



FY3/14 Financial Statements [J-GAAP]

May 12, 2014

Company Name: Matsuda Sangyo Co., Ltd. Exchanges listed on: Tokyo Stock Exchange (First Section)
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 Date of regular shareholders' meeting: June 26, 2014
 Date of filing the financial report: June 26, 2014
 Expected dividend payment date: June 27, 2014
 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. FY3/14 Consolidated results (April 1, 2013–March 31, 2014)

(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)	(%)
FY3/14	165,416	-1.1	4,503	-19.1	4,893	-19.6	3,192	-20.3
FY3/13	167,263	-10.8	5,568	-18.6	6,085	-13.4	4,008	-4.7

(Note) Comprehensive income: FY3/14 4,147 million yen (-9.9%) FY3/13 4,604 million yen (12.8%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary income / total assets	Operating margin
	(yen)	(yen)	(%)	(%)	(%)
FY3/14	118.75	—	6.9	7.6	2.7
FY3/13	146.51	—	9.4	9.8	3.3

(Reference) Equity in earnings or losses of affiliates: FY3/14 290 million yen FY3/13 451 million yen

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	(millions of yen)	(millions of yen)	(%)	(yen)
FY3/14	66,398	47,449	71.5	1,778.38
FY3/13	63,136	44,460	70.4	1,643.09

(Reference) Shareholders' equity FY3/14 47,447 million yen FY3/13 44,457 million yen

(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)
FY3/14	-404	-803	-909	6,798
FY3/13	2,703	-2,765	-1,593	8,582

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)	(%)	(%)
FY3/13	—	12.00	—	12.00	24.00	653	16.3	1.5
FY3/14	—	12.00	—	12.00	24.00	642	20.2	1.4
FY3/15 (projections)	—	12.00	—	12.00	24.00		19.7	

3. FY3/15 Consolidated earnings projections (April 1, 2014–March 31, 2015)

(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 FY3/15	80,000	-4.6	2,150	-10.7	2,300	-13.7	1,500	-13.6	55.78
FY3/15	170,000	2.8	4,700	4.4	5,000	2.2	3,270	2.4	121.62

* Notes

(1) Material changes in subsidiaries during the fiscal year (changes in specified subsidiaries resulting from changes in scope of consolidation): No

(2) Changes in accounting principles, 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 |

(3) Number of issued shares (common shares)

1) Number of issued shares (including treasury stock)	FY3/14 : 28,908,581 shares	FY3/13 : 28,908,581 shares
2) Number of treasury stock	FY3/14 : 2,228,187 shares	FY3/13 : 1,851,230 shares
3) Average number of shares during the period	FY3/14 : 26,886,763 shares	FY3/13 : 27,356,932 shares

(Reference) Summary of non-consolidated results

1. FY3/14 Non-consolidated results (April 1, 2013–March 31, 2014)

(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)	(%)
FY3/14	162,997	-1.7	3,695	-18.8	3,955	-19.8	2,483	-19.8
FY3/13	165,755	-10.7	4,550	-27.0	4,933	-19.0	3,097	-11.1

	Net income per share	Diluted net income per share
	(yen)	(yen)
FY3/14	92.35	–
FY3/13	113.23	–

(2) Non-consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	(millions of yen)	(millions of yen)	(%)	(yen)
FY3/14	60,357	41,333	68.5	1,549.21
FY3/13	58,354	39,957	68.5	1,476.77

(Reference) Shareholders' equity: FY3/14 41,333 million yen FY3/13 39,957 million yen

*Presentation of implementation status for audit procedures

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

*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 to 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 (1) Analysis of operating results and financial position" on page 2.

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1. Operating results

(1) Analysis of operating results and financial position

Consolidated operating results	(millions of yen) (year-on-year comparison)		
Net sales	165,416	(-1,847	-1.1%)
Operating income	4,503	(-1,065	-19.1%)
Ordinary income	4,893	(-1,192	-19.6%)
Net income	3,192	(-815	-20.3%)

During the consolidated fiscal year ended March 31, 2014, the Japanese economy continued to recover at a moderate pace, supported by an upturn in consumer spending, corporate earnings and the labor market on the back of the government's economic policies and yen depreciation. However, economic growth in Asia lost momentum.

