

Q3 FY3/08 Financial Statements (Consolidated)

February 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
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(Figures are rounded down to the nearest million yen)

1. Q3 FY3/08 Consolidated results (April 1, 2007 – December 31, 2007)

(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)	%
Q3 FY3/08	142,526	14.5	6,822	12.5	6,877	4.1	4,084	3.0
Q3 FY3/07	124,485	35.2	6,063	77.9	6,605	79.5	3,964	81.2
(Reference) 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	
	Yen		Yen	
Q3 FY3/08	156.14		-	
Q3 FY3/07	166.68		-	
(Reference) FY3/07	205.31		-	

(2) Changes in consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	(millions of yen)	(millions of yen)	%	Yen
Q3 FY3/08	63,548	30,175	47.5	1,153.78
Q3 FY3/07	56,985	25,847	45.3	1,085.94
(Reference) FY3/07	55,290	26,769	48.4	1,125.69

2. (Reference) FY3/08 consolidated earnings projections (April 1, 2007–March 31, 2008)

(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
FY3/08	188,000	12.3	8,500	14.4	8,500	3.3	5,100	4.5	195.00

(Note) The company enacted a 1.1:1 stock split on September 1, 2007 and net income per share for Q3 FY3/08 (and that for FY3/08 projection) are calculated assuming that this stock split had been enacted on April 1, 2007.

3. Others

(1) Use of simplified accounting method: Yes

(2) Changes in accounting treatment since the end of the previous fiscal year: Yes

(3) Changes in the scope of consolidation or application of the equity method: None

(Note) Refer to section 4, Others in [Qualitative information and financial statements], on page 2 for details.

* Explanation of the proper use of earnings projections and other notes

The projections given above were made based on information available at the present time, and include numerous uncertainties. Actual earnings may differ from the above projections for various reasons such as changes in business conditions.

[Qualitative information and financial statements]

1. Qualitative information concerning consolidated results

Centered on corporate performance, the Japanese economy remained solid during Q3 FY3/08, despite rising concern about the surge in the price of crude oil and a slump in the American economy against the background of the subprime loans problem.

Under these conditions, the sales of precious metal business were greater than Q3 FY3/07, as precious metals prices remained high, and the collection of waste matter from the semiconductor and electric parts industries, the major customers for this line of business stayed high.

In the food products business, business conditions remained severe owing to growing demand for improved food safety and high prices of seafood products. Under these conditions, sales of seafood products and agricultural products surpassed that for Q3 FY3/07.

Therefore, for Q3 FY3/08, net sales rose 14.5% year on year to 142,526 million yen. In addition, operating income increased 12.5% year on year to 6,822 million yen, ordinary income grew 4.1% year on year to 6,877 million yen, and net income expanded 3.0% year on year to 4,084 million yen.

2. Qualitative information concerning consolidated financial position

As for qualitative information on the consolidated financial position at the end of Q3 FY3/08, total assets rose 8,257 million yen to 63,548 million yen compared to March 31, 2007, and net assets increased 3,405 million yen to 30,175 million yen.

The increase in total assets was mainly the result of an increase in accounts receivable and an increase in inventories.

3. Qualitative information concerning consolidated earnings projections

Earnings for Q3 FY3/08 surpassed initial projections since there was firm production within the semiconductor and electric parts industries, and the price of precious metals was high. Therefore, earning projections for the fiscal year announced on November 12, 2007, have been revised.

4. Others

(1) Use of simplified accounting method

The simplified method was partially used for items such as criteria for recording reserves.

(2) Changes in accounting treatment since the end of the previous fiscal year

In accordance with revisions to the tax system in FY07, the method used to account for depreciation expenses of tangible fixed assets acquired on and after April 1, 2007 was changed to the method stipulated in the revised Corporation Tax Law. These changes will have only a minor affect on earnings.

(3) Changes in the scope of consolidation or application of the equity method

There is nothing to report.

