FY3/09 Financial Statements

May 18, 2009

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 26, 2009 Expected dividend payment date: June 29, 2009
Expected release filing date of the formal financial statements June 26, 2009

(Figures are rounded down to the nearest million yen)

1. FY3/09 Consolidated results (April 1, 2008–March 31, 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)	%
FY3/09	182,496	-6.3	7,757	-14.6	6,933	-21.8	3,847	-27.2
FY3/08	194,795	16.3	9,088	22.3	8,863	7.7	5,286	8.3

	Net income per share	Diluted net income per share	Return on equity	Ordinary income / total assets	Operating income margin
	Yen	Yen	%	%	%
FY3/09	134.65	–	11.9	12.4	4.3
FY3/08	202.10	–	18.2	15.0	4.7

(Reference) Gain and loss on equity investments FY3/09 -418 million yen FY3/08 70 million yen
(Note) The company enacted a 1.1:1 stock split on September 1, 2007 and September 1, 2008 respectively.

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	(millions of yen)	(millions of yen)	%	Yen
FY3/09	48,439	33,088	68.3	1,176.71
FY3/08	62,945	37,462	50.0	1,202.99

(Notes) Shareholders' equity FY3/09 33,088 million yen FY3/08 31,462 million yen

(3) Consolidated cash flows

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Closing balance of cash and cash equivalents
	(millions of yen)	(millions of yen)	(millions of yen)	(millions of yen)
FY3/09	14,392	-1,729	-7,086	7,888
FY3/08	-262	-2,463	2,834	2,724

2. Dividends

	Dividend 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)	%	%
FY3/08	–	12.00	–	12.00	24.00	627	11.9	2.1
FY3/09	–	12.00	–	12.00	24.00	682	17.8	2.0
FY3/10 (projections)	–	12.00	–	12.00	24.00		25.0	

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

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 FY3/09	63,000	-42.8	1,500	-72.3	1,500	-72.3	900	-72.4	32.00
FY3/09	140,000	-23.3	4,500	-42.0	4,500	-35.1	2,700	-29.8	96.01

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: yes

(Note) Refer to page 17 “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)

FY3/09 28,908,581 FY3/08 26,280,529

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

FY3/09 789,233 FY3/08 127,549

(Reference) Summary of non-consolidated results

1. FY03/09 Non-consolidated results (April 1, 2008–March 31, 2009)

(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)	%
FY3/09	177,055	-7.1	6,158	-24.9	5,779	-28.4	3,273	-30.7
FY3/08	190,492	14.6	8,199	13.4	8,070	4.6	4,720	6.7

	Net income per share	Diluted net income per share
	Yen	Yen
FY3/09	114.55	–
FY3/08	180.43	–

(Note) The company enacted a 1.1:1 stock split on September 1, 2007 and September 1, 2008 respectively.

(2) Non-consolidated financial position

	Total assets	Net assets	Shareholders’ equity ratio	Net assets per share
	(millions of yen)	(millions of yen)	%	Yen
FY3/09	44,566	31,089	69.8	1,105.61
FY3/08	57,754	29,466	51.0	1,126.45

(Notes) Shareholders’ equity FY3/09 31,089 million yen FY3/08 29,466 million yen

2. FY03/10 Non-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	61,000	-43.6	1,350	-73.3	1,300	-74.3	830	-72.8	29.51
FY3/10	136,000	-23.2	4,180	-32.1	4,080	-29.4	2,500	-23.6	88.90

*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) (Comparison to FY2008)

Net Sales	182,496 (-12,299 -6.3%)
Operating income	7,757 (-1,331 -14.6%)
Ordinary income	6,933 (-1,930 -21.8%)
Net income	3,847 (-1,438 -27.2%)

The Japanese economy was confronted with a serious recession in the fiscal year ended March 2009. Exports fell sharply, as the financial shock triggered by the U.S. subprime loan crisis led to a dramatic worldwide reduction of consumer demand for and durable goods such as automobiles and home electronics. In addition, continued high prices for crude oil, grain and other resources fell sharply accompanied with the global economic deterioration and credit contraction.

