



FY3/19 Financial Statements [J-GAAP]

May 13, 2019

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
 Inquiries: Director in charge of IR Atsushi Kinoshita TEL: +81-3-5381-0728
 Date of regular shareholders' meeting: June 27, 2019
 Date of filing the financial report: June 27, 2019
 Expected dividend payment date: June 28, 2019
 Supplementary materials for financial results prepared: Yes
 Information meeting for financial results held: Yes (for institutional investors and analysts)

(Figures are rounded down to the nearest million yen)

1. FY3/19 Consolidated results (April 1, 2018–March 31, 2019)

(1) Consolidated operating results

(Percentages are year-on-year changes)

	Net Sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)
FY3/19	208,338	9.5	4,948	1.4	5,094	(0.9)	3,391	(2.0)
FY3/18	190,184	16.6	4,877	64.8	5,142	48.7	3,459	40.9

(Note) Comprehensive income: FY3/19 3,085 million yen (-22.2%) FY3/18 3,967 million yen (+70.9%)

	Earnings per share	Diluted earnings per share	Return on equity	Ordinary income / total assets	Operating margin
	(yen)	(yen)	(%)	(%)	(%)
FY3/19	128.77	—	5.9	6.3	2.4
FY3/18	131.37	—	6.3	6.7	2.6

(Reference) Equity in earnings or losses of affiliates: FY3/19 181 million yen FY3/18 412 million yen

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	(millions of yen)	(millions of yen)	(%)	(yen)
FY3/19	80,915	58,968	72.8	2,236.35
FY3/18	80,261	56,648	70.5	2,149.11

(Reference) Shareholders' equity: FY3/19 58,889 million yen FY3/18 56,592 million yen

Note: Effective from the start of the consolidated fiscal year under review, the Company has applied "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018). The changes have been retroactively applied to amounts for the fiscal year ended March 31, 2018.

(3) Consolidated cash flows

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents at end of period
	(millions of yen)	(millions of yen)	(millions of yen)	(millions of yen)
FY3/19	6,178	(2,166)	(3,708)	7,816
FY3/18	(483)	(2,262)	3,506	7,571

2. Dividends

	Dividends per share					Total dividends (annual)	Payout ratio (consolidated)	Dividends/net assets (consolidated)
	Q1	Q2	Q3	Q4	Annual			
	(yen)	(yen)	(yen)	(yen)	(yen)	(millions of yen)	(%)	(%)
FY3/18	—	14.00	—	14.00	28.00	737	21.3	1.3
FY3/19	—	15.00	—	15.00	30.00	763	23.3	1.4
FY3/20 (projections)	—	17.00	—	17.00	34.00		26.0	

3. FY3/20 Consolidated earnings projections (April 1, 2019–March 31, 2020)

(Percentages are year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)	(yen)
1H FY3/20	92,000	(10.4)	2,300	(8.2)	2,330	(14.4)	1,570	(15.4)	59.62
FY3/20	200,000	(4.0)	5,000	1.0	5,100	0.1	3,450	1.7	131.01

* Notes

(1) Material changes in subsidiaries during the fiscal year (changes in specified subsidiaries resulting from changes in scope of consolidation): Yes

New: 1 Company name: Matsuda Sangyo (Taiwan) Co., Ltd.

Excluded: — Company name: —

Note: For more details, please refer to “Corporate group” on page 5.

(2) Changes in accounting policies, changes in accounting estimates and restatement of revisions

- | | |
|--|----|
| 1) Changes in accounting policies with revision of accounting standards: | No |
| 2) Changes in accounting policies other than the above: | No |
| 3) Changes in accounting estimates: | No |
| 4) Restatement of revisions: | No |

(3) Number of issued shares (common shares)

- Number of issued shares (including treasury shares)
- Number of treasury shares
- Average number of shares during the period

FY3/19	28,908,581 shares	FY3/18	28,908,581 shares
FY3/19	2,575,791 shares	FY3/18	2,575,524 shares
FY3/19	26,332,898 shares	FY3/18	26,333,290 shares