Against this backdrop, Matsuda Sangyo Group's precious metals business segment worked hard to secure precision metals materials and boost sales of products such as precious metal chemical products. The segment also actively upgraded business sites overseas and in Japan, which included the construction of a new plant in Iruma, Saitama Prefecture, as part of efforts to renew precious metal recycling facilities. Overseas, the Group established a new company in Vietnam to lead the construction of a new precious metals refining plant. The food business also strengthened its overseas sites while working to secure sales volumes amid operating conditions that remained challenging.

As a result, consolidated net sales decreased 1.1% year on year to 165,416 million yen, and operating income decreased 19.1% to 4,503 million yen. Ordinary income was 4,893 million yen (down 19.6% year on year) and net income was 3,192 million yen (down 20.3% 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	118,124	(-6,812	3,717 (-1,322 -26.2%)
Food business segment	47,352	(4,972	785 (256 48.6%)
Eliminations or corporate	-60		—
Total	165,416	(-1,847	4,503 (-1,065 -19.1%)

Precious metals business segment

In the precious metals division, sales of platinum metal products increased, supported by a moderate recovery in production at key customers in the semiconductor and electronic parts sectors. However, sales as a whole in the division declined year on year due to weaker sales volume for gold and silver products and electronic materials.

In the environmental division, the volume of industrial waste handled by the Group increased. However, sales in the division declined year on year due to a drop in the volume of silver recovered from photosensitive materials.

As a result, net sales for the precious metals business segment decreased 5.5% year on year to 118,124 million yen, and operating income decreased 26.2% year on year to 3,717 million yen.

Food business segment

The food business segment continued to face a challenging operating environment due to weak consumer spending and a rise in raw material prices caused mainly by the weaker yen. Amid these conditions, the segment worked to procure and sell stable supplies of safe, high-quality products to meet the demands of customers. Against this backdrop, seafood products and livestock products registered increases in both sales volume and sales compared with the previous fiscal year. Sales volume for agricultural products fell slightly year on year, but sales increased.

As a result, net sales for the food business segment totaled 47,352 million yen (up 11.7% year on year) and operating income decreased to 785 million yen (up 48.6% year on year).

Outlook for the fiscal year ending March 2015

Consolidated earnings projections	(millions of yen) (Comparison to FY3/14)		
Net sales	170,000	(+4,583	+2.8%)
Operating income	4,700	(+196	+4.4%)
Ordinary income	5,000	(+106	+2.2%)
Net income	3,270	(+77	+2.4%)

Although uncertainties remain, such as the risk of a slowdown in the global economy, we expect the Japanese economy to enter a self-sustaining recovery, supported by the government's fiscal and monetary policies. Against this backdrop, in the precious metals business segment, we plan to continue strengthening domestic and overseas operating sites and increase business volume by cultivating new demand.

In the food business segment, we will work to generate steady earnings through aggressive marketing activities tailored to customer needs, supported by the use of our overseas operating sites.

(2) Analysis of financial position

1) Assets, liabilities and net assets

Assets

Total assets increased 3,262 million yen year on year to 66,398 million yen. This mainly reflected increases in inventories and property, plant and equipment, outweighing a decline in cash and deposits, and notes and accounts receivable – trade.

Liabilities

Total liabilities increased 274 million yen year on year to 18,949 million yen. Chiefly, this is the result of an increase in accounts payable—other, outweighing a decline in accrued income taxes.

Net assets

Net assets increased 2,988 million yen year on year to 47,449 million yen. This primarily reflected decreases due to dividends paid and the purchase of treasury stock, outweighed by an increase from net income.