Under these conditions, the Group's precious metals business has conducted sales 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, importing safe foods, we have strived to strengthen relationships with overseas suppliers while finding and developing new production regions and food materials.

As a result, consolidated net sales fell 6.3% year-on-year to 182,496 million yen, operating income fell 14.6% to 7,757 million yen. Ordinary income fell 21.8% to ¥6,933 million and net income fell 27.2% to ¥3,847 million because a rapid strengthening of yen led to foreign currency losses and equity in losses of subsidiaries.

The following is a summary of business by segment:

Consolidated results by segment

(millions of yen) (Comparison to FY2008)

Segment	Net Sales	Operating income
Precious metals business	134,540 (-15,517 -10.3%)	6,820 (-1,305 -16.1%)
Food business	48,027 (3,216 7.2%)	937 (-25 -2.6%)
Eliminations or corporate	-71	—
Total	182,496 (-12,299 -6.3%)	7,757 (-1,331 -14.6%)

Precious metals business:

In the precious metals division, recovery of recycling materials and sales of precious metal chemical products were relatively firm during the first half. However, in the last half of the term, because of the drastic production adjustments occurred in our chief targets, the semiconductor and electronic parts industries, the sales amount of precious metal chemical products and gold bonding wires decreased sharply, and the recovery and recycling of precious metals was also on a declining trend. In addition to the reduction of production amount, with the decrease in price of precious metals, the net sales decreased.

Also, the amount handled by our environment division declined by the influence of emission decrease due to production adjustment of our client manufacturers in the last half. In addition, Z.E.R.O.-Japan Co., Ltd., the subsidiary that develops and manufactures PCB disposal devices, supplied the disposal devices for the second phase of construction of Japan Environmental Safety Corporation's (JESCO's) Kitakyushu facility.

On the other hand, as the precious metals market fell, some of the precious metals inventory had write-down in the book value of ¥462 million (recorded as a valuation loss). From this consolidated fiscal year, FIFO cost accounting (whereby book value declines with a decline in profitability) was used instead of LIFO cost accounting with regard to assessing the value of products (except some processes and inventory) and work in progress. The effect of adoption of this change was to decrease, operating income by ¥80 million respectively.

As a result, sales for the precious metals business fell 10.3% year-on-year to 134,540 million yen, and operating income fell 16.1% year-on-year to 6,820 million yen.

Food business:

In the food business, conditions are still difficult because of such problems as imported foods' safety and food labeling.
Under these conditions, the amount of seafood (such as surimi) sold declined, but sales prices rose, especially for high-end foods, so that sales were up.
The sales price of livestock products including poultry and chicken meat as well as agricultural products such as vegetables rose and our Fresh Goods and Vegetables Distribution Center, which delivers directly to individual shops in the restaurant industry, also contributed to the increase in sales. But the chicken meat and low-price surimi market experienced a decline since the summer, worsening results.
As a result, the food business reported consolidated net sales of 48,027 million yen (up 7.2% year-on-year) and operating income of 937 million yen (down 2.6% year-on-year).

Outlook for FY2010

Consolidated earnings projections (millions of yen) (Comparison to FY2009)

Net sales	140,000	(-42,496	-23.3%)
Operating income	4,500	(-3,257	-42.0%)
Ordinary income	4,500	(-2,433	- 35.1%)
Net income	2,700	(-1,147	- 29.8%)

The Company's outlook for the coming term is that, despite concerns about the deepening global financial crisis and a worsening of the global recession, a gradual recovery in production subsequent to corrections of inventory levels can be expected.
In the Precious Metals Business, while closely monitoring demand in each industry, we intend to make further progress in raising work efficiency, increase the volume of products handled by our marketing network, and expand the scope of our operations.
In our Food business, by conducting painstaking quality control to ensure a safe and stable supply of foods at the core of activities, we will seek to improve relations with suppliers, expand wholesale business sales by developing new food materials products and new grower regions, and we will strive to increase sales to the restaurant industry and take-out sector by exploiting the capabilities of the Chiba Distribution Center.
Despite anticipating a year-on-year decrease in sales in the year ending March 20010, we expect a recovery trend to appear in the second half.