4. (Summary) Quarterly Consolidated Financial Statements

(1) (Summary) Quarterly Balance Sheet

(Units: thousand yen, %)

Item	Q3 FY3/07 (December 31, 2006)		Q3 FY3/08 (December 31, 2007)		Change		(Reference) FY3/07 (March 31, 2007)	
	Amount	(% of tl.)	Amount	(% of tl.)	Amount	(% change)	Amount	(% of tl.)
(Assets)								
I. Current assets								
1. Cash and deposits	2,839,550		2,337,059		(502,491)		2,527,830	
2. Notes and accounts receivable	19,937,506		21,999,267		2,061,761		19,153,509	
3. Inventories	13,242,254		14,857,898		1,615,643		12,850,186	
4. Deferred tax assets	368,525		502,522		133,997		594,483	
5. Other accounts receivable	5,982,200		8,983,168		3,000,967		5,924,484	
6. Others	2,653,218		1,724,468		(928,749)		1,951,060	
7. Allowance for doubtful accounts	(5,143)		(9,094)		(3,950)		(7,694)	
Total current assets	45,018,113	79.0	50,395,291	79.3	5,377,178	11.9	42,993,860	77.8
II. Fixed assets								
1. Tangible fixed assets								
(1) Buildings and structures	2,059,305		2,297,991		238,686		2,112,688	
(2) Machinery and delivery equipment	1,218,554		1,436,254		217,700		1,254,147	
(3) Land	4,138,795		4,736,513		597,718		4,146,271	
(4) Construction in progress	13,194		6,095		(7,098)		164,176	
(5) Others	170,766		181,681		75,284		164,322	
Total tangible fixed assets	7,600,615	13.4	8,658,536	13.6	1,057,921	14.0	7,841,607	14.2
2. Intangible fixed assets								
(1) Goodwill	70,916		44,392		(26,524)		64,574	
(2) Others	404,684		775,493		370,809		403,861	
Total intangible fixed assets	475,601	0.8	819,886	1.3	344,285	72.4	468,436	0.8
3. Investments and other assets								
(1) Investment securities	2,605,423		2,441,684		(163,739)		2,653,455	
(2) Memberships	122,014		106,490		(15,524)		122,303	
(3) Guarantee deposits	471,225		499,447		28,222		482,652	
(4) Deferred tax assets	266,229		214,720		(51,508)		251,790	
(5) Others	644,597		658,679		14,082		700,510	
(6) Allowance for doubtful accounts	(218,597)		(246,497)		(27,900)		(223,689)	
Total investments and other assets	3,890,893	6.8	3,674,524	5.8	(216,368)	(5.6)	3,987,023	7.2
Total fixed assets	11,967,109	21.0	13,152,947	20.7	1,185,838	9.9	12,297,067	22.2
Total assets	56,985,222	100.0	63,548,239	100.0	6,563,016	11.5	55,290,927	100.0

(Note) Values have been rounded down to the nearest thousand yen.

(Units: thousand yen, %)