2) Cash flow status

As of March 31, 2014, the balance of cash and cash equivalents (hereafter, "cash") stood at 6,798 million yen, a decrease of 1,784 million yen 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 used net cash of 404 million yen. This mainly reflected the difference between the increase in income before income taxes on the one hand, and a corresponding increase in income taxes paid, a decrease in notes and accounts receivable – trade, and an increase in inventories on the other. The increase in inventories was related to stock building due to the startup of a new plant. This represents a decrease of 3,108 million yen from the 2,703 million yen increase in the previous fiscal year.

Cash flows from investing activities:

Investing activities used net cash of 803 million yen. 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 previous fiscal year, when investing activities used net cash of 2,765 million yen, net cash used in investing activities decreased by 1,961 million yen.

Cash flows from financing activities:

Financing activities used net cash of 909 million yen. This mainly reflected dividends paid and the purchase of treasury stock. Compared with the previous fiscal year, when financing activities used net cash of 1,593 million yen, net cash used in financing activities decreased by 684 million yen.

(Reference) Trend in cash flow indicators

	FY3/10	FY3/11	FY3/12	FY3/13	FY3/14
Shareholders' equity ratio	63.0	62.8	67.0	70.4	71.5
Shareholders' equity ratio on a market value basis	86.6	58.3	61.1	61.9	50.0
Ratio of interest-bearing debt to cash flow	—	1.2	0.8	1.5	—
Interest coverage ratio	—	69.3	111.9	62.1	—

(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 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 at the end of the fiscal year.

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

* The ratio of interest-bearing debt to cash flow and the interest coverage ratio for FY3/10 and FY3/14 are not provided since cash flow from operating activities was negative.

(3) Basic policy on distribution of profits and dividends for FY3/14 and FY3/15

The Company's basic policy on distribution of profits is to meet shareholders' expectations by continuing to pay stable dividends while ensuring sufficient internal reserves to invest in growth. In line with this policy, the Company acquired treasury stock during the fiscal year under review in order to increase shareholder value per share.

Based on this policy, the Company plans to pay a year-end dividend of 12 yen per share. In combination with the interim dividend of 12 yen, dividends for the full fiscal year are expected to be 24 yen per share.

The Company expects to pay 24 yen per share in dividends for the fiscal year ending March 2014 (12 yen per share as an interim dividend, and 12 yen per share as a year-end dividend). The Company will continue to distribute profits to its shareholders in a comprehensive way according to the operating results.

(4) Business and other risks

The main business risks recognized by the Group are described below. If these risks become reality, they may have a major effect on the Company's business performance and financial position. In recognition of these risks, our TRM (Total Risk Management) Committee will develop a risk management system with the aim of avoiding risks and minimizing the effect of such risks if they occur.

1) Price fluctuations for core products and commodities

a. Products

The Group's products mainly consist of the precious metals such as gold, silver, platinum and palladium; the main raw materials used in their production are the recycled raw materials containing the various precious metals. As a general rule, the purchase price is based on the market price for precious metal bullion and the market prices are affected by changes in the international commodities market and fluctuation in exchange rates. The prices of these products are also determined based on the market price. The Group 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 its operating results.

b. Commodities

A large portion of the Group's processed raw materials for food products, which consist mainly of *surimi* fish paste and other seafood, livestock products, 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 Group addresses these changes by using forward exchange contracts and passing on price changes to customers; however, these price changes could affect its operating results.

2) Quality issues related to the Group's food business segment

The Group purchases a wide range of products from overseas for the food business segment, including processed seafood ingredients comprised mainly of *surimi* fish paste, shrimp, crab, squid, octopus, processed agricultural products comprised mainly of fresh, dried, and frozen vegetables, and processed livestock products comprised mainly of various types of meat of beef, chicken and others, and chicken eggs. The Group also sells these products to food manufacturers of *surimi* fish paste, frozen food, prepared food, confectionery and other food products on a wholesale basis. The Group carries out strict labeling of food products as specified by law, and make every effort to strengthen its quality control training and contamination countermeasures for overseas food products. However, its 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 regulations of the precious metals business segment were tightened, various measures such as increasing capital expenditures might become necessary. The Group also conducts various operations including collecting, transporting and disposing of 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 Group complies with the various laws.

