



FY3/16 1Q Consolidated Financial Statements [J-GAAP]

August 7, 2015

Company name: Matsuda Sangyo Co., Ltd. Exchanges listed on: Tokyo Stock Exchange (First Section)
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 Filing date of quarterly report: August 7, 2015
 Date to start dividends distribution: –
 Supplementary quarterly materials prepared: No
 Quarterly results information meeting held: No

(Figures are rounded down to the nearest million yen)

1. FY3/16 1Q consolidated results (April 1, 2015 – June 30, 2015)

(1) Consolidated 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)	(%)
FY3/16 1Q	45,014	4.8	968	4.0	1,222	14.0	790	10.6
FY3/15 1Q	42,940	(0.4)	931	(33.8)	1,072	(22.6)	714	(18.0)

(Note) Comprehensive income: FY3/16 1Q: ¥747 million (+69.6%) FY3/15 1Q: ¥440 million (-76.7%)

	Earnings per share	Diluted earnings per share
	(yen)	(yen)
FY3/16 1Q	29.71	–
FY3/15 1Q	26.81	–

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	(millions of yen)	(millions of yen)	(%)
End-FY3/16 1Q	71,725	51,577	71.9
End-FY3/15	73,427	51,176	69.7

(Reference) Shareholders' equity: End-FY3/16 1Q: ¥51,575 million End-FY3/15: ¥51,173 million

2. Dividends

	Annual Dividends				
	1Q	2Q	3Q	4Q	Annual
	(yen)	(yen)	(yen)	(yen)	(yen)
FY3/15	–	12.00	–	13.00	25.00
FY3/16	–				
FY3/16 (Projections)		14.00	–	14.00	28.00

(Note) Revisions to the most recently announced projections of dividends: No

Breakdown of interim dividend for FY3/16: ordinary dividend ¥13.00, commemorative dividend ¥1.00

Breakdown of year-end dividend for FY3/16: ordinary dividend ¥13.00, commemorative dividend ¥1.00

3. Consolidated earnings projections for FY3/16 (April 1, 2015 – March 31, 2016)

(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 FY3/16	88,000	0.4	2,400	19.4	2,600	12.2	1,750	12.1	65.79
FY3/16	185,000	3.1	5,400	(0.2)	5,800	(0.6)	3,900	16.7	146.62

(Note) Revisions to the most recently announced projections of consolidated earnings: No

* Notes

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries in accordance with changes in the scope of consolidation): No
- (2) Application of special accounting treatment in preparing the quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates and restatement of revisions
- 1) Changes in accounting policies with revision of accounting standards: Yes
 - 2) Changes in accounting policies other than the above: No
 - 3) Changes in accounting estimates: No
 - 4) Restatement of revisions: No

(4) Number of issued shares (common shares)

1) Number of issued shares (including treasury stock)	End-FY3/16 1Q	28,908,581 shares	End-FY3/15	28,908,581 shares
2) Number of treasury shares	End-FY3/16 1Q	2,309,083 shares	End-FY3/15	2,308,999 shares
3) Average number of shares during the period	FY3/16 1Q	26,599,543 shares	FY3/15 1Q	26,651,997 shares

*Presentation of implementation status for quarterly review procedures

The quarterly review procedure based on the Financial Instruments and Exchange Act does not apply to this report. At the time of disclosure of this report, however, review procedures for quarterly financial statements pursuant to the Financial Instruments and Exchange Act had been completed.

*Notes on appropriate use of earnings projections and other special remarks

Earnings projections and other forward-looking statements in this document are based on reasonable assumptions and information available to the Company at the time of release. 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. Qualitative information on consolidated results during the period, (3) Qualitative information on consolidated earnings projections" on page 3 of the attached documents.

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1. Qualitative information on consolidated results during the period

(1) Qualitative information on consolidated results

In the first three months of the fiscal year ending March 31, 2016, the Japanese economy recovered at moderate pace, supported by an upturn in corporate earnings and employment conditions, as well as signs of a pickup in consumer spending. However, the outlook for the economy remained uncertain due to rising prices in Japan and concerns about a downturn in China and other economies overseas.

Against this backdrop, the Matsuda Sangyo Group's precious metals business segment worked hard to secure precious metals materials, boost sales of products such as precious metal chemical products, and expand its industrial waste treatment outsourcing business. The segment also actively upgraded business sites overseas, including the construction of a new precious metals refining plant by the Group's subsidiary in Vietnam. The food business segment also reinforced its overseas business sites and worked to provide products that address customer needs in order to expand sales volume.