2) Analysis of financial position

(1) Assets, liabilities and net assets

Total assets decreased 14,506million yen year-on-year to 48,439 million yen. The decrease resulted mainly from current assets declining 14,367 million yen due to decreases of accounts receivable and inventories, and fixed assets and intangible fixed assets growing 558 million yen due to purchase of land, development of ERP system.
Net assets increased 1,626 million yen year-on-year to 33,088million yen. Chiefly, this is the result of subtracting a reduction due to payment of dividends from the net income for a gain in retained earnings of ¥3,188 million and a loss by share buyback of ¥658 million and a loss by foreign currency translation adjustments of ¥902 million caused by a strengthening of the yen.

(2) Cash Flow Status
Cash and cash equivalents (hereafter, "cash") for the consolidated FY2009 were as follows: Cash flow from operating activities rose 14,392 million yen, cash flow from investing activities decreased 1,729 million yen, and cash flow from financing activities decreased 7,086 million yen. Cash on hand at the end of the consolidated FY2009, after adjusting for translations, increased 5,164 million yen year-on-year to 7,888 million yen.

Cash flow from operating activities:
Operating activities resulted in a cash inflow of 14,392 million yen. This was mainly due to net income and decrease of accounts receivable and inventories exceeding decrease of accounts payable.

Cash flow from investing activities:
Investing activities resulted in an outflow of 1,729 million yen. This was due to the replacement of

factory equipments, purchase of land, development of ERP system.

Cash flow from financing activities:

Financing activities resulted in an inflow of 7,086 million yen. This was due to the payment of short-term debt and long-term debt, and dividend payment and share buyback.

(Notes) Trend in cash flow indicators

	FY3/05	FY3/06	FY3/07	FY3/08	FY3/09
Shareholders' equity ratio	54.8	46.4	48.4	50.0	68.3
Shareholders' equity ratio on a market value basis	64.2	135.5	128.0	93.5	64.7
Ratio of interest-bearing debt to cash flow	2.9	2.8	–	–	0.2
Interest coverage ratio	16.8	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 and FY3/08 are not provided since cash flow from operating activities was negative.

3) Basic policy on distribution of profits and dividends for FY3/08 and FY3/09

The Company's basic policy on distribution of profits is to meet shareholders' expectations by both continuing to pay stable dividends that balance 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. Including the effect of a 1.1:1 stock split on September 1, 2008, dividends for the full fiscal year are expected to rose 10% year-on-year.

The Company expects to pay 24 yen per share in dividends for FY3/10 (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 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. However, 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, and platinum; 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 Company 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 certain segments of the operating results.

b. Commodities

A large portion of the Group’s processed raw materials for food products, which consist mainly of seafood, meat, 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 Company addresses these changes by using forward exchange contracts and passing on price changes to customers; however, these changes could affect certain segments of the operating results.

(2) Issues related to the Group’s food business and recent food products

The Group purchases a wide range of products from overseas for the food business, including processed seafood ingredients comprised mainly of surimi, shrimp, crab, squid, octopus, and processed agricultural products comprised mainly of fresh vegetables, dried vegetables, and frozen vegetables; processed meat and other livestock products comprised mainly of eggs and various types of meat such as beef and poultry. The Group also sells various products to food manufacturers on a wholesale basis. The Group will carry out strict labeling of food products as specified by law, and will expend every effort to strengthen its quality control training and contamination countermeasures for overseas food products. However, 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 regulation of the precious metals-related business were increased, various measures such as increasing capital expenditures might become necessary to meet the stricter regulations. The Company also conducts various operations including collecting, transporting, and processing 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 Company 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.