(Reference) Summary of non-consolidated results

1. FY3/19 Non-consolidated results (April 1, 2018–March 31, 2019)

(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)	(%)
FY3/19	196,193	6.7	4,110	1.2	4,412	0.4	2,976	(1.4)
FY3/18	183,934	19.9	4,062	73.2	4,393	66.1	3,018	59.5

	Net income per share	Diluted net income per share
	(yen)	(yen)
FY3/19	113.04	—
FY3/18	114.61	—

(2) Non-consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	(millions of yen)	(millions of yen)	(%)	(yen)
FY3/19	71,673	50,263	70.1	1,908.78
FY3/18	71,797	48,086	67.0	1,826.06

(Reference) Shareholders' equity: FY3/19 50,263 million yen FY3/18 48,086 million yen

Note: Effective from the start of the consolidated fiscal year under review, the Company has applied “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018). The changes have been retroactively applied to amounts for the fiscal year ended March 31, 2018.

*This kessan tanshin document is outside the scope of audit procedures conducted by certified public accountants and the independent auditor.

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

This document contains earnings projections and other information that constitute forward-looking statements. These statements are based on reasonable assumptions and information currently available to the Company and provide no guarantee of future performance. Actual results may differ materially from forward-looking statements due to a number of factors. For more information about earnings projections assumptions and notes regarding the use of earnings projections, please refer to “1. Operating results and others (4) Future outlook” on page 4.

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1. Operating results and others

(1) Analysis of operating results

Consolidated operating results	(millions of yen) [year-on-year comparison]		
Net sales	208,338	[+18,154	+9.5%]
Operating income	4,948	[+70	+1.4%]
Ordinary income	5,094	[-48	-0.9%]
Profit attributable to owners of parent	3,391	[-68	-2.0%]

During the consolidated fiscal year ended March 31, 2019, the Japanese economy continued to recover at a moderate pace overall, supported by an ongoing improvement in employment conditions and the income environment. However, there were signs of weakness in exports and some areas of industrial activity. The business outlook also remained unclear amid uncertainties related to trade issues, the outlook for the Chinese economy and global economic and policy trends, as well as the risk of a downturn in the global economy caused by fluctuations in financial and capital markets and other events.

Against this backdrop, the Matsuda Sangyo Group's precious metals business segment stepped up marketing activities and actively used production sites in Japan and overseas to secure precious metals materials, boost sales of products such as precious metal chemical products and expand its industrial waste treatment outsourcing business. The food business segment worked hard to develop and provide products that address customer needs and actively implemented marketing activities, which included expanding the use of overseas business, as well as domestic business sites, in order to increase sales volume.

As a result, consolidated net sales increased 9.5% year on year to ¥208,338 million and operating income rose 1.4% to ¥4,948 million. Ordinary income, which includes share of profit of entities accounted for using equity method and other non-operating income, totaled ¥5,094 million, down 0.9% year on year, and profit attributable to owners of parent was ¥3,391 million, down 2.0% year on year.

The following is a summary of business by segment:

Consolidated results by segment	(millions of yen) [year-on-year comparison]					
Segment	Net sales		Operating income			
Precious metals business segment	132,771	[+12,278	+10.2%]	3,444	[+36	+1.1%]
Food business segment	75,651	[+5,892	+8.4%]	1,503	[+33	+2.3%]
Eliminations or corporate	(85)			—		
Total	208,338	[+18,154	+9.5%]	4,948	[+70	+1.4%]

Precious metals business segment:

In the precious metals business segment, conditions were challenging at key customers in the electronics sector amid a slowdown in production activity for semiconductors and electronic devices. Despite continued firm activity at automotive electronics suppliers, demand for smartphones was weak and data center demand peaked. Against that backdrop, the volume of precious metal recycling handled by this segment was flat overall and sales volume for precious metal chemicals, electronic materials and other products declined. However, sales in the segment increased year on year, supported by higher sales volumes for gold, silver, platinum-group metals and other precious metal products and growth in the amount of industrial waste treatment, as well as higher prices for palladium.

