



## FY3/08 Financial Statements

May 12, 2008

Company Name: Matsuda Sangyo Co., Ltd.  
 Exchanges listed on: Tokyo Stock Exchange (First Section)  
 Company code: 7456 URL: <http://www.matsuda-sangyo.co.jp>  
 Representative: Representative Director/President Yoshiaki Matsuda  
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 Date of regular shareholders' meeting: June 27, 2008 Expected dividend payment date: June 30, 2008  
 Expected release filing date of the formal financial statements June 27, 2008

(Figures are rounded down to the nearest million yen)

### 1. FY3/08 Consolidated results (April 1, 2007–March 31, 2008)

(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)	%
FY3/08	194,795	16.3	9,088	22.3	8,863	7.7	5,286	8.3
FY3/07	167,436	31.6	7,433	69.7	8,232	75.5	4,882	79.1

	Net income per share	Diluted net income per share	Return on equity	Ordinary income / total assets	Operating income margin
	Yen	Yen	%	%	%
FY3/08	202.10	–	18.2	15.0	4.7
FY3/07	205.31	–	19.8	15.8	4.4

(Reference) Gain and loss on equity investments FY3/08 70 million yen FY3/07 350 million yen

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

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	(millions of yen)	(millions of yen)	%	Yen
FY3/08	62,945	31,462	50.0	1,202.99
FY3/07	55,290	26,769	48.4	1,125.69

(Notes) Shareholders' equity FY3/08 31,462 million yen FY3/07 26,769 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)
FY3/08	-262	-2,463	2,834	2,724
FY3/07	-142	-703	784	2,527

### 2. Dividends

(Record date)	Dividend per share			Total dividends paid (annual) (millions of yen)	Payout ratio (consolidated) %	Dividends/Net Assets (consolidated) %
	Q2	Q4	Full fiscal year			
	Yen	Yen	Yen		%	%
FY3/07	10.00	12.00	22.00	523	10.7	2.1
FY3/08	12.00	12.00	24.00	627	11.9	2.1
FY3/09 (projections)	12.00	12.00	24.00	–	14.1	–

(Note) The company plans to enact a 1.1:1 stock split on September 1, 2008



1. Operating results  
 1) Analysis of operating results

(1) Operating results for FY2008

Consolidated Operating Results	(millions of yen) (Comparison to FY2007)		
Net Sales	194,795	(+27,359	+16.3%)
Operating income	9,088	(+1,655	+22.3%)
Ordinary income	8,863	(+630	+7.7%)
Net income	5,286	(+403	+8.3%)

Although an improvement in corporate profits and capital investment contributed to a continued mild recovery in the Japanese economy in the first half of the fiscal year, there was a slowdown in economic activity during the second half due to volatility in the financial markets brought on by the US subprime loan problem, and soaring prices of natural resources.

Under these circumstances, the Group's precious metals business started new precious metals refining operations at our Thai subsidiary, and made plans to expand our sales structure in response to moves by semiconductor and electronic part manufacturers to strengthen manufacturing locations. In Japan, in response to the needs of the semiconductor and electronic part industries, we have focused on surface treatment technologies by doing things such as developing precious metal chemical products and strengthening the function of our precision component cleaning service.

In the food business, the increase in worldwide demand for grains and cereals and soaring crude oil prices have led to difficulties in procuring raw food materials. In light of this, we are strengthening relationships with suppliers, and developing new production regions and food materials with the objective of giving consumers safe products that will give them peace of mind and safety. As part of our plan to deal with these issues, our Quality Assurance Department has obtained the ISO 9001 quality control management system certification.

Consolidated net sales rose 16.3% year-on-year to 194,795 million yen, operating income rose 22.3% to 9,088 million yen, ordinary income rose 7.7% to 8,863 million yen, and net income rose 8.3% year-on-year to 5,286 million yen.

