Member of the Financial Accounting Standards Foundation

FY3/07 Financial Statements

May 14, 2007

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 28, 2007 Expected dividend payment date: June 29, 2007

Expected release Filing date of the formal financial statements June 28, 2007

(Figures are rounded down to the nearest million yen)

1. FY3/07 Consolidated results (April 1, 2006–March 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)	%
FY3/07	167,436	31.6	7,433	69.7	8,232	75.5	4,882	79.1
FY3/06	127,231	17.8	4,379	23.4	4,690	23.8	2,726	32.8

	Net income per share	Diluted net income per share	Return on equity	Ordinary income / total assets	Operating income margin
	Yen	Yen	%	%	%
FY3/07	205.31	–	19.8	15.8	4.4
FY3/06	113.86	–	12.9	11.1	3.4

(Notes) Gain and loss on equity investments FY3/07 350 million yen FY3/06 176 million yen

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	(millions of yen)	(millions of yen)	%	Yen
FY3/07	55,290	26,769	48.4	1,125.69
FY3/06	48,628	22,556	46.4	947.54

(Notes) Shareholders' equity FY3/07 26,769 million yen FY3/06 22,556 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)
FY3/07	-142	-703	784	2,527
FY3/06	1,099	-1,242	862	2,501

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)	%	%
FY3/07	–	10.00	–	12.00	22.00	523	10.7	2.1
FY3/06	–	–	–	17.00	17.00	404	14.9	1.8
FY3/08 (projections)	–	10.00	–	12.00	22.00	–	14.0	–

3. 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
1H FY3/08	86,000	6.6	3,100	-27.4	3,200	-31.0	2,000	-28.0	76.45
FY3/08	175,000	4.5	6,500	-12.6	6,700	-18.6	4,100	-16.0	156.73

4. Other

(1) Material changes in subsidiaries during the fiscal year: no

(2) Changes in accounting principles and procedures or format of consolidated financial statements

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

(2) Other changes: no

(3) Number of issued shares (common shares)

(1)	Number of issued shares at the end of the fiscal period (including treasury shares)	FY3/07	23,891,390	FY3/06	23,891,390
(2)	Number of treasury shares at the end of the fiscal period	FY3/07	110,711	FY3/06	104,561

(Reference) Summary of non-consolidated results

1. FY03/07 Non-consolidated results (April 1, 2006–March 31, 2007)

(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)	%
FY3/07	166,184	32.5	7,229	75.0	7,712	78.2	4,422	82.7
FY3/06	125,398	19.3	4,130	23.4	4,328	26.8	2,421	43.7

	Net income per share	Diluted net income per share
	Yen	Yen
FY3/07	185.93	–
FY3/06	101.01	–

(2) Non-consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	(millions of yen)	(millions of yen)	%	Yen
FY3/07	52,847	25,431	48.1	1,069.18
FY3/06	44,996	21,804	48.5	915.72

(Notes) Shareholders' equity FY3/07 25,431 million yen FY3/06 21,804 million yen

FY3/08 Non-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
1H FY3/08	84,500	5.7	2,900	-30.2	2,900	-31.9	1,700	-31.0	64.97
FY3/08	171,000	2.9	5,900	-18.4	5,900	-23.5	3,450	-22.0	131.85

1. Operating results

1) Analysis of operating results

(1) Operating results for FY2007

The Japanese economy continued its gradual recovery during the current fiscal year as corporate earnings improved and capital expenditures increased, despite weakness in private consumption.

Production was generally firm due to strong demand for the semiconductor and electric parts industries, which are the main industries that the Group's precious metals-related business targets, due to strong demand for digital products. The business environment for the food business remained difficult, in contrast, with fierce price competition as prices for raw materials for food products such as seafood, remained high due to greater demand overseas and the weak yen.

The Group strived to expand sales during the consolidated FY2007 by providing products and services demanded by customers in each field; this enabled a dramatic increase in both sales and operating income for the precious metals business, supported by a robust electronics industry and continued elevated prices for precious metals.