In addition to establishing corporate ethics rules, which clearly state corporate ethics and legal compliance in writing, the Group has created compliance rules to set forth how compliance is to be implemented, and is working to achieve compliance in all business activities.

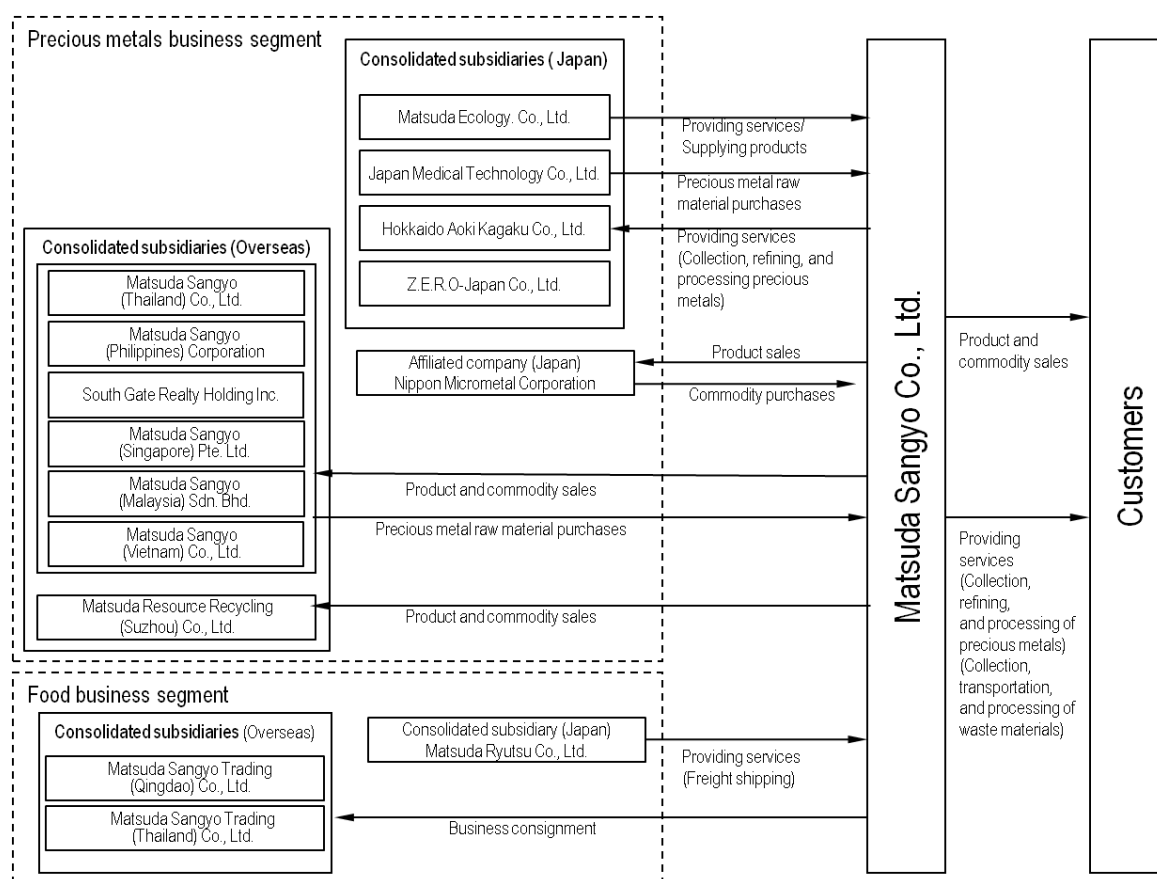
4) Management of waste and other materials

The Group uses poisonous and toxic substances but appropriately processes the waste liquid and atmospheric emissions, taking the environment into consideration. However, operating results could be affected if a problem were to occur with the management of these materials for any various reasons, including an accident at the plant.