As a result of the above, for the first three months of the fiscal year ending March 31, 2016, consolidated net sales were ¥45,014 million (up 4.8% year on year), operating income was ¥968 million (up 4.0% year on year), ordinary income was ¥1,222 million (up 14.0% year on year), and profit attributable to owners of parent was ¥790 million (up 10.6% year on year).

Performance in the Matsuda Sangyo Group's business segments was as follows.

Precious metals business segment

Production at key customers in the semiconductor and electronics parts sectors remained on a moderate upward trend, but the market continued to contract in the photosensitive materials sector. Although the Group handled higher volumes in precious metal recycling and industrial waste treatment, sales volume for precious metals products and electronic materials declined year on year, and the price of silver and platinum also fell. As a result, sales as a whole were lower than in the same period a year earlier.

As a result, net sales for the precious metals business segment totaled ¥29,806 million (down 0.7% year on year), and operating income was ¥655 million (up 0.8% year on year).

Food business segment

Despite signs of a pickup in consumer spending amid a continued moderate recovery in the domestic economy, the food business segment continued to face a challenging operating environment due to high costs caused by the weak yen and other factors. However, sales volume for seafood products, livestock products and agricultural products increased year on year, and prices also rose, leading to higher sales than in the same period a year earlier.

As a result, net sales for the food business segment were ¥15,225 million (up 17.6% year on year), and operating income was ¥312 million (up 11.4% year on year).

(2) Qualitative information on consolidated financial position

(1) Assets, liabilities and net assets

Total assets

Total assets as of the end of the first three months were ¥71,725 million, a decrease of ¥1,701 million from the previous fiscal year end. This mainly reflected decreases in inventories and other current assets, which exceeded an increase in notes and accounts receivable – trade.

Liabilities

Total liabilities as of the end of the first three months were ¥20,147 million, a decrease of ¥2,103 million from the previous fiscal year end. This mainly reflected decreases in loans payable and income taxes payable.

Net assets

Net assets as of the end of the first three months were ¥51,577 million, an increase of ¥401 million from the previous fiscal year end. This was mainly attributable to an increase in profit attributable to owners of parent, which exceeded a decline in net assets due to the payment of year-end dividends for the previous fiscal year.

(2) Cash flows status

As of the end of the first three months under review, the balance of cash and cash equivalents (hereafter, "cash") stood at ¥6,212 million, an increase of ¥350 million from the previous fiscal year end.

Cash flows from operating activities

Operating activities provided net cash of ¥1,919 million. This mainly reflected the difference between cash provided from income before income taxes and decreases in inventories and other current assets on the one hand, and cash used due to an increase in notes and accounts receivable – trade and income taxes paid on the other. Compared with the same period in the previous fiscal year, when operating activities used net cash of ¥1,800 million, cash from operating activities increased by ¥3,719 million.

Cash flows from investing activities

Investing activities used net cash of ¥126 million. 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. Compared with the same period in the previous fiscal year, when investing activities used net cash of ¥1,195 million, cash used in investing activities declined by ¥1,069 million.

Cash flows from financing activities

Financing activities used net cash of ¥1,417 million. Cash was mainly used for the repayment of debt and dividend payments. Compared with the same period in the previous fiscal year, when financing activities provided net cash of ¥1,742 million, cash from financing activities declined by ¥3,159 million.

(3) Qualitative information on consolidated earnings projections

We have made no change to our consolidated earnings projections announced on May 11, 2015.

2. Matters concerning summary information (notes)

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

(Changes in accounting policy)

The Company has applied the "Accounting Standard for Business Combinations" (Accounting Standards Board of Japan (ASBJ) Statement No. 21, September 13, 2013), the "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, September 13, 2013) and the "Accounting Standard for Business Divestitures" (ASBJ Statement No. 7, September 13, 2013) from the first quarter of the current fiscal year. As a result, the accounting method was changed to record the difference arising from changes in the equity in subsidiaries under ongoing control of the Company as capital surplus, and acquisition-related costs as expenses for the fiscal year in which they are incurred. In addition, with respect to any business combination entered into on or after the first day of the first quarter under review, the accounting method was changed to reflect adjustments to the allocation of acquisition cost under provisional accounting treatment on the consolidated financial statements of the quarterly financial period in which the relevant business combinations became or will become effective. Furthermore, the presentation method for "net income" has been changed, and references to "minority interests" have been changed to "non-controlling interests." To reflect these changes, the Company has reclassified its quarterly and full-year consolidated financial statements for the first quarter of the previous fiscal year and the previous fiscal year.