Record sales and profits were therefore recorded for the consolidated FY2007. Consolidated net sales rose 31.6% year-on-year to 167,436 million yen, operating income rose 69.7% to 7,433 million yen, ordinary income increased 75.5% to 8,232 million yen, and net income rose 79.1% year-on-year to 4,882 million yen.

The following is a summary of business by segment:

Precious metals business:

For precious metals operations, sales of products such as plating chemicals were firm due to strong production in the semiconductor and electronic parts industries accompanying greater demand for electronics; there was also a simultaneous increase in the recycling of precious metals both in Japan and overseas. Sales of precious metal products and commodities were also substantially greater than last year, owing to sustained high market prices for precious metal bullions

In light of the overall downward trend in demand for photo sensitive materials that has accompanied the shift to digital formats in the environmental sector, the Company strove to increase sales through expanding business by making use of its licensed network for collection and transportation and its processing technology for waste acids and waste alkalis in the production division.

As a result, sales for the precious metals business rose 51.0% year-on-year to 122,823 million yen, and operating income increased 87.1% year-on-year to 6,992 million yen.

Food business:

In the food business, sales of seafood products grew only slightly due to stagnant selling prices, despite an increase in the volume of sales over the previous fiscal year; sales of livestock products fell on a decline in the volume of sales. The Group's distribution center was moved to Kashiwa City in Chiba Prefecture and services were improved for food product sales to the food service industry. Cost increases such as the cost of moving the distribution center, coupled with greater costs for inspections, etc. following the tightening of regulations on ingredients such as additives, put pressure on income.

Consolidated sales fell 2.7% year-on-year to 44,613 million yen, and operating income declined 31.4% year-on-year to 440 million yen for the food products-related business, as a result.

(2) Outlook for FY2008

It appears that the Japanese economy will remain firm and continue to recover moderately, particularly in the corporate sector; the economic situation throughout Asia is also expected to remain strong. The Group's precious metals business is expected to expand further on a volume basis as a result of continued strength in the electronics industry under these conditions; however, it is impossible to know if the prices for precious metals will remain at the current high level. The Group has decided on aggressive overseas expansion, including the launching of operations at a precious metal refinery in Thailand for a subsidiary of the Group, working to expand precious metals sales in East Asia, and promoting diversification of purchasing sources by establishing a local office in Qingdao, China, and these efforts are expected to result in an unavoidable increase in costs, to a certain extent.

Our forecast of operating results for next fiscal year are for consolidated sales to increase 4.5% year-on-year to 175,000 million yen, operating income to decline 12.6% to 6,500 million yen, ordinary income to fall 18.6% to 6,700 million yen, and net income to contract 16.0% year-on-year to 4,100 million yen.

These are only future projections, and they entail both risk and uncertainties. Actual earnings may differ from projections based on various factors.

2) Analysis of financial position

(1) Financial position

Total assets increased 6,662 million yen compared to the previous consolidated fiscal year to 55,290 million yen. The increase resulted mainly from inventories growing 4,313 million yen due to a larger volume of recycled raw materials for the precious metals business and current assets growing 6,105 million yen due to growth in accounts receivable, among other reasons.

Total consolidated liabilities rose 2,468 million yen year-on-year to 28,521 million yen. This resulted from several factors, including an increase in interest bearing debt of 1,442 million yen, which accompanied the expansion in the scope of business and an increase in accrued taxes of 885 million yen that resulted from an increase in taxable income.

Net assets increased 4,213 million yen year-on-year to 26,769 million yen on a consolidated basis.

(2) Cash Flow Status

Cash and cash equivalents (hereafter, “cash”) for the consolidated FY2007 were as follows: Cash flow from operating activities declined 142 million yen, cash flow from investing activities decreased 703 million yen, and cash flow from financing activities rose 784 million yen. Cash on hand at the end of the consolidated FY2007, after adjusting for translations, increased 1.1% (26 million yen) year-on-year to 2,527 million yen.