2. Corporate group

Matsuda Sangyo Group is composed of the Company, 14 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., and Matsuda Sangyo (Vietnam) Co., Ltd. The subsidiary Matsuda Ryutsu Co., Ltd., is responsible for distribution for the Company's food business segment, while Matsuda Sangyo Trading (Qingdao) Co., Ltd. and Matsuda Sangyo Trading (Thailand) Co., Ltd. provide support for the food business segment in East Asia. 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. Management policy

(1) Basic corporate management policy

Matsuda Sangyo 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: the precious metals business, in working to recycle and make effective use of precious metals and limited resources; the environmental business, which aims to pass on a pristine environment to the next generation; and the food business, which aims to provide stable food resources and the abundant bounty from the earth.

The Group's basic management policy is to "focus on customers" and "focus on shareholders." The Group sees its path to growth as understanding customer needs precisely and working for mutual survival and prosperity with its customers. The Group's goal is to contribute to securing resources through its resource recycling business, to contribute to the development of cutting-edge technology through precious metal processing and sales, to contribute to environmental protection through its environmental business, and to contribute to culinary life and culture through its food business while striving to expand the scope of its business and earn reasonable profits through sustained marketing efforts.

(2) Business indicators used as benchmarks

The Group has set the following numerical benchmarks for mid-term management: Ratio of ordinary income to total assets of 10% or more and a shareholders' equity ratio of 55% or more. As of the end of the fiscal year under review, the ratio of ordinary income to total assets was 7.6%, falling short of target, but the shareholders' equity ratio was 71.5%, exceeding the target. In the future as well, the Group will continue to work earnestly to increase earnings and improve operational efficiency.

(3) Medium- to long-term business strategy and issues faced by the Group

In the medium to long term, the Group will deploy a strategy that has positioned the precious metals business segment as the driving force behind expansion and growth and the food business segment as a stable growth business.

The following is a summary for each business segment:

Precious metals business segment:

In the precious metals division, we will boost earnings potential by strengthening products and services in response to global competition. Aiming to become East Asia's leading refining company, we will upgrade domestic operating sites and reinforce our regional strategy for overseas sites.

In the fiscal year under review, we established a local company in Vietnam and made preparations to build a new plant with metal refining facilities. Also, in the Philippines, we purchased a new warehouse to boost precious metal material collection capabilities at our local company. At all our local companies in Thailand, Singapore, Malaysia and China (Suzhou), we plan to increase sales of products such as electronic materials and precious metal chemical products and expand the collection of recyclable precious metals.

In Japan, we started operation of new refining facilities at a newly built plant in Iruma, Saitama Prefecture, in order to boost quality and productivity. Going forward, we will continue to work on improving our precious metal recovery technology and actively conduct R&D to develop new chemical products that address the needs of customers in the electronics industry and other sectors.

In the environmental division, we will continue to leverage the Group's waste acid and alkali treatment facilities, nationwide waste disposal licenses and distribution network, while expanding the industrial fields we service in response to changing demand.

Food business segment:

In the food products business segment, we will leverage the Group's track record of expertise in quality assurance to supply safe, reliable, high-quality food products, aiming to expand the business by standing out in the market and addressing the changing needs of client industries. Against this backdrop, we will work to be more profitable by responding to rising prices of imported raw materials caused by the yen's weakness. We also intend to secure high-quality supply sources and cultivate new customers by utilizing two overseas subsidiaries: Matsuda Sangyo Trading (Qingdao) Co., Ltd. in Qingdao, China, and Matsuda Sangyo Trading (Thailand) Co., Ltd. in Bangkok, Thailand.

(4) Other important corporate management issues

The Company engages in real estate lease transactions, non-life insurance transactions, and clerical work agency with Matsuda Bussan, the Company's main shareholder. The terms of the lease were determined in a fair manner by taking into account the appraised value of the real estate as determined by a real estate appraiser and prices in the neighboring area. Payments of non-life insurance premiums are made based on the same terms that are commonly used for insurance transactions.