Item	Q3 FY3/07 (December 31, 2006)		Q3 FY3/08 (December 31, 2007)		Change		(Reference) FY3/07 (March 31, 2007)	
	Amount	(% of tl.)	Amount	(% of tl.)	Amount	(% change)	Amount	(% of tl.)
(Liabilities)								
I. Current liabilities								
1. Notes and accounts payable	12,833,274		11,206,472		(1,626,802)		11,002,848	
2. Short-term debt	4,780,000		5,030,000		250,000		2,630,000	
3. Long-term debt expected to be repaid within a year	493,717		1,048,000		554,283		862,002	
4. Accrued income taxes	1,639,875		1,139,339		(500,535)		2,482,686	
5. Allowance for bonuses	275,646		287,009		11,363		519,793	
6. Allowance for directors' bonuses	13,035		14,685		1,650		19,580	
7. Other accounts payable	6,083,537		8,746,710		2,663,172		6,393,377	
8. Others	2,721,185		4,064,395		1,343,210		2,805,461	
Total current liabilities	28,840,270	50.6	31,536,612	49.6	2,696,341	9.3	26,715,750	48.3
II. Fixed liabilities								
1. Long-term debt	1,539,000		1,049,000		(490,000)		1,030,000	
2. Allowance for retirement benefits	421,536		423,106		1,570		408,583	
3. Allowance for directors' retirement benefits	330,123		360,974		30,851		363,176	
4. Others	6,573		3,020		(3,553)		3,604	
Total fixed liabilities	2,297,232	4.0	1,836,101	2.9	(461,131)	(20.1)	1,805,363	3.3
Total liabilities	31,137,503	54.6	33,372,713	52.5	2,235,210	7.2	28,521,113	51.6
(Net assets)								
I. Shareholders' equity								
1. Common stock	3,559,206		3,559,206		—		3,559,206	
2. Legal capital surplus	4,008,730		4,009,273		543		4,009,273	
3. Retained earnings	17,889,399		22,292,837		4,403,438		18,807,723	
4. Treasury stock	(95,726)		(120,166)		(24,440)		(100,383)	
Total shareholders' equity	25,361,609	44.5	29,741,150	46.8	4,379,541	17.3	26,275,819	47.5
II. Valuation and translation adjustments								
1. Unrealized gains on other marketable securities	402,403		307,454		(94,948)		402,014	
2. Deferred hedge gain/loss	(31,169)		(81,005)		(49,836)		(79,227)	
3. Foreign currency translation adjustments	93,074		207,926		114,852		171,207	
Total of valuation and translation adjustments	464,307	0.8	434,375	0.7	(29,932)	(6.4)	493,994	0.9
IV. Minority interest								
Minority interest	21,802	0.1	—	0.0	(21,802)	(100.0)	—	—
Total net assets	25,847,719	45.4	30,175,525	47.5	4,327,806	16.7	26,769,814	48.4
Total liabilities and net assets	56,985,222	100.0	63,548,239	100.0	6,563,016	11.5	55,290,927	100.0

(Note) Values have been rounded down to the nearest thousand yen.

(2) (Summary) Quarterly Consolidated Statement of Income

(Units: thousand yen, %)

Item	Q3 FY3/07 (April 1, 2006 – December 31, 2006)		Q3 FY3/08 (April 1, 2007 – December 31, 2007)		Change		(Reference) FY3/07 (April 1, 2006 – March 31, 2007)	
	Amount	(% of tl.)	Amount	(% of tl.)	Amount	(%) change)	Amount	(% of tl.)
I. Net sales	124,485,321	100.0	142,526,267	100.0	18,040,946	14.5	167,436,525	100.0
II. Cost of sales	110,720,369	88.9	127,623,409	89.5	16,903,039	15.3	149,652,156	89.4
Gross profit	13,764,951	11.1	14,902,858	10.5	1,137,907	8.3	17,784,368	10.6
III. Selling, general, and administrative expenses	7,701,880	6.2	8,080,830	5.7	378,949	4.9	10,351,114	6.2
Operating income	6,063,071	4.9	6,822,028	4.8	758,957	12.5	7,433,253	4.4
IV. Non-operating income	596,868	0.5	251,714	0.2	(345,153)	(57.8)	881,516	0.5
V. Non-operating expenses	54,094	0.1	196,221	0.1	142,127	262.7	82,009	0.0
Ordinary income	6,605,845	5.3	6,877,521	4.9	271,676	4.1	8,232,761	4.9
VI. Extraordinary income	40,988	0.0	38,723	0.0	(2,265)	(5.5)	44,503	0.0
VIII. Extraordinary losses	35,976	0.0	20,438	0.0	(15,537)	(43.2)	63,279	0.0
Income before income taxes	6,610,857	5.3	6,895,806	4.9	284,949	4.3	8,213,984	4.9
Income taxes, etc.	2,644,649	2.1	2,811,302	2.0	166,652	6.3	3,327,097	2.0
Minority interest in income	1,788	0.0	—	—	(1,788)	(100.0)	4,143	0.0
Net income	3,964,419	3.2	4,084,504	2.9	120,085	3.0	4,882,743	2.9

(Note) Values have been rounded down to the nearest thousand yen.