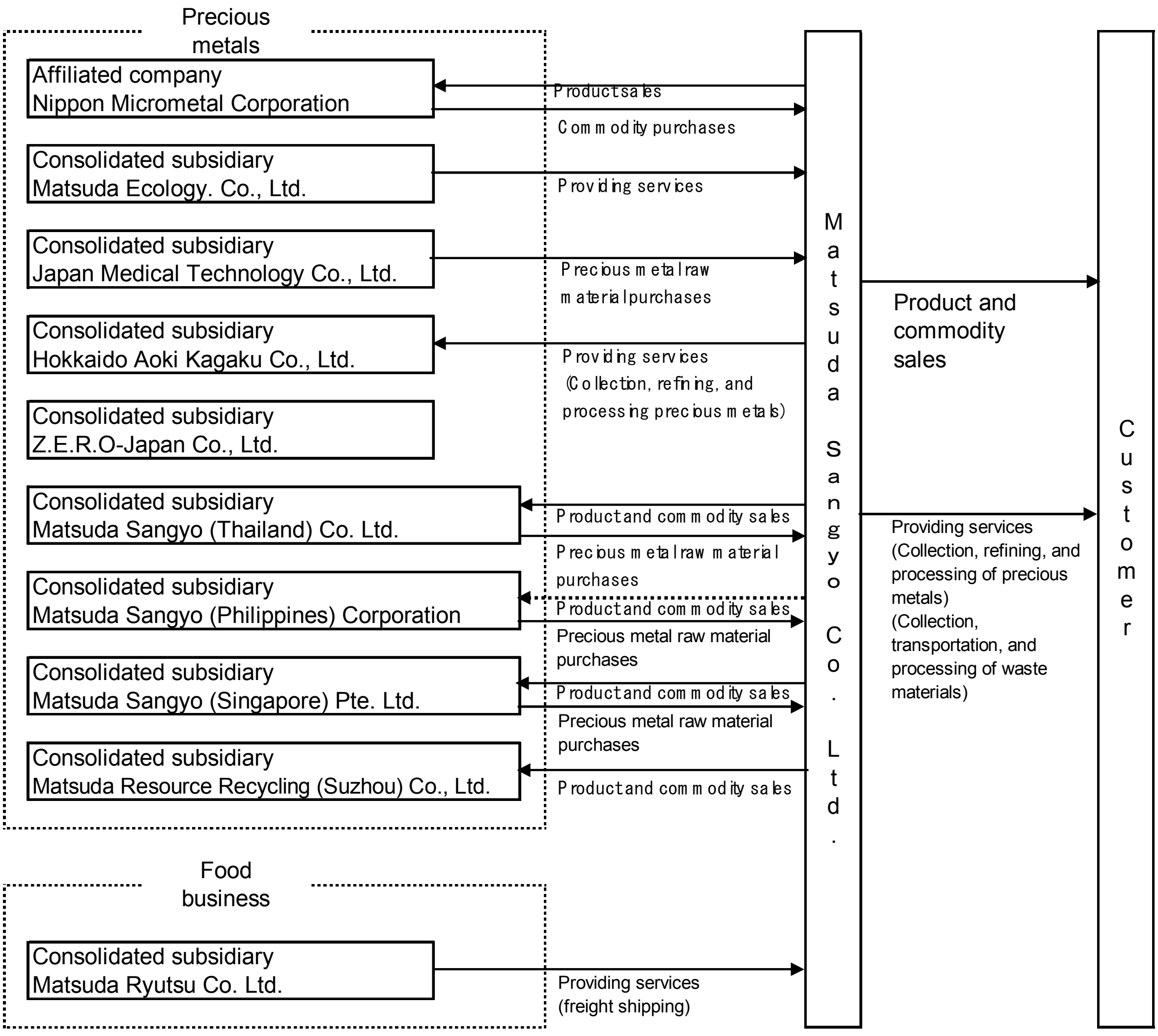
(4) Management of waste and other materials

The Company 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 corporate group is composed of 9 subsidiaries and 1 affiliated companies; 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 industries such as the food service industry. The following subsidiaries support local operations or relevant industries connected 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 and Matsuda Resource Recycling (Suzhou) Co., Ltd. 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.

Hiroshima Matsuda Shokuhin Co., Ltd., an equity-method subsidiary up to the last fiscal year, was excluded from the scope of equity method subsidiaries because all shares were sold in the year ended March 2009.
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 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 of the precious metals, 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, and is 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 FY3/09, the ratio of ordinary income to total assets was 12.3%, surpassing the benchmark. And the shareholders' equity ratio was 68.3%, also surpassing the benchmark with a reduction in accounts payable and other accounts payable, and debt repayment. The Company will continue to work earnestly to increase earnings and improve operational efficiency.