As a result, net sales for the precious metals business segment increased 10.2% year on year to ¥132,771 million, and operating income rose 1.1% year on year to ¥3,444 million.

Food business segment:

In the food business segment, production activity at key customers in the food processing sector increased gradually, despite weakness in consumer spending in Japan. Production activity was mainly supported by strong demand for processed food products and moves into overseas markets. Under those conditions, sales volume for seafood products, livestock products and agricultural products increased, lifting segment sales year on year, despite a drop in sales prices for eggs and some other products.

As a result, net sales for the food business segment totaled ¥75,651 million (up 8.4% year on year) and operating income increased to ¥1,503 million (up 2.3% year on year).

(2) Analysis of financial position

Assets:

Current assets declined ¥400 million from the end of the previous fiscal year. Cash and deposits, raw materials and supplies increased, but that was outweighed by a decline of ¥1,980 million for notes and accounts receivable – trade. Non-current assets increased ¥1,054 million compared with the end of the previous fiscal year, mainly reflecting an increase of ¥1,230 million for property, plant and equipment related to the installation and upgrade of equipment at the Group's plants. As a result, as of March 31, 2019, total assets increased ¥654 million year on year to ¥80,915 million.

Liabilities:

Current liabilities declined ¥3,506 million from the end of the previous fiscal year, mainly reflecting a drop of ¥4,321 million for short-term loans payable. Non-current liabilities increased ¥1,840 million from the end of the previous fiscal year, mainly due to an increase of ¥1,945 million for long-term loans payable. As a result, as of March 31, 2019, total liabilities decreased ¥1,666 million year on year to ¥21,946 million.

Net assets:

Net assets increased ¥2,320 million year on year to ¥58,968 million, mainly due to an increase of ¥2,627 million for retained earnings, which reflected ¥3,391 million in profit attributable to owners of parent after cash dividends paid of ¥763 million.

(3) Analysis of cash flows

As of March 31, 2019, the balance of cash and cash equivalents (hereafter, "cash") stood at ¥7,816 million, an increase of ¥244 million year on year. The followings are the cash flow status under review and the factors during the fiscal period.

Cash flows from operating activities:

Operating activities provided net cash of ¥6,178 million, an increase of ¥6,661 million compared with net cash used of ¥483 million in the previous fiscal year. This mainly reflected the difference between cash provided from income before income taxes, depreciation and decrease in notes and accounts receivable - trade on the one hand, and cash used for income taxes paid on the other.

Cash flows from investing activities:

Investing activities used net cash of ¥2,166 million, a decrease of ¥96 million compared with net cash used of ¥2,262 million in the previous fiscal year. This was mainly due to the purchase of property, plant and equipment related to the installation and upgrade of equipment at the Group's plants.

Cash flows from financing activities:

Financing activities used net cash of ¥3,708 million, a decrease of ¥7,215 million compared with net cash provided of ¥3,506 million in the previous fiscal year. This primarily reflected repayments of loans.

(Reference) Trend in cash flow indicators

	FY3/15	FY3/16	FY3/17	FY3/18	FY3/19
Shareholders' equity ratio	70.1	74.5	73.8	70.5	72.8
Shareholders' equity ratio on a market value basis	55.9	44.3	54.3	64.2	45.3
Ratio of interest-bearing debt to cash flow	—	0.6	6.2	—	1.2
Interest coverage ratio	—	215.9	24.4	—	111.2

(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 flows from operating activities

Interest coverage ratio: Cash flows 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, excluding treasury shares, at the end of the fiscal year.

* Cash flows from operating activities is the cash flows from operating activities shown in the consolidated statements of cash flows.

Interest-bearing debt is the total amount of debt shown in the consolidated balance sheets on which interest is paid. In addition, interest paid is the amount of interest paid shown in the consolidated statements of cash flows.

* The ratio of interest-bearing debt to cash flow and the interest coverage ratio for FY3/15 and FY3/18 are not provided since cash flows from operating activities were negative.