The following is a summary of business by segment:

Consolidated results by segment	(millions of yen) (Comparison to FY2007)				
Segment	Net Sales			Operating income	
Precious metals business	150,057	(+27,230	+22.2%)	8,126	(+1,133 +16.2%)
Food business	44,810	(+129	+0.3%)	962	(+522 +118.6%)
Eliminations or corporate	-73			—	
Total	194,795	(+27,359	+16.3%)	9,088	(+1,655 +22.3%)

*Precious metals business:*

In the precious metals division, despite a slowdown in the fourth quarter, production activities for the semiconductor and electronic part industries, who are the main customers of the precious metals recycling business, increased overall for the year, compared to the previous fiscal year. As a result, the Company was able to recover more raw materials for recycling and increase sales of precious metal chemical products and gold bonding wires than in the previous fiscal year. However, recovery of silver from photosensitive materials has declined as the industry moves towards a digital format.

Despite temporary fluctuations, the market for the company's main products of gold, silver, platinum, and palladium continued on an upward trend overall, with the yearly average price for these products exceeding that of the previous fiscal year.

As society tackles environmental problems, there is a push to reduce overall emissions. In the environmental division, the company has utilized its nationwide collection and transportation network, increasing the amount it handled over the previous fiscal year. In addition, Z.E.R.O.-Japan Co., Ltd., the subsidiary that develops and manufactures PCB disposal devices, supplied some of the disposal devices for the second phase of construction of Japan Environmental Safety Corporation's (JESCO's) Kitakyushu facility.

As a result, sales for the precious metals business rose 22.2% year-on-year to 150,057 million yen, and operating income rose 16.2% year-on-year to 8,126 million yen.

### Food business:

The food business continued to face a challenging environment, with soaring prices for raw materials leading to announcements of price rises in the processed food industry. In addition, concerns over the safety of imported food products and problems involving food labeling have had a big impact on consumer confidence, and thus tough times continued for the industry as a whole.

Although a decline in the production of marine products such as *surimi* in the fish-paste product industry led to a decrease in sales volume over the previous fiscal year, net sales remained almost the same as the previous fiscal year. In the livestock product area, such as meat and eggs, we experienced a decrease in both sales volume and net sales, mainly for imported broiler chickens. In the agricultural products area (such as vegetables), both sales volume and net sales increased, due to the expansion of the Fresh Foods and Vegetables Distribution Center, which delivers to individual restaurants in the restaurant industry.

As a result, the food business reported consolidated net sales of 44,810 million yen (up 0.3% year-on-year) and operating income of 962 million yen (up 118.6% year-on-year).

## (2) Outlook for FY2008

### Consolidated earnings projections (millions of yen) (Comparison to FY2008)

Net sales	210,000	(+15,204	+ 7.8%)
Operating income	8,000	( -1,088	-12.0%)
Ordinary income	8,200	( -663	- 7.5%)
Net income	4,900	( -386	- 7.3%)

### Consolidated earnings projections by segment (millions of yen) (Comparison to FY2008)

Segment	Net sales			Operating income		
Precious metals business	164,000	(+13,942	+9.3%)	7,200	( -926	-11.4%)
Food business	46,000	( +1,189	+2.7%)	800	(-162	-16.9%)
Total	210,000	(+15,204	+7.8%)	8,000	(-1,088	-12.0%)

With regard to the future outlook, we expect the economies of Asian nations to continue to expand, despite soaring oil prices and the slowdown in the American economy due to the subprime loan problem.

The Group will continue to endeavor to utilize its sales networks to develop its businesses and expand operations in all regions.

In the precious metals business, we plan to strengthen sales networks in countries such as Thailand and Singapore and set our sights on expanding operations in the semiconductor and electronic part industries, through activities such as increasing precious metals recycling and sales of precious metal chemical products. In Japan we will carry out continuous efforts to improve efficiency and to develop new technology in order to maintain a competitive advantage.

Conditions are expected to remain tough in the food business, with soaring worldwide raw material prices and a drop in domestic consumption. Therefore, we plan to meet consumer needs for safe products that will give them peace of mind, as well as implement strict quality control, strengthen connections with suppliers, and develop new production regions.

As a result of the above, both the precious metals and food segments are expected to experience an increase in net sales. However, expanding our business and strengthening internal controls are expected to cause increases in sales and administrative expenses.

