for the Q1 were as follows: Cash outflow for operating activities was ¥1,247 million (down ¥4,746 million compared to ¥3,499 million growth in Q1 FY3/09), cash outflow for investing activities was ¥598 million (up ¥204 million compared to the ¥393 million outflow in Q1 FY3/09), and cash outflow for financing activities was ¥1,036 million (outflow contracted ¥262 million from the ¥1,299 million outflow in Q1 FY3/09). As a result cash on hand, after adjusting for translations, decreased ¥2,843 million from the end of the previous FY to ¥5,044 million.

Cash flow from operating activities:

Operating activities resulted in a cash outflow of ¥1,247 million in Q1. This was mainly due to an increase in account receivables and income tax payments.

Cash flow from investing activities:

Investing activities resulted in a cash outflow of ¥598 million in Q1. This was mainly due to the purchase of tangible

fixed assets, including land and maintenance of facilities for the environment business.

Cash flow from financing activities:

Financing activities resulted in a cash outflow of ¥1,036 million. This was mainly due to the payment of short-term debt and long-term debt, and dividend payments.

3. Qualitative information concerning consolidated earnings projections

The consolidated earnings forecast are unchanged from the yearly results announcement on May 18, 2009.

4. Other

(1) Changes in subsidiaries during the period (changes in specified subsidiaries resulting from changes in scope of consolidation):

There is nothing to report.

(2) Application of the simplified accounting method and/or the special accounting method for quarterly consolidated financial statements:

(Simplified accounting method)

Depreciation and amortization method for 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) Changes in accounting principles and procedures or format of quarterly consolidated financial statements

There is nothing to report.

5. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheet

(millions of yen)

	Q1 FY3/10 (June 30, 2009)	FY3/09 Summary (March 31, 2009)
(Assets)		
Current assets		
Cash and deposits	5,048	7,891
Notes and accounts receivable	14,979	13,979
Merchandise and finished goods	5,918	5,473
Work in process	182	130
Raw materials and supplies	3,591	4,873
Deferred tax assets	725	940
Other accounts receivable	4,290	546
Others	1,266	1,355
Allowance for doubtful accounts	-29	-20
Total current assets	35,974	35,169
Fixed assets		
Tangible fixed assets		
Buildings and structures	5,027	4,559
Accumulated depreciation	-2,603	-2,559
Buildings and structures, net	2,424	2,000
Machinery and delivery equipment	4,282	4,192
Accumulated depreciation	-3,074	-2,965
Machinery and equipment, net	1,207	1,227
Land	5,350	5,148
Lased assets	264	231
Accumulated depreciation	-36	-22
Lased assets, net	227	208
Construction in progress	63	328
Others	558	554
Accumulated depreciation	-423	-414
Others, net	135	140
Total tangible fixed assets	9,409	9,053
Intangible fixed assets		
Goodwill	9	12
Others	1,355	1,410
Total intangible fixed assets	1,364	1,423
Investments and other assets		
Investment securities	1,728	1,562
Deferred tax assets	179	220
Others	1,239	1,230
Allowance for doubtful accounts	-208	-220
Total investments and other assets	2,938	2,792
Total fixed assets	13,713	13,270
Total assets	49,688	48,439

(millions of yen)

	Q1 FY3/10 (June 30, 2009)	FY3/09 Summary (March 31, 2009)
Liabilities		
Current liabilities		
Notes and accounts payable	7,567	7,506
Short-term debt	30	630
Current portion of long-term debt	340	340
Lease obligations	55	48
Accrued income taxes	166	1,428
Allowance for bonuses	336	607
Accounts payable	4,385	681
Others	1,556	1,996
Total current liabilities	14,438	13,239
Fixed liabilities		
Long-term debt	1,182	1,267
Lease obligations	172	159
Allowance for retirement benefits	341	349
Allowance for directors' retirement benefits	341	332
Others	10	3
Total fixed liabilities	2,048	2,111
Total liabilities	16,486	15,351
Net assets		
Shareholders' equity		
Common stock	3,559	3,559
Legal capital surplus	4,008	4,008
Retained earnings	26,485	26,683
Treasury stock	-780	-780
Total shareholders' equity	33,272	33,470
Valuation and translation adjustments		
Unrealized gains on other marketable securities	160	104
Deferred hedge gain/loss	-25	-174
Foreign currency translation adjustments	-206	-312
Total of valuation and translation adjustments	-71	-382
Total net assets	33,201	33,088
Total liabilities and net assets	49,688	48,439

(2) Quarterly Consolidated Statement of Income

(millions of yen)