* Effective from the start of the consolidated fiscal year under review, the Company has applied "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018). After adopting the new standard, the Company also retroactively applied it to financial indicators for the fiscal year ended March 31, 2018 and prior fiscal years.

(4) Future outlook

Consolidated earnings projections (millions of yen) [Comparison to FY3/19]

Net sales	200,000	[-8,338	-4.0%]
Operating income	5,000	[+51	+1.0%]
Ordinary income	5,100	[+5	+0.1%]
Profit attributable to owners of parent	3,450	[+58	+1.7%]

The Company expects the domestic economy to continue recovering at a modest pace, but the outlook is likely to remain uncertain due to a range of factors, including persistent weakness in consumer spending, concerns of a market slowdown in the electronic parts and devices field, the impact of trade tensions on the global economy, the outlook for the Chinese economy, and uncertainties related to global economic and policy trends.

Against this backdrop, in the precious metals business segment, we plan to strengthen domestic and overseas operating sites, increase operating efficiency, and maintain and expand the scope of our business by proactively cultivating new demand. In addition, in the food business segment, we will work to generate steady earnings by accurately matching marketing activities to customer needs, supported by the use of our overseas operating sites, and by standing out in the market as a developer and supplier of products anchored by safety, reliability and stable supplies.

(5) Basic policy on distribution of profits and dividends for FY3/19 and FY3/20

The Company's basic policy on distribution of profits is to meet shareholder expectations by continuing to pay stable dividends while ensuring sufficient internal reserves to invest in growth.

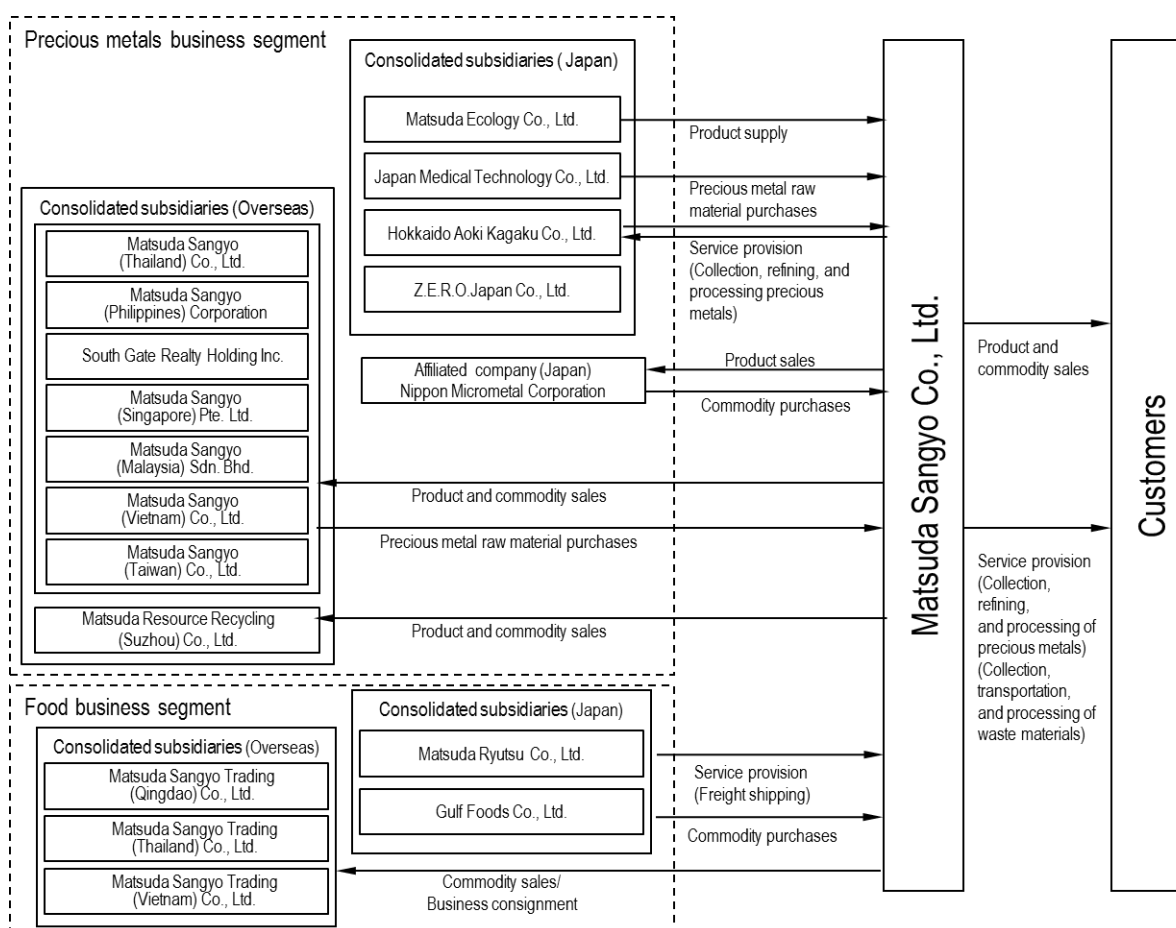
Based on this policy, the Company plans to pay a year-end ordinary dividend of ¥15 per share. In combination with the interim dividend, dividends for the full fiscal year are expected to be ¥30 per share.