## 2) Analysis of financial position

### (1) Financial position

Total assets increased 7,654 million yen year-on-year to 62,945 million yen. The increase resulted mainly from current assets growing 6,543 million yen due to increases of accounts receivable and inventories, and fixed assets growing 1,111 million yen due to IT investments.

Net assets increased 4,692 million yen year-on-year to 31,462 million yen.

### (2) Cash Flow Status

Cash and cash equivalents (hereafter, "cash") for the consolidated FY2008 were as follows: Cash flow from operating activities declined 262 million yen, cash flow from investing activities decreased 2,463 million yen, and cash flow from financing activities rose 2,835 million yen. Cash on hand at the end of the consolidated FY2008, after adjusting for translations, increased 196 million yen year-on-year to 2,724 million yen.

#### Cash flow from operating activities:

Operating activities resulted in a cash outflow of 262 million yen compared to an outflow of 142 million yen for the previous consolidated fiscal year.

*Cash flow from investing activities:*

Investing activities resulted in an outflow of 2,463 million yen compared to an outflow of 703 million for the previous consolidated fiscal year. This was due to the purchase fixed assets.

*Cash flow from financing activities:*

Financing activities resulted in an inflow of 2,834 million yen, compared to an inflow of 784 million yen for the previous consolidated fiscal year.

(Notes) Trend in cash flow indicators

	FY3/04	FY3/05	FY3/06	FY3/07	FY3/08
Shareholders' equity ratio	52.9	54.8	46.4	48.4	50.0
Shareholders' equity ratio on a market value basis	55.2	64.2	135.5	128.0	93.5
Ratio of interest-bearing debt to cash flow	3.6	2.9	2.8	–	–
Interest coverage ratio	14.6	16.8	27.5	–	–

(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 increase 2 yen per share year-on-year to 24 yen per share as a result. Including the effect of a 1.1:1 stock split on September 1, 2007, dividends for the full fiscal year are expected to rise 20% year-on-year.

The Company expects to pay 24 yen per share in dividends for FY3/09 (12 yen per share as an interim dividend, and 12 yen per share as a year-end dividend); however, the Company is planning to enact a 1.1:1 stock split at the end of August 2008 to increase the liquidity of the Company's shares, effectively increasing dividends. 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.