Cash flow from operating activities:

Operating activities resulted in a cash outflow of 142 million yen compared to an inflow of 1,099 million yen for the previous consolidated fiscal year. This was mainly due to growth in inventory accompanying the expansion of the scope of business and an increase in accounts receivable. The 1,242 million yen increase in accounts receivable includes a 1,165 million yen increase in trade accounts receivable on which collection was delayed until the next fiscal year due to the fact that March 31 fell on a holiday, thereby impacting cash flow from operating activities.

Cash flow from investing activities:

Investing activities resulted in an outflow of 703 million yen compared to an outflow of 1,242 million for the previous consolidated fiscal year. This was due to various factors, including the purchase of both tangible and intangible fixed assets.

Cash flow from financing activities:

Financing activities resulted in an inflow of 784 million yen, compared to an inflow of 862 million yen for the previous consolidated fiscal year. This was due to a net increase in short and long-term loans of 1,442 million yen and an increase in dividends paid.

(Notes) Trend in cash flow indicators

	FY3/03	FY3/04	FY3/05	FY3/06	FY3/07
Shareholders’ equity ratio	52.3	52.9	54.8	46.4	48.4
Shareholders’ equity ratio on a market value basis	61.4	55.2	64.2	135.5	128.0
Ratio of interest-bearing debt to cash flow	1.7	3.6	2.9	2.8	–
Interest coverage ratio	37.7	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 are not provided since cash flow from operating activities was negative.

3) Basic policy on distribution of profits and dividends for FY3/07 and FY3/08

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 and ordinary income to shareholder when appropriate. 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 10 yen, dividends for the full fiscal year are expected to increase 5 yen per share year-on-year to 22 yen per share as a result.

The Company expects to pay 22 yen per share in dividends for FY3/08 (10 yen per share as an interim dividend, and 12 yen per share as a year-end dividend); however, the Company is planning on implementing a 1-1.1 stock split at the end of August 2007 (dividend payment date of April 1, 2007) to share profits with shareholders and increase the liquidity of the Company's shares, effectively increasing dividends.

4) Business and other risks

The Company recognizes that factors such as the following ones could have major effects on the Company's business operations and financial condition:

(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. The prices of these materials are characterized by the following: 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 shredded 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 both domestically and from overseas for the food business, including processed seafood ingredients comprised mainly of shrimp, crab, squid, octopus, and shredded fish; 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, including frozen foods, ready-made foods, bakery products, and products made of fish paste to food manufacturers on a wholesale basis. Efforts are made to create a secure and safe local processing network based on related laws and regulations such as the Food Sanitation Law by aggressively working to provide product quality control training to domestic and overseas production areas, to strengthen measures to prevent the introduction of foreign substances and, naturally, to correctly label items such as product content, quality, and locale of production, primarily through the Company's Quality Assurance Department. 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 Group 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 Company has created compliance rules to set forth how compliance is to be implemented, and is working to achieve compliance in all business activities.