For the fiscal year ending March 31, 2020, the Company plans to raise the dividend to ¥34 per share, comprising an interim dividend of ¥17 and a year-end dividend of ¥17. The Company will continue to distribute profits to its shareholders in a comprehensive way according to the operating results.

2. Corporate group

Matsuda Sangyo Group is composed of the Company, 17 subsidiaries and 1 affiliated company; the main businesses of the Group are the precious metals business segment, 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 wastes; and the food business segment, which involves selling processed food ingredients and providing distribution services. The following subsidiaries support the Company regarding business for regions and industries related to the precious metals business segment: 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, South Gate Realty Holding Inc., Matsuda Sangyo (Singapore) Pte. Ltd., Matsuda Resource Recycling (Suzhou) Co., Ltd., Matsuda Sangyo (Malaysia) Sdn. Bhd., Matsuda Sangyo (Vietnam) Co., Ltd. and Matsuda Sangyo (Taiwan) Co., Ltd. The subsidiary Matsuda Ryutsu Co., Ltd., is responsible for distribution for the Company's food business segment, while Gulf Foods Co., Ltd., Matsuda Sangyo Trading (Qingdao) Co., Ltd., Matsuda Sangyo Trading (Thailand) Co., Ltd. and Matsuda Sangyo Trading (Vietnam) Co., Ltd. provide support regarding business for regions and industries related to the food business segment. The affiliated company Nippon Micrometal Corporation handles the production of electronic materials, particularly gold bonding wires, the main product for the precious metals business segment.

The following is an organizational chart of the business:



(Notes)

1. Affiliated companies are all accounted for under the equity method.
2. South Gate Realty Holding Inc. owns land of Matsuda Sangyo (Philippines) Corporation.
3. Matsuda Sangyo (Taiwan) Co., Ltd. was established on February 27, 2019.

3. Basic stance on selection of accounting standards

For the time being, the Group intends to continue preparing consolidated financial statements based on Japanese Generally Accepted Accounting Principles (Japanese GAAP) to facilitate comparison with financial statements for other periods and financial statements disclosed by other companies. However, the Group will look into the possibility of adopting International Financial Reporting Standards (IFRS), taking into account conditions in Japan and overseas and trends in accounting standard adoption by other companies.