3) Medium to long-term business strategy and issues faced by the Company

In the medium and long term, the Company 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. The company is determined to reinforce its overseas operation in Thailand, the Philippines, Singapore, and China (Suzhou) and starting refining operations in its Thailand subsidiary. Plans call for a further expansion of sales force in conjunction with the predicted medium to long-term growth in electronics-related demand in Southeast Asia.

In the environment division, the company will attempt to deal with social environmental issues by utilizing its facilities for the disposal of waste acids and alkali and a nationwide network based on collection and transportation approval system in the reinforcement of business operations adhering to all related legislation covering areas such as the collection of waste matter from the electronics, chemical, and pharmaceutical industries. We transfer the logistics functions in Iruma to Sayama, and strengthen the functions in this business base with various improvements, including a small-scale waste liquid treatment facility.

At the production division, which is the core of precious metals and environmental processing, management is expanding and invests in its facilities as needed to meet an increase in volume of raw material recovery and improve efficiency with enhancing its refining technology in response to the expanded scope of resource diversification and precious metal recovery. Matsuda Sangyo 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. The company is working to gain the trust of the community and its clients by making dedicated efforts to address issues such as the development of appropriate technologies for the disposal of 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:

Two increasingly important issues facing the food sector are reinforced legal restrictions concerning chemicals and food additives and the assurance of food safety. Not only is Matsuda Sangyo attempting to distinguish its products by providing safe foodstuffs through the utilization of its accumulated know-how in quality assurance, the company is also involved in the development of new products to meet clients' needs through the newly-established 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 formally determined 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)

	FY3/08 (March 31, 2008)	FY3/09 (March 31, 2009)
(Assets)		
Current assets		
Cash and deposits	2,727	7,891
Notes and accounts receivable	20,868	13,979
Inventories	17,888	–
Merchandise and finished goods	–	5,473
Work in process	–	130
Raw materials and supplies	–	4,873
Deferred tax assets	605	940
Other accounts receivable	4,276	546
Others	3,196	1,355
Allowance for doubtful accounts	-25	-20
Total current assets	49,537	35,169
Fixed assets		
Tangible fixed assets		
Buildings and structures	4,708	4,559
Accumulated depreciation	-2,420	-2,559
Buildings and structures, net	2,287	2,000
Machinery and delivery equipment	4,267	4,192
Accumulated depreciation	-2,788	-2,965
Machinery and equipment, net	1,478	1,227
Land	4,752	5,148
Lased assets	–	231
Accumulated depreciation	–	-22
Lased assets, net	–	208
Construction in progress	0	328
Others	561	554
Accumulated depreciation	-381	-414
Buildings and structures, net	180	140
Total tangible fixed assets	8,699	9,053
Intangible fixed assets		
Goodwill	38	12
Others	1,181	1,410
Total intangible fixed assets	1,219	1,423
Investments and other assets		
Investment securities	2,256	1,562
Membership	92	33
Long-term accounts receivable from affiliates	497	520
Deferred tax assets	207	220
Others	696	677
Allowance for doubtful accounts	-259	-220
Total investments and other assets	3,489	2,792
Total fixed assets	13,408	13,270
Total assets	62,945	48,439

(millions of yen)

	FY3/08 (March 31, 2008)	FY3/09 (March 31, 2009)
Liabilities		
Current liabilities		
Notes and accounts payable	12,880	7,506
Short-term debt	6,030	630
Long-term debt expected to be repaid within a year	640	340
Accrued income taxes	2,001	1,428
Allowance for bonuses	590	607
Other accounts payable	4,289	681
Others	2,960	2,045
Total current liabilities	29,392	13,239
Fixed liabilities		
Long-term debt	1,307	1,267
Allowance for retirement benefits	410	349
Allowance for directors' retirement benefits	370	332
Others	3	162
Total fixed liabilities	2,090	2,111
Total liabilities	31,483	15,351
Net assets		
Shareholders' equity		
Common stock	3,559	3,559
Legal capital surplus	4,009	4,008
Retained earnings	23,494	26,683
Treasury stock	-121	-780
Total shareholders' equity	30,941	33,470
Valuation and translation adjustments		
Unrealized gains on other marketable securities	203	104
Deferred hedge gain/loss	54	-174
Foreign currency translation adjustments	263	-312
Total of valuation and translation adjustments	520	-382
Total net assets	31,462	33,088
Total liabilities and net assets	62,945	48,439