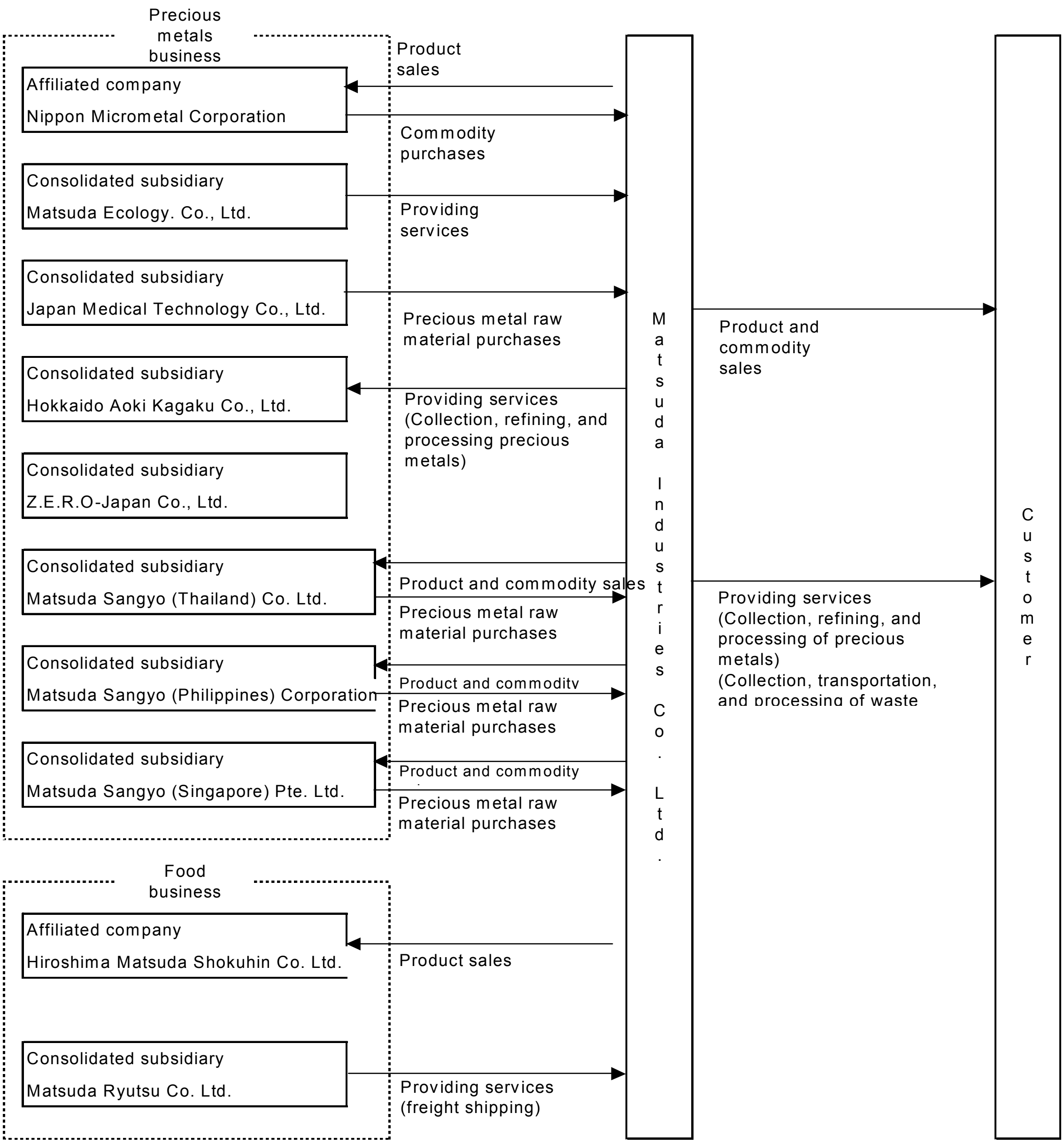
(4) Management of waste and other materials

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 of various reasons, including an accident at the plant.

2. Corporate Group

The corporate group is composed of 8 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. 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. The company Z.E.R.O.-Japan was made a wholly owned subsidiary in March 2007.

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 a 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% of more and a shareholders' equity ratio of 55% of more. During FY3/07, the ratio of ordinary income to total assets was 15.8%, surpassing the benchmark, but the shareholders' equity ratio fell short of the target at 48.4%. 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.. Capacity for the precious metal refinery at the local subsidiary in Thailand has been expanded with plans to launch full operations within this year as one part of this strategy. In addition, progress is being made on establishing a local subsidiary in China and the sales office will open this year. The Group will work to further expand its business in East Asia through these efforts.