4. Consolidated financial statements and important notes

(1) Consolidated balance sheets

(millions of yen)

	FY3/18 (March 31, 2018)	FY3/19 (March 31, 2019)
Assets		
Current assets		
Cash and deposits	7,571	7,816
Notes and accounts receivable – trade	22,502	20,522
Merchandise and finished goods	16,778	16,702
Work in process	393	542
Raw materials and supplies	6,531	6,942
Accounts receivable – other	546	762
Others	3,037	3,677
Allowance for doubtful accounts	(0)	(4)
Total current assets	57,362	56,961
Non-current assets		
Property, plant and equipment		
Buildings and structures	9,201	9,177
Accumulated depreciation	(4,875)	(5,131)
Buildings and structures, net	4,325	4,045
Machinery, equipment and vehicles	8,383	8,800
Accumulated depreciation	(6,740)	(7,158)
Machinery, equipment and vehicles, net	1,643	1,642
Land	8,925	9,036
Leased assets	849	1,181
Accumulated depreciation	(284)	(449)
Leased assets, net	564	731
Construction in progress	199	1,303
Others	1,135	1,302
Accumulated depreciation	(927)	(965)
Others, net	208	337
Total property, plant and equipment	15,867	17,098
Intangible assets		
Others	774	642
Total intangible assets	774	642
Investments and other assets		
Investment securities	4,575	4,512
Deferred tax assets	72	115
Others	1,673	1,601
Allowance for doubtful accounts	(64)	(16)
Total investments and other assets	6,256	6,212
Total non-current assets	22,898	23,953
Total assets	80,261	80,915

(millions of yen)

	FY3/18 (March 31, 2018)	FY3/19 (March 31, 2019)
Liabilities		
Current liabilities		
Accounts payable – trade	7,626	8,170
Short-term loans payable	7,402	3,081
Current portion of long-term loans payable	1,063	755
Lease obligations	206	271
Income taxes payable	1,155	914
Provision for bonuses	763	818
Accounts payable - other	568	825
Others	2,536	2,977
Total current liabilities	21,321	17,814
Non-current liabilities		
Long-term loans payable	535	2,480
Lease obligations	456	524
Deferred tax liabilities	333	220
Provision for directors' retirement benefits	604	625
Provision for executive officers' retirement benefits	23	28
Net defined benefit liability	224	185
Others	115	68
Total non-current liabilities	2,291	4,132
Total liabilities	23,613	21,946
Net assets		
Shareholders' equity		
Common stock	3,559	3,559
Capital surplus	4,008	4,008
Retained earnings	50,238	52,865
Treasury shares	(3,010)	(3,010)
Total shareholders' equity	54,795	57,422
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	630	585
Deferred gains or losses on hedges	121	41
Foreign currency translation adjustments	1,101	855
Remeasurements of defined benefit plans	(56)	(15)
Total accumulated other comprehensive income	1,796	1,466
Non-controlling interests	55	79
Total net assets	56,648	58,968
Total liabilities and net assets	80,261	80,915

(2) Consolidated statements of income and comprehensive income
(Consolidated statements of income)

(millions of yen)

	FY3/18 (April 1, 2017 – March 31, 2018)	FY3/19 (April 1, 2018 – March 31, 2019)
Net sales	190,184	208,338
Cost of sales	171,984	188,510
Gross profit	18,200	19,827
Selling, general and administrative expenses	13,322	14,879
Operating income	4,877	4,948
Non-operating income		
Interest income	9	9
Dividend income	24	26
Share of profit of entities accounted for using equity method	412	181
Purchase discounts	15	12
Others	70	83
Total non-operating income	532	313
Non-operating expenses		
Interest expenses	49	56
Foreign exchange losses	134	45
Others	84	66
Total non-operating expenses	267	167
Ordinary income	5,142	5,094
Extraordinary losses		
Impairment loss	38	77
Total extraordinary losses	38	77
Income before income taxes	5,104	5,017
Income taxes – current	1,628	1,718
Income taxes – deferred	(8)	(118)
Total income taxes	1,620	1,599
Profit	3,484	3,417
Profit attributable to non-controlling interests	24	26
Profit attributable to owners of parent	3,459	3,391

(Consolidated statements of comprehensive income)