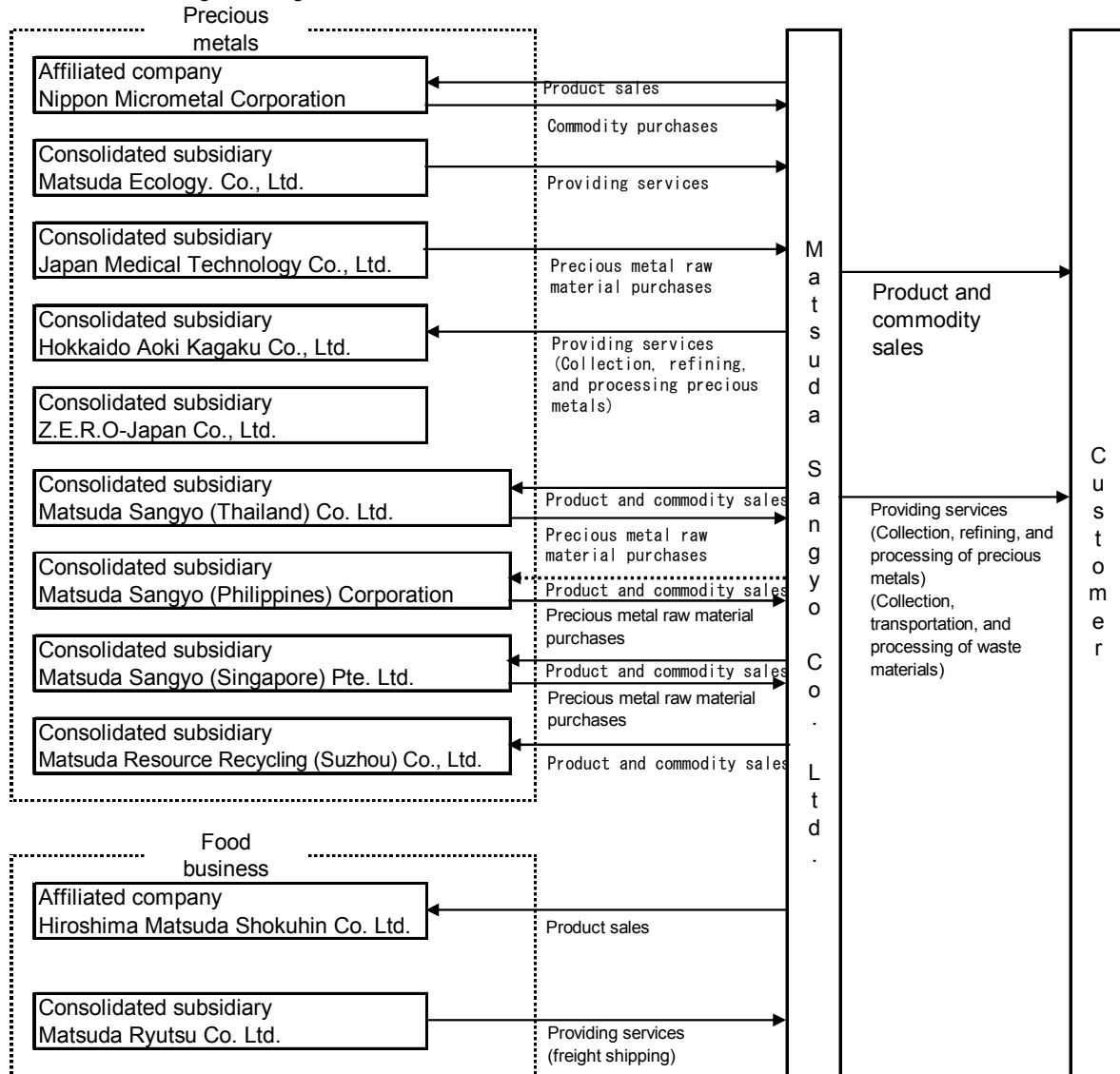
(4) Management of waste and other materials

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 2 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, and the affiliated company, Hiroshima Matsuda Shokuhin Co., Ltd., handles wholesaling of processed food ingredients, mainly to the local area. Matsuda Resource Recycling (Suzhou) Co., Ltd. was established in April 2007 as a wholly owned subsidiary.

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 through 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 FY3/08, the ratio of ordinary income to total assets was 15.0%, surpassing the benchmark, but the shareholders' equity ratio fell short of the target at 50.0%. 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, adding a new subsidiary in China in addition to subsidiaries in Thailand, the Philippines, and Singapore and starting refining operations in its Thailand subsidiary. Plans call for a further expansion of these businesses in conjunction with the predicted medium to long-term growth in electronics-related demand.

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.

At the production division, which is the core of precious metals and environmental processing, management is both expanding its facilities as needed to meet an increase in volume of raw material recovery and enhancing its refining technology in response to the expanded scope of diversification and precious metal recovery. On this basis and in light of the medium to long-term outlook for precious metal recycling material, the company is engaged in building a more efficient production structure. 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

(Units: thousand yen, %)