In the environmental division, the Group will work to make use of its licensed nationwide waste recycling and disposal network and its own treatment facilities, and to improve sales through various measures including expanding recovery beyond the photo sensitive material industry to the electronics industry and chemical and pharmaceutical industries at a time when recovery is on a downward trend as the photo sensitive materials industry's market shrinks. The Group is also working to meet new needs such as the collection and transportation of PCBs (polychlorinated biphenyls). The subsidiary Z.E.R.O.-Japan Co., Ltd., is also involved in various businesses including the sales of vacuum thermal recycling furnaces for PCBs.

The production division, which is the core of precious metals and environmental processing, will work to expand capacity in line with expanded collection of materials for recycling. In addition, the Company will actively work on R&D to develop chemicals for plating and other research efforts to precisely address industry needs, while working to improve refining technology to address the expansion in the variety of metals recovered. Furthermore, the Company will work to address numerous issues, not only the proper disposal of industrial waste, such as waste water and exhaust gas under the more stringent environmental regulations, but also the conservation of energy and reduction of environmental load, and will strive to earn the trust of local communities and customers.

Food business:

Regulation of pesticides and food additives is becoming stricter for the food sector, and ensuring food security and safety is becoming an increasingly important issue. The Company will strive to diversify its purchasing sources and development of new products based on customer needs while working to differentiate itself by making use of expertise in quality assurance that it has accumulated and by providing food ingredients that are safe and provide peace of mind. The company will therefore establish an office in Qingdao, China within this year, and will make active use of it. Efforts are being made to expand sales to establish the food services industry by enhancing the functions of the Chiba distribution center as a hub to provide providing comprehensive distribution services, primarily for fresh vegetables.

4） Other important corporate management issues

The Company is leasing real estate from 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 neighboring prices.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheet

		FY3/06 (March 31, 2006)			FY3/07 (March 31, 2007)			Increase/Decrease	
Category	Note	Amount (thousands of yen)		(% of tl.)	Amount (thousands of yen)		(% of tl.)	Amount (thousands of yen)	
(Assets)									
I. Current assets									
1. Cash and deposits			2,501,520			2,527,830		26,310	
2. Notes and accounts receivable	*4		17,833,354			19,153,509		1,320,155	
3. Securities			100,220			–		-100,200	
4. Inventory			8,537,184			12,850,186		4,313,002	
5. Deferred tax assets			389,853			594,483		204,629	
6. Other accounts receivable			5,953,793			5,924,484		-29,309	
7. Others			1,614,184			1,951,060		336,875	
8. Allowance for doubtful accounts			-41,872			-7,694		34,178	
Total current assets			36,888,238	75.9		42,993,860	77.8	6,105,621	16.6
II. Fixed assets									
(1) Tangible fixed assets									
1. Buildings and structures	*2	4,074,779			4,390,657				
Accumulated depreciation		2,132,859	1,941,919		2,277,969	2,112,688		170,768	
2. Machinery and delivery equipment		3,369,010			3,615,568				
Accumulated depreciation		1,978,348	1,390,662		2,361,421	1,254,147		-136.514	
3. Land	*2		4,097,128			4,146,271		49,142	
4. Construction in progress			73,470			164,176		90,706	
5. Others		425,812			490,984				
Accumulated depreciation		259,107	166,705		326,661	164,322		-2,382	
Total tangible fixed assets			7,669,886	15.7		7,841,607	14.2	171,720	2.2
(2) Intangible fixed assets									
1. Consolidated adjustment account			91,098			–		-91,098	
2. Good will			–			64,574		64,574	
3. Others			380,906			403,861		22,955	
Total intangible fixed assets			472,005	1.0		468,436	0.8	-3,568	-0.8
(3) Investments and other assets									
1. Investment securities	*1		2,375,811			2,653,455		277,643	
2. Memberships			121,708			122,303		594	
3. Guarantee deposits			463,645			482,652		19,006	
4. Tax deferred assets			215,867			251,790		35,923	
5. Others			634,732			700,510		65,778	
6. Allowance for doubtful accounts			-213,199			-223,689		-10,489	
Total investments and other assets			3,598,565	7.4		3,987,023	7.2	388,457	10.8
Total fixed assets			11,740,457	24.1		12,297,067	22.2	556,609	4.7
Total assets			48,628,696	100.0		55,290,927	100.0	6,662,231	13.7