The Company has applied the Accounting Standard for Business Combinations and the other standards in accordance with transitional provisions in paragraph 58-2(4) of the Accounting Standard for Business Combinations, paragraph 44-5(4) of the Accounting Standard for Consolidated Financial Statements and paragraph 57-4(4) of the Accounting Standard for Business Divestitures, prospectively at the beginning of the first quarter under review.

The above changes have no impact on the financial statements for the first quarter of the current fiscal year.

3. Quarterly consolidated financial statements

(1) Quarterly consolidated balance sheets

(millions of yen)

	End-FY3/15 (As of March 31, 2015)	End-FY3/16 1Q (As of June 30, 2015)
Assets		
Current assets		
Cash and deposits	6,003	6,353
Notes and accounts receivable – trade	19,218	20,761
Merchandise and finished goods	15,576	15,513
Work in process	309	283
Raw materials and supplies	6,667	6,104
Deferred tax assets	485	310
Accounts receivable – other	653	664
Others	3,501	1,678
Allowance for doubtful accounts	(41)	(10)
Total current assets	53,374	51,658
Non-current assets		
Property, plant and equipment		
Buildings and structures	7,870	7,846
Accumulated depreciation	(4,096)	(4,145)
Buildings and structures, net	3,773	3,701
Machinery, equipment and vehicles	7,199	7,191
Accumulated depreciation	(5,115)	(5,251)
Machinery, equipment and vehicles, net	2,083	1,940
Land	7,852	7,827
Leased assets	150	157
Accumulated depreciation	(60)	(69)
Leased assets, net	89	88
Construction in progress	419	463
Others	1,047	1,051
Accumulated depreciation	(772)	(787)
Others, net	274	263
Total property, plant and equipment	14,494	14,284
Intangible assets		
Others	188	190
Total intangible assets	188	190
Investments and other assets		
Investment securities	3,911	4,125
Others	1,605	1,537
Allowance for doubtful accounts	(147)	(70)
Total investments and other assets	5,369	5,591
Total non-current assets	20,052	20,067
Total assets	73,427	71,725

(millions of yen)

	End-FY3/15 (As of March 31, 2015)	End-FY3/16 1Q (As of June 30, 2015)
Liabilities		
Current liabilities		
Notes and accounts payable – trade	7,922	8,322
Short-term loans payable	3,582	2,769
Current portion of long-term loans payable	1,298	1,273
Lease obligations	33	34
Income taxes payable	1,401	247
Provision for bonuses	627	379
Accounts payable – other	856	554
Others	2,779	2,926
Total current liabilities	18,502	16,508
Non-current liabilities		
Long-term loans payable	2,546	2,321
Lease obligations	56	54
Provision for directors' retirement benefits	599	603
Net defined benefit liability	113	115
Deferred tax liabilities	408	512
Others	24	31
Total non-current liabilities	3,748	3,639
Total liabilities	22,250	20,147
Net assets		
Shareholders' equity		
Common stock	3,559	3,559
Capital surplus	4,008	4,008
Retained earnings	43,942	44,386
Treasury shares	(2,621)	(2,621)
Total shareholders' equity	48,888	49,332
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	543	570
Deferred gains or losses on hedges	(79)	(31)
Foreign currency translation adjustment	1,798	1,699
Remeasurements of defined benefit plans	22	3
Total accumulated other comprehensive income	2,285	2,242
Non-controlling interests	2	2
Total net assets	51,176	51,577
Total liabilities and net assets	73,427	71,725

(2) Quarterly consolidated statements of income and comprehensive income**[Quarterly consolidated statements of income]**

(millions of yen)

	FY3/15 1Q (April 1, 2014 – June 30, 2014)	FY3/16 1Q (April 1, 2015 – June 30, 2015)
Net sales	42,940	45,014
Cost of sales	39,138	40,966
Gross profit	3,802	4,048
Selling, general, and administrative expenses	2,870	3,079
Operating income	931	968
Non-operating income		
Interest income	1	1
Dividend income	9	10
Share of profit of entities accounted for using equity method	135	177
Purchase discounts	4	3
House rent income	15	1
Subsidy income	2	53
Foreign exchange gains	-	2
Others	14	35
Total non-operating income	182	286
Non-operating expenses		
Interest expenses	10	11
Foreign exchange losses	3	-
Cost of lease revenue	19	-
Loss on retirement of non-current assets	1	12
Others	8	8
Total non-operating expenses	42	32
Ordinary income	1,072	1,222
Income before income taxes	1,072	1,222
Income taxes – current	210	172
Income taxes – deferred	147	259
Total income taxes	358	431
Profit	713	790
Profit (loss) attributable to non-controlling interests	(0)	0
Profit attributable to owners of parent	714	790