	(millions of yen)	
	FY3/18 (April 1, 2017 – March 31, 2018)	FY3/19 (April 1, 2018– March 31, 2019)
Profit	3,484	3,417
Other comprehensive income		
Valuation difference on available-for-sale securities	3	(45)
Deferred gains or losses on hedges	150	(78)
Foreign currency translation adjustment	318	(227)
Remeasurements of defined benefit plans	38	37
Share of other comprehensive income (loss) of entities accounted for using equity method	(27)	(17)
Total other comprehensive income (loss)	483	(332)
Comprehensive income	3,967	3,085
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,941	3,060
Comprehensive income attributable to non-controlling interests	26	24

(3) Consolidated statements of changes in shareholders' equity
 FY3/18 (April 1, 2017–March 31, 2018)

(millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of period	3,559	4,008	47,515	(3,009)	52,074
Change of items during the period					
Dividends from surplus			(737)		(737)
Profit attributable to owners of parent			3,459		3,459
Purchase of treasury shares				(0)	(0)
Net changes of items other than shareholders' equity					
Total change of items during the period	—	—	2,722	(0)	2,721
Balance at the end of the period	3,559	4,008	50,238	(3,010)	54,795

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of period	627	(30)	810	(91)	1,315	29	53,419
Change of items during the period							
Dividends from surplus							(737)
Profit attributable to owners of parent							3,459
Purchase of treasury shares							(0)
Net changes of items other than shareholders' equity	3	151	291	35	481	26	507
Total change of items during the period	3	151	291	35	481	26	3,228
Balance at the end of the period	630	121	1,101	(56)	1,796	55	56,648

FY3/19 (April 1, 2018–March 31, 2019)

(millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of period	3,559	4,008	50,238	(3,010)	54,795
Change of items during the period					
Dividends from surplus			(763)		(763)
Profit attributable to owners of parent			3,391		3,391
Purchase of treasury shares				(0)	(0)
Net changes of items other than shareholders' equity					
Total change of items during the period	—	—	2,627	(0)	2,626
Balance at the end of the period	3,559	4,008	52,865	(3,010)	57,422

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of period	630	121	1,101	(56)	1,796	55	56,648
Change of items during the period							
Dividends from surplus							(763)
Profit attributable to owners of parent							3,391
Purchase of treasury shares							(0)
Net changes of items other than shareholders' equity	(45)	(79)	(246)	40	(330)	23	(306)
Total change of items during the period	(45)	(79)	(246)	40	(330)	23	2,320
Balance at the end of the period	585	41	855	(15)	1,466	79	58,968

(4) Consolidated statements of cash flows

	(millions of yen)	
	FY3/18 (April 1, 2017– March 31, 2018)	FY3/19 (April 1, 2018– March 31, 2019)
Cash flows from operating activities		
Income before income taxes	5,104	5,017
Depreciation	1,409	1,357
Impairment loss	38	77
Increase (decrease) in allowance for doubtful accounts	(12)	(45)
Increase (decrease) in provision for bonuses	19	55
Increase (decrease) in net defined benefit liability	50	16
Increase (decrease) in provision for directors' retirement benefits	38	0
Increase (decrease) in provision for executive officers' retirement benefits	7	4
Interest and dividend income	(34)	(35)
Interest expenses	49	56
Share of (profit) loss of entities accounted for using equity method	(412)	(181)
Decrease (increase) in notes and accounts receivable – trade	(2,419)	1,929
Decrease (increase) in accounts receivable – other	(344)	(214)
Decrease (increase) in inventories	(2,649)	(529)
Increase (decrease) in accounts payable – trade	(712)	582
Increase (decrease) in accounts payable – other	(13)	139
Others	108	(70)
Subtotal	225	8,157
Interest and dividend income received	311	198
Interest paid	(49)	(55)
Income taxes paid	(970)	(2,122)
Net cash provided by (used in) operating activities	(483)	6,178
Cash flow from investing activities		
Purchase of property, plant and equipment	(2,074)	(2,118)
Proceeds from sales of property, plant and equipment	0	1
Purchase of intangible assets	(43)	(42)
Purchase of investment securities	(11)	(11)
Proceeds from sales of investment securities	0	22
Others	(134)	(17)
Net cash provided by (used in) investing activities	(2,262)	(2,166)
Cash flow from financing activities		
Net change in short-term loans payable	5,430	(4,335)
Proceeds from long-term loans payable	-	3,000
Repayment of long-term loans payable	(994)	(1,363)
Purchase of treasury shares	(0)	(0)
Cash dividends paid	(737)	(763)
Others	(191)	(245)
Net cash provided by (used in) financing activities	3,506	(3,708)
Effect of exchange rate change on cash and cash equivalents	26	(58)
Change in cash and cash equivalents	787	244
Cash and cash equivalents at beginning of period	6,784	7,571
Cash and cash equivalents at end of period	7,571	7,816