		Previous consolidated fiscal year FY3/06 (March 31, 2006)			Current consolidated fiscal year FY3/07 (March 31, 2007)			Increase/Decrease	
Category	Note	Amount (thousands of yen)		(% of tl.)	Amount (thousands of yen)		(% of tl.)	Note	
(Liabilities)									
I. Current liabilities									
1. Notes and accounts payable			12,069,538			11,002,848		-1,066,690	
2. Short-term debt			1,280,000			2,630,000		1,350,000	
3. Long-term debt expected to be repaid within a year	*2		452,491			862,002		409,511	
4. Accrued income taxes			1,597,273			2,482,686		885,413	
5. Allowance for bonuses			451,260			519,793		68,532	
6. Allowance for directors' bonuses			–			19,580		19,580	
7. Other accounts payable			6,135,063			6,393,377		258,314	
8. Others			1,958,632			2,805,461		846,829	
Total current liabilities			23,944,258	49.3		26,715,750	48.3	2,771,491	11.6
II. Fixed liabilities									
1. Long-term debt	*2		1,347,002			1,030,000		-317,002	
2. Allowance for retirement benefit			402,071			408,583		6,511	
3. Allowance for directors retirement benefits			348,554			363,176		14,622	
4. Others			10,431			3,604		-6,827	
Total fixed liabilities			2,108,059	4.3		1,805,363	3.3	-302,695	-14.4
Total liabilities			26,052,317	53.6		28,521,113	51.6	2,468,795	9.5
(Minority interests)									
Minority interests			20,014	0.0		–	–	-20,014	–
(Shareholders' equity)									
I. Common stock	*3		3,559,206	7.3		–	–	-3,559,206	–
II. Legal capital surplus			4,008,730	8.3		–	–	-4,008,730	–
III. Retained earnings			14,584,713	30.0		–	–	-14,854,713	–
IV. Unrealized gains on marketable securities			443,312	0.9		–	–	-443,312	–
V. Foreign currency translation adjustments			44,208	0.1		–	–	-44,208	–
Treasury stock	*5		-83,806	-0.2		–	–	83,806	–
Total shareholders' equity			22,556,363	46.4		–	–	-22,556,363	–
Total liabilities, minority interests, and shareholders' equity			48,628,696	100.0		–	–	-48,628,696	–

		FY3/06 (March 31, 2006)			FY3/07 (March 31, 2007)			Increase/Decrease	
Category	Note	Amount (thousands of yen)		(% of tl.)	Amount (thousands of yen)		(% of tl.)	Note	
(Net assets)									
Shareholders' equity									
I. Common stock			–	–		3,559,206	6.4	3,559,206	–
1. Legal reserves			–	–		4,009,273	7.3	4,009,273	–
2. Retained earnings			–	–		18,807,723	34.0	18,807,723	–
Treasury stock			–	–		-100,383	-0.2	-100,383	–
Total shareholders' equity			–	–		26,275,819	47.5	26,275,819	–
II. Valuation and translation adjustments									
1, Unrealized gains on shareholders' equity			–	–		402,014	0.7	402,014	–
2. Deferred hedge gain/loss			–	–		-79,227	-0.1	-79,227	–
3. Total of foreign currency translation adjustments			–	–		171,207	0.3	171,207	–
II. Valuation and translation adjustments			–	–		493,994	0.9	493,994	–
III. Minority interest			–	–		–	–	–	–
Total net assets			–	–		26,769,814	48.4	26,769,814	–
Total liabilities & net assets			–	–		55,290,927	100.0	55,290,927	–