Item	FY3/07 (March 31, 2007)		FY3/08 (March 31, 2008)		Change	
	Amount	(% of tl.)	Amount	(% of tl.)	Amount	(% change)
(Assets)						
I. Current assets						
1. Cash and deposits	2,527,830		2,727,222		199,392	
2. Notes and accounts receivable	19,153,509		20,868,380		1,714,870	
4. Inventory	12,850,186		17,888,398		5,038,211	
5. Deferred tax assets	594,483		605,721		11,238	
6. Other accounts receivable	5,924,484		4,276,703		-1,647,781	
7. Others	1,951,060		3,196,209		1,245,148	
8. Allowance for doubtful accounts	-7,694		-25,315		-17,620	
Total current assets	42,993,860	77.8	49,537,320	78.7	6,543,460	15.2
II. Fixed assets						
(1) Tangible fixed assets						
1. Buildings and structures	4,390,657		4,708,150			
Accumulated depreciation	2,277,969	2,112,688	2,420,960	2,287,189	174,500	
2. Machinery and delivery equipment	3,615,568		4,267,257			
Accumulated depreciation	2,361,421	1,254,147	2,788,597	1,478,660	224,512	
3. Land		4,146,271		4,752,420	606,148	
4. Construction in progress		164,176		822	-163,353	
5. Others	490,984		561,686			
Accumulated depreciation	326,661	164,322	381,299	180,386	16,063	
Total tangible fixed assets		7,841,607		8,699,479	857,872	10.9
(2) Intangible fixed assets						
2. Good will		64,574		38,050	-26,524	
3. Others		403,861		1,181,087	777,225	
Total intangible fixed assets		468,436		1,219,138	750,701	160.3
(3) Investments and other assets						
1. Investment securities		2,653,455		2,256,224	-397,230	
2. Memberships		122,303		92,002	-30,301	
3. Guarantee deposits		482,652		497,858	15,205	
4. Tax deferred assets		251,790		207,152	-44,638	
5. Others		700,510		696,345	-4,165	
6. Allowance for doubtful accounts		-223,689		-259,796	-36,107	
Total investments and other assets		3,987,023	7.2	3,489,786	-497,237	-12.5
Total fixed assets		12,297,067	22.2	13,408,404	1,111,337	9.0
Total assets		55,290,927	100.0	62,945,725	7,654,797	13.8

(Units: thousand yen, %)

Item	FY3/07 (March 31, 2007)		FY3/08 (March 31, 2008)		Change	
	Amount	(% of tl.)	Amount	(% of tl.)	Amount	(% change)
<b>(Liabilities)</b>						
<b>I. Current liabilities</b>						
1. Notes and accounts payable	11,002,848		12,880,347		1,877,498	
2. Short-term debt	2,630,000		6,030,000		3,400,000	
3. Long-term debt expected to be repaid within a year	862,002		640,000		-222,002	
4. Accrued income taxes	2,482,686		2,001,904		-480,782	
5. Allowance for bonuses	519,793		590,686		70,893	
6. Allowance for directors' bonuses	19,580		–		-19,580	
7. Other accounts payable	6,393,377		4,289,439		-2,103,938	
8. Others	2,805,461		2,960,445		154,983	
<b>Total current liabilities</b>	<b>26,715,750</b>	<b>48.3</b>	<b>29,392,822</b>	<b>46.7</b>	<b>2,677,072</b>	<b>10.0</b>
<b>II. Fixed liabilities</b>						
1. Long-term debt	1,030,000		1,307,000		277,000	
2. Allowance for retirement benefit	408,583		410,795		2,212	
3. Allowance for directors retirement benefits	363,176		370,079		6,903	
4. Others	3,604		3,020		-583	
<b>Total fixed liabilities</b>	<b>1,805,363</b>	<b>3.3</b>	<b>2,090,894</b>	<b>3.3</b>	<b>285,531</b>	<b>15.8</b>
<b>Total liabilities</b>	<b>28,521,113</b>	<b>51.6</b>	<b>31,483,717</b>	<b>50.0</b>	<b>2,962,604</b>	<b>10.4</b>
<b>(Net assets)</b>						
<b>I. Shareholders' equity</b>						
<b>I. Common stock</b>						
1. Common stock	3,559,206	6.4	3,559,206	5.7	–	0.0
1. Legal reserves	4,009,273	7.3	4,009,273	6.4	–	0.0
2. Retained earnings	18,807,723	34.0	23,494,608	37.3	4,686,885	24.9
Treasury stock	-100,383	-0.2	-121,384	-0.2	-21,000	20.9
<b>Total shareholders' equity</b>	<b>26,275,819</b>	<b>47.5</b>	<b>30,941,703</b>	<b>49.2</b>	<b>4,665,884</b>	<b>17.8</b>
<b>II. Valuation and translation adjustments</b>						
1. Unrealized gains on shareholders' equity	402,014	0.7	203,187	0.3	-198,826	-49.5
2. Deferred hedge gain/loss	-79,227	-0.1	54,044	0.1	133,272	-168.2
3. Total of foreign currency translation adjustments	171,207	0.3	263,070	0.4	91,862	53.7
<b>Total of Valuation and translation adjustments</b>	<b>493,994</b>	<b>0.9</b>	<b>520,303</b>	<b>0.8</b>	<b>26,308</b>	<b>5.3</b>
<b>Total net assets</b>	<b>26,769,814</b>	<b>48.4</b>	<b>31,462,007</b>	<b>50.0</b>	<b>4,692,193</b>	<b>17.5</b>
<b>Total liabilities &amp; net assets</b>	<b>55,290,927</b>	<b>100.0</b>	<b>62,945,725</b>	<b>100.0</b>	<b>7,654,797</b>	<b>13.8</b>