4. Consolidated financial statements
(1) Consolidated balance sheet

(millions of yen)

	FY3/13 (March 31, 2013)	FY3/14 (March 31, 2014)
Assets		
Current assets		
Cash and deposits	8,587	6,798
Notes and accounts receivable – trade	18,813	16,482
Merchandise and finished goods	8,596	12,828
Work in process	174	313
Raw materials and supplies	5,729	6,235
Deferred tax assets	595	420
Other accounts receivable	1,132	1,547
Others	1,750	2,597
Allowance for doubtful accounts	-43	-43
Total current assets	45,336	47,181
Fixed assets		
Tangible fixed assets		
Buildings and structures	5,809	7,664
Accumulated depreciation	-3,512	-3,760
Buildings and structures, net	2,296	3,903
Machinery and delivery equipment	4,929	6,776
Accumulated depreciation	-3,983	-4,385
Machinery and delivery equipment, net	945	2,390
Land	7,629	7,773
Leased assets	425	264
Accumulated depreciation	-306	-163
Leased assets, net	118	101
Construction in progress	2,248	126
Others	940	997
Accumulated depreciation	-622	-682
Others, net	317	314
Total tangible fixed assets	13,557	14,610
Intangible fixed assets		
Others	329	215
Total intangible fixed assets	329	215
Investments and other assets		
Investment securities	2,588	3,040
Deferred tax assets	177	119
Others	1,424	1,436
Allowance for doubtful accounts	-277	-205
Total investments and other assets	3,913	4,390
Total fixed assets	17,800	19,216
Total assets	63,136	66,398

(millions of yen)

	FY3/13 (March 31, 2013)	FY3/14 (March 31, 2014)
Liabilities		
Current liabilities		
Notes and accounts payable – trade	7,885	8,095
Short-term loans payable	721	1,347
Current portion of long-term loans payable	714	623
Lease obligations	54	47
Accrued income taxes	1,315	579
Reserve for bonuses	615	623
Other accounts payable	1,169	2,258
Others	2,867	2,278
Total current liabilities	15,343	15,854
Fixed liabilities		
Long-term loans payable	2,467	2,244
Lease obligations	64	53
Reserve for retirement benefits	230	-
Reserve for directors' retirement benefits	539	596
Net defined benefit liability	-	156
Others	30	44
Total fixed liabilities	3,331	3,095
Total liabilities	18,675	18,949
Net assets		
Shareholders' equity		
Common stock	3,559	3,559
Capital surplus	4,008	4,008
Retained earnings	38,766	41,311
Treasury stock	-2,027	-2,526
Total shareholders' equity	44,306	46,353
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	192	252
Deferred gains or losses on hedges	-22	86
Remeasurements of defined benefit plans	-19	770
Foreign currency translation adjustments	-	-14
Total accumulated other comprehensive income	151	1,094
Minority interests	2	1
Total net assets	44,460	47,449
Total liabilities and net assets	63,136	66,398

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

(millions of yen)

	FY3/13 (April 1, 2012 – March 31, 2013)	FY3/14 (April 1, 2013 – March 31, 2014)
Net sales	167,263	165,416
Cost of sales	150,135	149,689
Gross profit	17,127	15,726
Selling, general and administrative expenses	11,558	11,222
Operating income	5,568	4,503
Non-operating income		
Interest income	3	6
Dividends income	20	23
Equity in earnings of affiliates	451	290
Purchase discounts	24	17
House rent income	62	60
Retirement payments received for transferred employees	69	-
Insurance income	6	189
Subsidy income	-	70
Others	43	42
Total non-operating income	681	699
Non-operating expenses		
Interest expenses	43	43
Foreign exchange losses	34	143
Cost of lease revenue	59	59
Others	27	64
Total non-operating expenses	165	310
Ordinary income	6,085	4,893
Income before income taxes	6,085	4,893
Income taxes – current	2,038	1,518
Income taxes – deferred	39	185
Total income taxes	2,077	1,703
Income before minority interests	4,008	3,189
Minority interests in income (losses)	-	-3
Net income	4,008	3,192