2) Consolidated Statement of Income

(millions of yen)

	FY3/08 (April 1, 2007 – March 31, 2008)	FY3/09 (April 1, 2008 – March 31, 2009)
Net sales	194,795	182,496
Cost of sales	174,752	163,268
Gross profit	20,043	19,227
Selling, general, and administrative expenses	10,954	11,470
Operating income	9,088	7,757
Non-operating income		
Interest income	8	7
Dividends income	31	16
Equity in earnings of affiliates	70	–
Purchase discounts	62	61
Insurance income	–	57
Other	80	54
Total non-operating income	254	197
Non-operating expenses		
Interest expenses	77	86
Equity in losses of affiliates	–	418
Commission fee	9	7
Foreign exchange loss	377	493
Other	15	14
Total non-operating expenses	480	1,021
Ordinary income	8,863	6,933
Extraordinary income		
Gain on sales of fixed assets	13	0
Provision of allowance for doubtful accounts	27	0
Total extraordinary income	41	1
Extraordinary losses		
Loss on sales of fixed assets	–	52
Loss on valuation of investment securities	10	–
Loss on sales of investment securities	30	42
Loss on valuation of investment securities	–	33
Loss on sales of investment securities	–	11
Total extraordinary losses	41	141
Income before income taxes	8,863	6,793
Income taxes, etc.	3,498	3,068
Income taxes-deferred	78	-122
Total income taxes	3,576	2,945
Net income	5,286	3,847

3) Consolidated Statement of Changes in Shareholders’ Equity

(millions of yen)

	FY3/08 (from April 1, 2007 to March 31, 2008)	FY3/09 (from April 1, 2008 to March 31, 2009)
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	4,009
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	4,009	4,008
Retained earnings		
Balance at the end of previous term	18,807	23,494
Change in items for the fiscal year		
Cash dividends	-599	-659
Net income	5,286	3,847
Total change in items for the fiscal year	4,686	3,188
Balance at the end of current term	23,494	26,683
Treasury stock		
Balance at the end of previous term	-100	-121
Change in items for the fiscal year		
Acquisition of treasury stock	-21	-664
Change of scope of equity method	—	5
Total change in items for the fiscal year	-21	-658
Balance at the end of current term	-121	-780
Total shareholders’ equity		
Balance at the end of previous term	26,275	30,941
Change in items for the fiscal year		
Cash dividends	-599	-659
Net income	5,286	3,847
Acquisition of treasury stock	-21	-664
Change of scope of equity method	—	4
Total change in items for the fiscal year	4,665	2,529
Balance at the end of current term	30,941	33,470

	FY3/08 (from April 1, 2007 to March 31, 2008)	FY3/09 (from April 1, 2008 to March 31, 2009)
Valuation and translation adjustments		
Unrealized gain (loss) on available-for-sale securities		
Balance at the end of previous term	402	203
Change in items for the fiscal year		
Change in non-equity items for the fiscal year (net)	-198	-98
Total change in items for the fiscal year	-198	-98
Balance at the end of current term	203	104
Deferred gains or losses on hedges		
Balance at the end of previous term	-79	54
Change in items for the fiscal year		
Change in non-equity items for the fiscal year (net)	133	-228
Total change in items for the fiscal year	133	-228
Balance at the end of current term	54	-174
Cumulative translation adjustment		
Balance at the end of previous term	171	263
Change in items for the fiscal year		
Change in non-equity items for the fiscal year (net)	91	-575
Total change in items for the fiscal year	91	-575
Balance at the end of current term	263	-312
Total valuation and translation adjustments		
Balance at the end of previous term	493	520
Change in items for the fiscal year		
Change in non-equity items for the fiscal year (net)	26	-902
Total change in items for the fiscal year	26	-902
Balance at the end of current term	520	-382
Total net assets		
Balance at the end of previous term	26,769	31,462
Change in items for the fiscal year		
Cash dividends	-599	-659
Net income	5,286	3,847
Acquisition of treasury stock	-21	-664
Change of scope of equity method	—	4
Change in non-equity items for the fiscal year (net)	26	-902
Total change in items for the fiscal year	4,692	1,626
Balance at the end of current term	31,462	33,088