## (2) Consolidated Statement of Income

(Units: thousand yen, %)

Item	FY3/07 (April 1, 2006–March 31, 2007)		FY3/08 (April 1, 2007–March 31, 2008)		Change			
	Amount	(% of tl.)	Amount	(% of tl.)	Amount	(%) change)		
I. Net sales		167,436,525	100.0		194,795,763	100.0	27,359,238	16.3
II. Cost of sales		149,652,156	89.4		174,752,566	89.7	25,100,409	16.8
Gross profit		17,784,368	10.6		20,043,196	10.3	2,258,828	12.7
III. Selling, general, and administrative expenses		10,351,114	6.2		10,954,220	5.6	603,106	5.8
Operating income		7,433,253	4.4		9,088,976	4.7	1,655,722	22.3
IV. Non-operating income								
1. Interest received	4,997			8,763				
2. Dividends received	18,957			31,904				
3. Investment gains on equity method	350,052			70,042				
4. Purchase discounts	40,504			62,561				
5. Foreign exchange gains	414,982			–				
6. Others	52,022	881,516	0.5	80,942	254,213	0.1	-627,303	-71.2
V. Non-operating expenses								
1. Interest paid	56,965			77,711				
2. Fees paid	9,295			9,615				
	–			377,407				
3. Other	15,748	82,009	0.0	15,311	480,046	0.3	398,037	485.4
Ordinary income		8,232,761	4.9		8,863,143	4.5	630,382	7.7
VI. Extraordinary income								
1. Reversal of allowance for doubtful accounts	34,415			–				
2. Gains on sale of fixed assets	–			13,694				
3. Gains on sale of investment securities	10,087	44,503	0.0	27,738	41,432	0.0	-3,070	-6.9
VIII. Extraordinary losses								
1. Losses on impaired assets	16,802			–				
2. Losses on sales of fixed assets	–			10,492				
2. Losses on disposal of fixed assets	46,477	63,279	0.0	30,913	41,406	0.0	-21,873	-34.6
Income before income taxes		8,213,984	4.9		8,863,170	4.5	649,185	7.9
Corporate, residential & enterprise taxes	3,485,777			3,498,520				
Adjustments for corporate & other taxes	-158,679	3,327,097	2.0	78,374	3,576,894	1.8	249,796	7.5
Minority interests in income		4,143	0.0		–		-4,143	-100.0
net income		4,882,743	2.9		5,286,275	2.7	403,532	8.3

(3) Consolidated Statement of Changes in Shareholders' Equity  
FY3/07 (April 1, 2006–March 31, 2007)

	Shareholders' equity				
	Common stock	Legal capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2006 (thousands of yen)	3,559,206	4,008,730	14,584,713	-83,806	22,068,843
Changes during the consolidated fiscal year					
Dividends of retained earnings			-642,353		-642,353
Directors' bonuses			-17,380		-17,380
Net income			4,882,743		4,882,743
Purchase of treasury stock				-16,778	-16,778
Disposal of treasury stock		543		201	745
Net changes in items other than shareholders' equity during the consolidated fiscal year					
Total change during the consolidated fiscal year (thousands of yen)	-	543	4,223,009	-16,577	4,206,975
Balance as of FY 3/07 (thousands of yen)	3,559,206	4,009,273	18,807,723	-100,383	26,275,819