(2) Consolidated Statement of Income

Category		FY3/06 (April 1, 2005–March 31, 2006) Amount (thousands of yen)		(% of tl.)	FY3/07 (April 1, 2006–March 31, 2007) Amount (thousands of yen)		(% of tl.)	Increase/Decrease Amount (thousands of yen)	
I. Net sales			127,231,765	100.0		167,436,525	100.0	40,204,760	31.6
II. Cost of sales			113,272,321	89.0		149,652,156	89.4	36,379,835	32.1
Gross profit			13,959,444	11.0		17,784,368	10.6	3,824,924	27.4
III. Selling, general, and administrative expenses	*1*2		9,579,602	7.6		10,351,114	6.2	771,512	8.1
Operating income			4,379,841	3.4		7,433,253	4.4	3,053,412	69.7
IV. Non-operating income									
1. Interest received		4,518			4,997				
2. Dividends received		17,828			18,957				
3. Investment gains on equity method		176,384			350,052				
4. Purchase discounts		27,106			40,504				
5. Foreign exchange gains		107,769			414,982				
6. Others		35,860	369,467	0.3	52,022	881,516	0.5	512,049	138.6
V. Non-operating expenses									
1. Interest paid		39,932			56,965				
2. Fees paid		12,322			9,295				
3. Other		6,164	58,419	0.0	15,748	82,009	0.0	23,589	40.4
Ordinary income			4,690,889	3.7		8,232,761	4.9	3,541,871	75.5
VI. Extraordinary income									
1. Reversal of allowance for doubtful accounts		30,383			34,415				
2. Gains on sale of fixed assets	*3	999			–				
3. Gains on sale of investment securities		–	31,382	0.0	10,087	44,503	0.0	13,121	41.8
VIII. Extraordinary losses									
1. Losses on impaired assets	*5	60,158			16,802				
2. Losses on disposal of fixed assets	*4	27,795	87,954	0.1	46,477	63,279	0.0	-24,674	-28.1
Income before income taxes			4,634,317	3.6		8,213,984	4.9	3,579,667	77.2
Corporate, residential & enterprise taxes		2,008,138			3,485,777				
Adjustments for corporate & other taxes		-108,227	1,899,910	1.5	-158,679	3,327,097	2.0	1,427,187	75.1
Minority interests in income/losses (-)			8,263	0.0		4,143	0.0	-4,119	-49.9
net income			2,726,143	2.1		4,882,743	2.9	2,156,600	79.1

(3) Consolidated Statement of Retained Earnings

Category	Note	FY3/06 (April 1, 2005–March 31, 2006) Amount (thousands of yen)	
(Legal capital surplus)			
I. Opening balance			4,008,730
II. Increase			–
III. Decrease			–
IV. Closing balance			4,008,730
(Retained earnings)			
I. Opening balance			12,134,825
II. Increase			
1. Net income		2,726,143	2,726,143
III. Decrease			
1. Dividends		259,575	
2. Officer Bonuses (auditors' bonus included)		16,680 (1,040)	276,255
IV. Retained earnings at end of period			14,584,713

(4) 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 changes 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