(millions of yen)

4) Consolidated Statement of Cash Flow

(millions of yen)

	FY3/08 (April 1, 2007– March 31, 2008)	FY3/09 (April 1, 2007– March 31, 2009)
Cash flow from operating activities		
Income before income taxes	8,863	6,793
Depreciation	850	1,076
Amortization of good will	26	25
Impairment loss	–	52
Change in allowance for doubtful accounts ('-' means decrease)	53	-44
Change in allowance for bonuses ('-' means decrease)	70	16
Change in allowance for directors' bonuses ('-' means decrease)	-19	–
Change in allowance for retirement benefits ('-' means decrease)	2	-61
Change in allowance for directors' retirement bonuses ('-' means decrease)	6	-37
Interest or dividends received	-40	-24
Interest paid	77	86
Equity in earnings or losses of affiliates ('-' means earnings)	-70	418
Gain or loss on sales of investment securities ('-' means gain)	-27	10
Gain or loss on valuation of investment securities ('-' means gain)	–	33
Gain or loss on sales of tangible fixed assets ('-' means gain)	-3	-0
Loss on retirement of property, plant and equipment	30	42
Change in accounts receivable ('-' means increase)	-1,632	6,666
Change in other accounts due ('-' means increase)	1,652	3,726
Change in inventory ('-' means increase)	-4,836	6,626
Change in accounts payable - trade ('-' means decrease)	1,626	-4,712
Changes in other accounts payable ('-' means decrease)	-1,938	-3,527
Other changes	-929	891
Subtotal	3,761	18,060
Interest and dividends received	38	27
Interest paid	-78	-85
Corporate & other taxes paid	-3,983	-3,610
Cash flow from operating activities	-262	14,392
Cash flow from investment activities		
Expenditure for the purchase of tangible fixed assets	-1,719	-1,344
Proceeds from the sale of tangible fixed assets	6	3
Expenditure for the purchase of intangible fixed assets	-867	-456
Expenditure for the purchase of investment securities	-175	-16
Proceeds from the sale of investment securities	336	22
Others	-44	61
Cash flow from investing activities	-2,463	-1,729
Cash flow from financing activities		
Net change in short-term loans ('-' means decrease)	3,400	-5,400
Proceeds from long-term loans	1,000	300
Expenditure for the repayment of long-term loans	-945	-640
Expenditure for the purchase of own shares	-21	-664
Dividends paid	-599	-659
Others	–	-22
Cash flow from financing activities	2,834	-7,086

Foreign currency translation adjustment on cash and cash equivalents	87	-412
Change in cash and cash equivalents ('-' means decrease)	196	5,164
Cash and cash equivalents at beginning of period	2,527	2,724
Cash and cash equivalents at end of period	2,724	7,888

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. Application of the equity method
Name of the company treated as an equity-method subsidiary: Nippon Micrometal Corporation
Hiroshima Matsuda Shokuhin Co., Ltd., which was an equity-method subsidiary through the previous year, is excluded from the scope of an equity method subsidiary because all shares were sold in the year ended March 2009.

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

[Changes in accounting principles]

(1) Application of “Accounting Standard for Measurement of Inventories” and related guidance
The Accounting Standard Board of Japan statement No. 9 “Accounting Standard for Measurement of Inventories” issued on July 5, 2006 was adopted from the start of this consolidated fiscal year. It requires that inventories held for sale in the ordinary course of business be valued at the lower of cost or net selling value.
The effect of adoption of this change was to reduce operating income, ordinary income and income before income taxes by ¥583 million respectively compared to when the earlier method was used.
The effect of the above on segment information can be found in the corresponding parts of this document.