	Valuation and translation adjustments				Minority interests	Total net assets
	Unrealized gains on other securities	Deferred hedge gain/loss	Foreign currency translation adjustments	Total valuation and translation adjustments		
Balance as of March 31, 2006 (thousands of yen)	443,312	-	44,208	487,520	20,014	22,576,378
Changes during the consolidated fiscal year						
Dividends of retained earnings						-642,353
Directors' bonuses						-17,380
net income						4,882,743
Purchase of treasury stock						-16,778
Disposal of treasury stock						745
Net Changes in items other than shareholders' equity	-41,297	-79,227	126,999	6,474	-20,014	-13,540
Total change during the consolidated fiscal year (thousands of yen)	-41,297	-79,227	126,999	6,474	-20,014	4,193,435
Balance as of FY 3/07 (thousands of yen)	402,014	-79,227	171,207	493,994	-	26,769,814

Consolidated Statement of Changes in Shareholders' Equity  
FY3/08 (April 1, 2007–March 31, 2008)

	Shareholders' equity				
	Common stock	Legal capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2007 (thousands of yen)	3,559,206	4,009,273	18,807,723	-100,383	26,275,819
Changes during the consolidated fiscal year					
Dividends of retained earnings			-599,390		-599,390
Net income			5,286,275		5,286,275
Purchase of treasury stock				-21,000	-21,000
Disposal of treasury stock					
Net changes in items other than shareholders' equity during the consolidated fiscal year					
Total change during the consolidated fiscal year (thousands of yen)	-	-	4,686,885	-21,000	4,665,884
Balance as of FY 3/08 (thousands of yen)	3,559,206	4,009,273	23,494,608	-121,384	30,941,703

	Valuation and translation adjustments				Total net assets
	Unrealized gains on other securities	Deferred hedge gain/loss	Foreign currency translation adjustments	Total valuation and translation adjustments	
Balance as of March 31, 2007 (thousands of yen)	402,014	-79,227	171,207	493,994	26,769,814
Changes during the consolidated fiscal year					
Dividends of retained earnings					-599,390
net income					5,286,275
Purchase of treasury stock					-21,000
Disposal of treasury stock					-
Net Changes in items other than shareholders' equity	-198,826	133,272	91,862	26,308	26,308
Total change during the consolidated fiscal year (thousands of yen)	-198,826	133,272	91,862	26,308	4,692,193
Balance as of FY 3/08 (thousands of yen)	203,187	54,044	263,070	520,303	31,462,007

## (4) Consolidated Statement of Cash Flow

(thousands of yen)