(5) Consolidated Statement of Cash Flow

		FY3/06 (April 1, 2005–March 31, 2006)	FY3/07 (April 1, 2006– March 31, 2007)	Increase/Decrease
Category	Note	Amount (thousands of yen)	Amount (thousands of yen)	Amount (thousands of yen)
Cash flow from operating activities				
1.Income before income taxes		4,634,317	8,213,984	3,579,667
2. Depreciation		796,717	816,319	19,601
3. Losses on impaired assets		60,158	16,802	-43,356
4. Consolidated adjustment account		26,524	–	-26,524
5. Amortization of good will		–	25,686	25,686
6. Change in allowance for doubtful accounts		-84,003	-23,668	60,315
7. Change in allowance for bonuses		27,015	68,532	95,548
8. Change in allowance for directors' bonuses		–	19,580	19,580
9. Change in allowance for retirement benefits		19,380	6,511	-12,868
10. Change in allowance for directors' retirement bonuses		47,952	14,622	-33,330
11. Interest or dividends received		-22,347	-23,954	-1,607
12. Interest paid		39,932	56,965	17,032
13. Gain on equity-method investments		-176,384	-350,052	-173,668
14. Directors' bonuses paid		-16,680	-17,380	-700
15. Gain on disposal of investment securities		–	-10,087	-10,087
16. Gain on disposal of tangible fixed assets		-999	–	999
17. Loss on disposal of tangible fixed assets		27,795	46,477	18,681
18. Change in accounts receivable		-3,707,510	-1,242,949	2,464,560
19. Change in other accounts receivable		-5,006,451	45,482	5,051,934
20. Change in inventory		-1,808,637	-4,090,314	-2,281,677
21. Change in accounts payable - trade		1,912,607	-1,336,019	-3,248,626
22. Changes in other accounts payable		4,647,418	235,441	-4,411,977
23. Other changes		519,655	26,320	-493,335
Subtotal		1,882,429	2,498,278	615,849
24. Interest and dividends received		29,043	29,706	662
25. Interest paid		-39,743	-55,591	-15,848
26 Corporate & other taxes paid		-772,324	-2,614,759	-1,842,435
Cash flow from operating activities		1,099,405	-142,366	-1,241,771
Cash flow from investment activities				
1. Expenditure for the purchase of tangible fixed assets		-974,642	-626,500	348,142
2. Proceeds from the sale of tangible fixed assets		3,260	–	-3,260
3. Expenditure for the purchase of intangible fixed assets		-180,654	-116,642	63,922
4. Expenditure for the purchase of investment securities		-26,477	-9,045	17,431
5. Proceeds from the sale of investment securities		–	114,400	114,400
6. Expenditure for the purchase of shares of consolidated subsidiaries		–	-23,320	-23,320
7. Others		-63,739	-42,589	21,149
Cash flow from investing activities		-1,242,163	-703,697	538,465
III. Cash flow from financing activities				
1. Net change in short-term loans		896,000	1,350,000	454,000

2. Proceeds from long-term loans		800,000	600,000	-200,000
3. Expenditure for the repayment of long-term loans		-569,164	-507,491	61,673
4. Expenditure for the purchase of treasury shares		-4,807	-16,021	-11,214
5. Dividends paid		-259,575	-642,353	-382,778
Cash flow from financing activities		862,452	784,133	-78,319
IV. Foreign currency translation adjustment on cash and cash equivalents		-6,284	88,240	94,525
Change in cash and cash equivalents		713,410	26,310	-687,100
VI. Cash & equivalents at beginning of period		1,788,109	2,501,520	713,410
VII. Cash & equivalents at end of period		2,501,520	2,527,830	26,310

(Segment information)

1. Segment information by business

FY3/06 (April 1, 2005–March 31, 2006)

	Precious metals business (thousands of yen)	Food products 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	81,357,474	45,874,290	127,231,765	–	127,231,765
(2) Net sales & remittances between segments	4,800	49,480	54,280	(54,280)	–
Total	81,362,274	45,923,770	127,286,045	(54,280)	127,231,765
Operating expenses	77,624,380	45,281,823	122,906,203	(54,280)	122,851,923
Operating income	3,737,894	641,947	4,379,841	–	4,379,841
II. Assets/depreciation/loss on impaired assets/ capital expenditures					
Assets	33,773,457	11,707,186	45,480,644	3,148,052	48,628,696
Depreciation	753,783	42,934	796,717	–	796,717
Loss on impaired assets	–	21,971	21,971	38,187	60,158
Capital expenditures	1,162,362	82,881	1,245,243	–	1,245,243

FY3/07 (April 1, 2006–March 31, 2007)

	Precious metals business (thousands of yen)	Food products 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) 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	894,100	111,644	1,005,744	–	1,005,744