[Quarterly consolidated statements of comprehensive income]

(millions of yen)

	FY3/15 1Q (April 1, 2014 – June 30, 2014)	FY3/16 1Q (April 1, 2015 – June 30, 2015)
Profit	713	790
Other comprehensive income		
Valuation difference on available-for-sale securities	59	27
Deferred gains or losses on hedges	(236)	47
Foreign currency translation adjustments	(68)	(95)
Remeasurements of defined benefit plans	1	(19)
Share of other comprehensive income (loss) of entities accounted for using equity method	(28)	(3)
Total other comprehensive income (loss)	(272)	(43)
Comprehensive income	440	747
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	441	747
Comprehensive income (loss) attributable to non-controlling interests	(0)	0

(3) Quarterly consolidated statements of cash flows

(millions of yen)

	FY3/15 1Q (April 1, 2014 – June 30, 2014)	FY3/16 1Q (April 1, 2015 – June 30, 2015)
Cash flows from operating activities		
Income before income taxes	1,072	1,222
Depreciation	328	287
Increase (decrease) in allowance for doubtful accounts	1	(107)
Increase (decrease) in provision for bonuses	(262)	(248)
Increase (decrease) in net defined benefit liability	(32)	(26)
Increase (decrease) in provision for directors' retirement bonuses	(42)	4
Interest and dividend income	(10)	(11)
Interest expenses	10	11
Share of (profit) loss of entities accounted for using equity method	(135)	(177)
Decrease (increase) in notes and accounts receivable – trade	(1,911)	(1,542)
Decrease (increase) in accounts receivable – other	154	(17)
(Increase) decrease in inventories	(873)	1,635
Increase (decrease) in accounts payable – trade	(173)	396
Increase (decrease) in accounts payable – other	(51)	(352)
Others	608	2,157
Subtotal	(1,317)	3,230
Interest and dividend income received	10	12
Interest paid	(10)	(11)
Income taxes paid	(482)	(1,312)
Net cash provided by (used in) operating activities	(1,800)	1,919
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,178)	(86)
Purchase of intangible assets	(6)	(16)
Purchase of investment securities	(1)	(1)
Others	(9)	(22)
Net cash provided by (used in) investing activities	(1,195)	(126)

(millions of yen)

	FY3/15 1Q (April 1, 2014 – June 30, 2014)	FY3/16 1Q (April 1, 2015 – June 30, 2015)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	2,349	(813)
Repayments of long-term loans payable	(180)	(249)
Purchase of treasury shares	(94)	(0)
Cash dividends paid	(320)	(345)
Others	(11)	(8)
Net cash (used in) provided by financing activities	1,742	(1,417)
Effect of exchange rate change on cash and cash equivalents	(40)	(24)
Net increase (decrease) in cash and cash equivalents	(1,293)	350
Cash and cash equivalents at beginning of period	6,798	5,861
Cash and cash equivalents at end of period	5,504	6,212

(4) Notes on quarterly consolidated financial statements

(Notes on premise of a going concern)

There is nothing to report.

(Notes on significant changes in the amount of shareholders' equity)

FY3/16 1Q (April 1, 2015 – June 30, 2015)

There is nothing to report.

(Segment Information, etc.)

I. FY3/15 1Q (April 1, 2014 – June 30, 2014)

1. Sales and profits or losses by reportable segments

(millions of yen)

	Reportable Segments			Adjustments Note 1	Amount recorded on quarterly consolidated statements of income Note 2
	Precious metals business segment	Food business segment	Total		
Net sales					
(1) Net sales to external parties	30,012	12,928	42,940	—	42,940
(2) Intersegment sales and transfers	1	17	18	(18)	—
Total	30,013	12,946	42,959	(18)	42,940
Segment income	650	280	931	—	931

(Notes) 1. Adjustments correspond to the elimination of transactions and transfers between segments.

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

II. FY3/16 1Q (April 1, 2015 – June 30, 2015)

1. Sales and profits or losses by reportable segments

(millions of yen)

	Reportable Segments			Adjustments Note 1	Amount recorded on quarterly consolidated statements of income Note 2
	Precious metals business segment	Food business segment	Total		
Net sales					
(1) Net sales to external parties	29,805	15,209	45,014	—	45,014
(2) Intersegment sales and transfers	1	15	16	(16)	—
Total	29,806	15,225	45,031	(16)	45,014
Segment income	655	312	968	—	968

(Notes) 1. Adjustments correspond to the elimination of transactions and transfers between segments.

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