(2) Principle and method of inventory valuation
Previously, merchandise, finished goods, (excluding precious bullion in process) and work in process in the Group’s precious metals business were accounted for by use of LIFO cost accounting. From this consolidated fiscal year, FIFO cost accounting (whereby book value declines with a decline in profitability) was used.
Due to the recent large increases in the price of precious metal bullions, the total value for inventories presented on the balance sheet differs greatly from prevailing prices. The change to the FIFO system and its effect on the value of inventories on the balance sheet aims to present our financial situation more accurately, and bring the accounting system in line with international standards. In order to strengthen our revenue base and management efficiency we have taken this opportunity to implement the newly developed precious metals business core systems.
From this consolidated fiscal year, in order to shorten delivery times whilst maintaining production efficiency and to accurately reflect the purpose of the precious metal bullions on hand, precious metal bullions in process has been treated as a separate category, and the accounting method for this has changed from LIFO to the total average cost accounting method (whereby book value declines with a decline in profitability).
The effect of adoption of this change was to increase, operating income, ordinary income and income before income taxes by ¥80 million respectively.
The effect of the above on segment information can be found in the corresponding parts of this document.

(3) Accounting standards for lease transactions
Finance lease transactions in which the title of the leased asset is deemed to be transferred to the lessee have been treated in the past according to the method used for ordinary lease transactions, but starting with the term under review, the company has adopted Accounting Standards for Lease Transactions (ASBJ Statement No.13 (June 17, 1993, amended March 30, 2007) and the Implementation Guidance on the Accounting Standard for Lease Transactions (ASBJ Guidance 16, January 18, 1994, amended March 30, 2007), and these transactions are now treated according to the same standard as ordinary purchase and sale transactions.
Finance lease transactions, under which the title of the leased asset is deemed to be transferred to the lessee, that originated prior to the year in which this accounting standard was adopted will continue to be subject to the accounting treatment applied for ordinary loan transactions.
These changes will not have significant e

(4) Application of “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” and related guidance

The "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements (May 17, 2006, ASBJ PITF No. 18)" was adopted from this consolidated fiscal year. The effect of the above on loss and segment information is not expected.

[Change in indication method]

(Consolidated Balance Sheets)

From the term under review, items indicated as “inventory” in the previous year are shown as “Merchandise and finished goods,” “Work in progress,” and “Raw materials and supplies.” The values of Merchandise and finished goods, Work in progress, and Raw materials and supplies for the previous year were ¥8,008 million, ¥364 million, and ¥9,515 million, respectively.

[Additional information]

Changes in the useful life of tangible fixed assets

In line with revisions to the statutory useful life and classification of assets based on the Corporate Tax Law of Japan as amended in 2008 (April 30, 2008, finance ministry ordinance No.32 concerning useful life in depreciation and amortization), the Group and its Japanese subsidiaries have taken the opportunity to revise the useful life of their tangible fixed assets. From the start of this consolidated fiscal year the useful life applied to machinery and equipment was reduced from 10 years to 7 years.

The effect of adoption of this change in the fiscal year was to reduce operating income, ordinary income and income before income taxes by ¥109 million respectively compared to when the earlier method was used.

The effect of the above on segment information can be found in the corresponding parts of this document.

Matters other than the above do not differ from those disclosed in the most recent Securities Report (27 June 2008) are abridged here.

(8) Care duties for consolidated financial statements

(Segment information)

1. Segment information by business

FY3/08 (April 1, 2007–March 31, 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)
I. Net sales and operating income					
Sales					
(1) Net sales to external parties	150,053	44,742	194,795	–	194,795
(2) Net sales & remittances between segments	4	68	73	(73)	–
Total	150,057	44,810	194,868	(73)	194,795
Operating expenses	141,931	43,848	185,779	(73)	185,706
Operating income	8,126	962	9,088	–	9,088
II. Assets / depreciation / capital expenditures					
Assets	48,721	11,795	60,516	2,428	62,945
Depreciation	799	51	850	–	850
Capital expenditures	2,416	25	2,441	–	244

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	–	52
Capital expenditures	1,982	58	2,041	–	2,041

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	39,977	3,022	43,000	5,439	48,439

3. Overseas sales

FY3/08 (April 1, 2007–March 31, 2008)

	Asia (millions of yen)	Total (millions of yen)
Overseas sales (A)	38,706	38,706
Consolidated net sales (B)	–	194,795
A / B (%)	19.9	19.9

(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.

FY3/09 (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.