(Consolidated statements of comprehensive income)

	(Millions of yen)	
	FY3/13 (April 1, 2012 – March 31, 2013)	FY3/14 (April 1, 2013 – March 31, 2014)
Income before minority interests	4,008	3,189
Other comprehensive income		
Valuation difference on available-for-sale securities	63	59
Deferred gains or losses on hedges	-30	108
Foreign currency translation adjustment	483	602
Share of other comprehensive income of affiliates accounted for using equity method	80	186
Total other comprehensive income	596	957
Comprehensive income	4,604	4,147
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	4,604	4,150
Comprehensive income attributable to minority interests	-	-2

(3) Consolidated statements of changes in shareholders' equity
 FY3/13 (April 1, 2012–March 31, 2013)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholder s' equity
Balance at the beginning of period	3,559	4,008	35,417	-1,401	41,584
Change of items during the period					
Dividends from surplus			-659		-659
Net income			4,008		4,008
Purchase of treasury stock				-625	-625
Net changes of items other than shareholders' equity					
Total change of items during the period	—	—	3,348	-625	2,722
Balance at the end of the period	3,559	4,008	38,766	-2,027	44,306

	Accumulated other comprehensive income					Minority 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	129	8	-583	—	-445	—	41,138
Change of items during the period							
Dividends from surplus							-659
Net income							4,008
Purchase of treasury stock							-625
Net changes of items other than shareholders' equity	63	-30	564	—	596	2	599
Total change of items during the period	63	-30	564	—	596	2	3,322
Balance at the end of the period	192	-22	-19	—	151	2	44,460

FY3/14 (April 1, 2013–March 31, 2014)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of period	3,559	4,008	38,766	-2,027	44,306
Change of items during the period					
Dividends from surplus			-647		-647
Net income			3,192		3,192
Purchase of treasury stock				-498	-498
Net changes of items other than shareholders' equity					
Total change of items during the period	—	—	2,545	-498	2,046
Balance at the end of the period	3,559	4,008	41,311	-2,526	44,353

	Accumulated other comprehensive income					Minority 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	192	-22	-19	—	151	2	44,460
Change of items during the period							
Dividends from surplus							-647
Net income							3,192
Purchase of treasury stock							-498
Net changes of items other than shareholders' equity	59	108	789	-14	943	-1	941
Total change of items during the period	59	108	789	-14	943	-1	2,988
Balance at the end of the period	252	86	770	-14	1,094	1	47,449

(4) Consolidated statements of cash flow

(millions of yen)

	FY3/13 (April 1, 2012– March 31, 2013)	FY3/14 (April 1, 2013– March 31, 2014)
Cash flow from operating activities		
Income before income taxes	6,085	4,893
Depreciation and amortization	1,156	1,093
Change in allowance for doubtful accounts ('-' means decrease)	104	-72
Change in allowance for bonuses ('-' means decrease)	-8	8
Change in allowance for retirement benefits ('-' means decrease)	-23	-230
Change in net defined benefit liability ('-' means decrease)	-	132
Change in allowance for directors' retirement bonuses ('-' means decrease)	44	57
Interest and dividends income	-23	-29
Interest expense	43	43
Equity in earnings or losses of affiliates ('-' means earnings)	-451	-290
Change in accounts receivable – trade ('-' means increase)	765	2,399
Change in other accounts receivable ('-' means increase)	95	-262
Change in inventory ('-' means increase)	-1,016	-4,612
Change in accounts payable – trade ('-' means decrease)	-1,101	28
Changes in other accounts payable ('-' means decrease)	55	28
Other changes	-906	-1,532
Subtotal	4,818	1,655
Interest and dividends received	233	155
Interest paid	-44	-42
Income taxes paid	-2,304	-2,172
Cash flow from operating activities	2,703	-404
Cash flow from investing activities		
Purchase of property, plant and equipment	-2,683	-681
Proceeds from sale of property, plant and equipment	10	-
Purchase of intangible fixed assets	-50	-51
Purchase of investment securities	-8	-9
Proceeds from sale of investment securities	31	-
Others	-65	-61
Cash flow from investing activities	-2,765	-803
Cash flow from financing activities		
Net change in short-term loans payable ('-' means decrease)	-293	609
Proceeds from long-term loans payable	800	400
Repayment of long-term loans payable	-746	-714
Purchase of treasury stock	-625	-498
Dividends paid	-659	-647
Others	-67	-59
Cash flow from financing activities	-1,593	-909
Effect of exchange rate change on cash and cash equivalents	289	333
Change in cash and cash equivalents ('-' means decrease)	-1,365	-1,784
Cash and cash equivalents at beginning of period	9,948	8,582
Cash and cash equivalents at the end of period	8,582	6,798