	Q1 FY3/09 (April 1, 2008 – June 30, 2008)	Q1 FY3/10 (April 1, 2009 – June 30, 2009)
Net sales	58,256	32,094
Cost of sales	51,628	29,199
Gross profit	6,628	2,895
Selling, general, and administrative expenses	2,757	2,617
Operating income	3,870	277
Non-operating income		
Interest income	1	0
Dividends income	9	8
Equity in earnings of affiliates	69	50
Purchase discounts	18	9
Insurance income	50	—
Foreign exchange gains	35	—
Other	18	8
Total non-operating income	204	78
Non-operating expenses		
Interest expenses	27	8
Commission fee	1	1
Foreign exchange losses	—	30
Other	8	1
Total non-operating expenses	37	41
Ordinary income	4,038	314
Extraordinary losses		
Loss on retirement or sales of fixed assets	0	8
Loss on valuation of investment securities	—	6
Loss on sales of investment securities	11	—
Total extraordinary losses	12	14
Income before income taxes	4,025	299
Income taxes, etc.	1,447	45
Income taxes-deferred	136	114
Total income taxes	1,584	159
Net income	2,441	139

3) Quarterly Consolidated Statement of Cash Flow

(millions of yen)

	Q1 FY3/09 (April 1, 2008 – June 30, 2008)	Q1 FY3/10 (April 1, 2009 – June 30, 2009)
Cash flow from operating activities		
Income before income taxes	4,025	299
Depreciation and other amortization	223	272
Change in allowance for doubtful accounts ('-' means decrease)	39	-2
Change in allowance for bonuses ('-' means decrease)	-251	-270
Change in allowance for retirement benefits ('-' means decrease)	-13	-8
Change in allowance for directors' retirement bonuses ('-' means decrease)	-109	9
Interest or dividends received	-11	-8
Interest paid	27	8
Equity in earnings or losses of affiliates ('-' means earnings)	-69	-50
Gain or loss on sales of investment securities ('-' means gain)	11	—
Gain or loss on valuation of investment securities ('-' means gain)	—	6
Gain or loss on sales of tangible fixed assets ('-' means gain)	0	8
Change in accounts receivable ('-' means increase)	-1,356	-983
Change in other accounts due ('-' means increase)	-367	-3,758
Change in inventories ('-' means increase)	739	838
Change in accounts payable - trade ('-' means decrease)	376	8
Changes in other accounts payable ('-' means decrease)	785	3,764
Other changes	1,239	-132
Subtotal	5,290	1
Interest and dividends received	10	13
Interest paid	-27	-8
Corporate & other taxes paid	-1,773	-1,254
Cash flow from operating activities	3,499	-1,247
Cash flow from investment activities		
Expenditure for the purchase of tangible fixed assets	-227	-550
Expenditure for the purchase of intangible fixed assets	-199	-27
Expenditure for the purchase of investment securities	-2	-3
Proceeds from the sale of investment securities	20	—
Others	14	-16
Cash flow from investing activities	-393	-598
Cash flow from financing activities		
Net change in short-term loans ('-' means decrease)	-900	-600
Proceeds from long-term loans	100	—
Expenditure for the repayment of long-term loans	-185	-85
Expenditure for the purchase of own shares	0	0
Dividends paid	-313	-337
Others	—	-13
Cash flow from financing activities	-1,299	-1,036
Foreign currency translation adjustment on cash and cash equivalents	-136	38
Change in cash and cash equivalents ('-' means decrease)	1,670	-2,843
Cash and cash equivalents at beginning of period	2,724	7,888
Cash and cash equivalents at end of period	4,394	5,044

(4) Going Concern

First 3 months FY3/10 (April 1, 2009 – June 30, 2009)

There is nothing to report.

(5) Segment Information

Segment information by business

First 3 months FY3/09 (April 1, 2008 – June 30, 2008)

	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)
Net sales	45,516	12,757	58,274	(17)	58,256
Operating income	3,262	608	3,870	—	3,870

First 3 months FY3/10 (April 1, 2009 – June 30, 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)
Net sales	22,680	9,428	32,109	(14)	32,094
Operating income	151	126	277	—	277

Segment information by region

First 3 months FY3/09 (April 1, 2008 – June 30, 2008)

In the 3 month period of the previous fiscal year ended June 30, 2008, "Japan" segment accounted for more than 90% of the total net sales. Consequently, segment information by region has been omitted.

First 3 months FY3/10 (April 1, 2009 – June 30, 2009)

	Japan (millions of yen)	Asia (millions of yen)	Total (millions of yen)	Eliminations or corporate (millions of yen)	Consolidated (millions of yen)
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) In the 3 month period of the fiscal year ended June 30, 2009, importance of net sales in "Asia" segment has increased. Consequently, segment information by region is shown above.

Overseas sales

First 3 months FY3/09 (April 1, 2008 – June 30, 2008)

	Asia (millions of yen)	Total (millions of yen)
Overseas sales	9,374	9,374
Consolidated net sales	58,256	58,256
A / B (%)	16.1	16.1

(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.

First 3 months FY3/10 (April 1, 2009 – June 30, 2009)

	Asia (millions of yen)	Total (millions of yen)
Overseas sales	4,896	4,896
Consolidated net sales	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.

(6) Notes about large variations in shareholders' equity during the period

First 3 months FY3/10 (April 1, 2009 – June 30, 2009)

There is nothing to report.