Item	FY3/07	FY3/08	Change
	(April 1, 2006– March 31, 2007)	(April 1, 2007– March 31, 2008)	Amount
	Amount	Amount	Amount
<b>Cash flow from operating activities</b>			
1. Income before income taxes	8,213,984	8,863,170	649,185
2. Depreciation	816,319	850,206	33,886
3. Losses on impaired assets	16,802	–	-16,802
4. Amortization of good will	25,686	26,524	837
5. Change in allowance for doubtful accounts	-23,668	53,727	77,416
6. Change in allowance for bonuses	68,532	70,893	2,360
7. Change in allowance for directors' bonuses	19,580	-19,580	-39,160
8. Change in allowance for retirement benefits	6,511	2,212	-4,299
9. Change in allowance for directors' retirement bonuses	14,622	6,903	-7,719
10. Interest or dividends received	-23,954	-40,667	-16,712
11. Interest paid	56,965	77,711	20,746
12. Gain on equity-method investments	-350,052	-70,042	280,009
13. Directors' bonuses paid	-17,380	–	17,380
14. Gain on disposal of investment securities	-10,087	-27,738	-17,650
15. Gain on disposal of tangible fixed assets	–	-3,201	-3,201
16. Loss on disposal of tangible fixed assets	46,477	30,913	-15,564
17. Change in accounts receivable	-1,242,949	-1,632,798	-389,848
18. Change in other accounts receivable	45,482	1,652,186	1,606,704
19. Change in inventory	-4,090,314	-4,836,865	-746,550
20. Change in accounts payable - trade	-1,336,019	1,626,124	2,962,143
21. Changes in other accounts payable	235,441	-1,938,269	-2,173,711
22. Other changes	26,320	-929,773	-956,094
Subtotal	2,498,278	3,761,635	1,263,356
23. Interest and dividends received	29,706	38,344	8,637
24. Interest paid	-55,591	-78,374	-22,782
25. Corporate & other taxes paid	-2,614,759	-3,983,686	-1,368,926
Cash flow from operating activities	-142,366	-262,081	-119,715
<b>Cash flow from investment activities</b>			
1. Expenditure for the purchase of tangible fixed assets	-626,500	-1,719,423	-1,092,923
2. Proceeds from the sale of tangible fixed assets	–	6,716	6,716
3. Expenditure for the purchase of intangible fixed assets	-116,642	-867,453	-750,811
4. Expenditure for the purchase of investment securities	-9,045	-175,904	-166,859
5. Proceeds from the sale of investment securities	14,400	336,738	322,338
6. Expenditure for the purchase of shares of consolidated subsidiaries	-23,320	–	23,320
7. Others	57,410	-44,428	-101,838
Cash flow from investing activities	-703,697	-2,463,756	-1,760,058
<b>III. Cash flow from financing activities</b>			
1. Net change in short-term loans	1,350,000	3,400,000	2,050,000
2. Proceeds from long-term loans	600,000	1,000,000	400,000
3. Expenditure for the repayment of long-term loans	-507,491	-945,002	-437,511
4. Expenditure for the purchase of treasury shares	-16,021	-21,000	-4,979
5. Dividends paid	-642,353	-599,390	42,963
Cash flow from financing activities	784,133	2,834,606	2,050,473
IV. Foreign currency translation adjustment on cash and cash equivalents	88,240	87,430	-810
V. Change in cash and cash equivalents	26,310	196,199	169,889
VI. Cash & equivalents at beginning of period	2,501,520	2,527,830	26,310
VII. Cash & equivalents at end of period	2,527,830	2,724,029	196,199

(Segment information)  
1. Segment information by business  
FY3/07 (April 1, 2006–March 31, 2007)

	Precious metals business (thousands of yen)	Food business (thousands of yen)	Total (thousands of yen)	Eliminations or corporate (thousands of yen)	Consolidated (thousands of yen)
I. Net sales and operating income					
Sales					
(1) Net sales to external parties	122,823,052	44,613,473	167,436,525	–	167,436,525
(2) Net sales & remittances between segments	4,800	67,712	72,512	(72,512)	–
Total	122,827,852	44,681,185	167,509,038	(72,512)	167,436,525
Operating expenses	115,834,875	44,240,909	160,075,784	(72,512)	160,003,271
Operating income	6,992,976	440,276	7,433,253	–	7,433,253
II. Assets / depreciation / loss on impaired assets / capital expenditures					
Assets	40,691,422	12,138,917	52,830,340	2,460,587	55,290,927
Depreciation	768,718	47,600	816,319	–	816,319
Loss on impaired assets	–	–	–	16,802	16,802
Capital expenditures	875,166	104,178	979,344	–	979,344

FY3/08 (April 1, 2007–March 31, 2008)

	Precious metals business (thousands of yen)	Food business (thousands of yen)	Total (thousands of yen)	Eliminations or corporate (thousands of yen)	Consolidated (thousands of yen)
I. Net sales and operating income					
Sales					
(1) Net sales to external parties	150,053,083	44,742,680	194,795,763	–	194,795,763
(2) Sales & remittances between segments	4,800	68,205	73,005	(73,005)	–
Total	150,057,883	44,810,885	194,868,769	(73,005)	194,795,763
Operating expenses	141,931,349	43,848,443	185,779,793	(73,005)	185,706,787
Operating income	8,126,533	962,442	9,088,976	–	9,088,976
II. Assets / depreciation / loss on impaired assets / capital expenditures					
Assets	47,140,830	11,984,014	59,124,845	3,820,879	62,945,725
Depreciation	799,027	51,178	850,206	–	850,206
Capital expenditures	2,282,572	262,818	2,545,390	–	2,545,390