(5) Notes on consolidated financial statements
(Notes on premise of a going concern)
There is nothing to report.

(Changes in accounting standards, etc.)

(Application of "Accounting Standard for Retirement Benefits," etc.)

The Company has applied the "Accounting Standard for Retirement Benefits" (Accounting Standards Board of Japan ("ASBJ") Statement No.26, May 17, 2012) and "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No.25, May 17, 2012) from the end of the fiscal year under review, excluding paragraph 35 of ASBJ Statement No.26 and paragraph 67 of ASBJ Guidance No.25. As a result, the Company has changed the way it recognizes the difference between retirement benefit liabilities and plan assets, with unrecognized actuarial liabilities and unrecognized prior service costs now recorded as retirement benefit liabilities.

At the application of these accounting standards, in accordance with paragraph 37 of ASBJ Statement No.26, the Company reduced accumulated other comprehensive income by the amount related to this change at the fiscal year end.

As a result of the change, the Company recorded retirement benefit liabilities of 156 million yen at the fiscal year end and reduced accumulated other comprehensive income by 14 million yen.

The impact on per-share financial data is minimal.

(Segment information, etc.)
 (Segment information by business)

(Segment Information)

1. Overview of reportable segments

With respect to its business segments, the Company is able to obtain delineated financial data from among its structural units. Its segments are subject to regular examination in order to assist decision-making on allocation of managerial resources and evaluation of business performance by the Board of Directors.

At Matsuda Sangyo, operation divisions have been established based on each of our products and services in the head office, and each of these divisions' works to formulate comprehensive domestic and foreign strategies and to expand business for the corresponding products 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. In this regard, business segments with essentially identical financial characteristics (i.e., the precious metals division and the environment division) are combined as the precious metals business segment.

The precious metals business segment recovers and refines precious metals, sells precious metal bullions, chemical products, and electronic materials, and collects, transports and disposes 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, income /loss, assets/liabilities, and other items 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 refer to operating income. Inter-segment sales/transfers are based on market value.

3. Information for net sales, income /loss, assets/liabilities, and other items for each reportable segment

FY3/13 (April 1, 2012–March 31, 2013)

(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	124,931	42,332	167,263	—	167,263
Net sales & remittances between segments	4	48	52	-52	—
Total	124,936	42,380	167,316	-52	167,263
Segment income	5,040	528	5,568	—	5,568

(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.

FY3/14 (April 1, 2013–March 31, 2014)

(millions of yen)

	Reportable Segments			Adjustments Note ¹	Amount recorded on consolidated statements of income Note ²
	Precious metals business segment	Food business segment	Total		
Net sales					
Net sales to external parties	118,119	47,296	165,416	—	165,416
Net sales & remittances between segments	4	55	60	-60	—
Total	118,124	47,352	165,476	-60	165,416
Segment income	3,717	785	4,503	—	4,503

(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.