(5) Notes on consolidated financial statements

(Notes on premise of a going concern)

There is nothing to report.

(Changes in presentation of financial statements)

(Changes related to application of “Partial Amendments to Accounting Standard for Tax Effect Accounting”)

Effective from the start of the consolidated fiscal year under review, the Company has applied “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018). The Company now classifies “deferred tax assets” as “investments and other assets,” and “deferred tax liabilities” as “non-current liabilities.”

As a result, compared with amounts on the consolidated balance sheet for the previous fiscal year before the retroactive application of the new standard, “deferred tax assets” under “current assets” decreased by ¥400 million and “deferred tax assets” under “investments and other assets” increased by ¥67 million. In addition, “deferred tax liabilities” under “current liabilities” decreased by ¥34 million and “deferred tax liabilities” under “non-current liabilities” decreased by ¥297 million. Total assets have declined by ¥332 million, as deferred tax assets and deferred tax liabilities arising from the same taxable entity have been offset on the balance sheets.

(Segment information)

1. Overview of reportable segments

Reportable segments of the Company are structural units of the Company whose separate financial information is available, and are subject to regular examination by the Board of Directors so that they can decide on allocation of managerial resources and evaluate business performance.

The Company (or Matsuda Sangyo) established operation divisions respectively for products, merchandise and services in the head office. Each division formulates comprehensive domestic and foreign strategies to expand business for the corresponding products, merchandise and services.

The Company thus comprises product, merchandise and service segments built around operation divisions, and the precious metals business segment and food business segment are designated as reportable segments.

The precious metals business segment recovers and refines precious metals, sells precious metal bullions, chemical products, and electronic materials, and collects, transports and processes industrial wastes. The food business segment sells and transports seafood products, agricultural products, livestock products, and other raw materials for food processing.

2. Calculation method for net sales and income/loss for each reportable segment

Accounting methods used for each reportable segment follow the accounting methods for the preparation of consolidated financial statements. Income listed for each reportable segment refers to operating income. Inter-segment sales/transfers are based on market value.

3. Information for net sales and income/loss for each reportable segment

FY3/18 (April 1, 2017–March 31, 2018)

(millions of yen)

	Reportable Segments			Adjustments Note1	Amount recorded on consolidated statements of income Note2
	Precious metals business segment	Food business segment	Total		
Net sales					
Net sales to external parties	120,492	69,691	190,184	—	190,184
Net sales & remittances between segments	—	68	68	(68)	—
Total	120,492	69,759	190,252	(68)	190,184
Segment income	3,407	1,470	4,877	—	4,877

(Notes)

1. Adjustments correspond to the elimination of transactions and remittances between segments.

2. Total segment income matches operating income recorded on the consolidated statements of income.

FY3/19 (April 1, 2018–March 31, 2019)

(millions of yen)

	Reportable Segments			Adjustments Note1	Amount recorded on consolidated statements of income Note2
	Precious metals business segment	Food business segment	Total		
Net sales					
Net sales to external parties	132,771	75,566	208,338	—	208,338
Net sales & remittances between segments	—	85	85	(85)	—
Total	132,771	75,651	208,423	(85)	208,338
Segment income	3,444	1,503	4,948	—	4,948

(Notes)

1. Adjustments correspond to the elimination of transactions and remittances between segments.
2. Total segment income matches operating income recorded on the consolidated statements of income.