



## FY3/13 1-2Q Consolidated Financial Statements [J-GAAP]

November 12, 2012

Company name: Matsuda Sangyo Co., Ltd. Exchanges listed on: Tokyo Stock Exchange (First Section)  
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 Supplementary quarterly materials prepared: Yes  
 Quarterly results information meeting held: Yes (for institutional investors and analysts)

(Figures are rounded down to the nearest million yen)

### 1. FY3/13 1-2Q consolidated results (April 1, 2012 – September 30, 2012)

#### (1) Consolidated 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)	(%)
FY3/13 1-2Q	81,204	-16.7	1,808	-54.6	2,006	-49.6	1,332	-45.9
FY3/12 1-2Q	97,524	7.5	3,980	39.0	3,984	39.0	2,465	44.7

(Note) Comprehensive income: FY3/13 1-2Q: ¥1,259 million (-53.4%) FY3/12 1-2Q: ¥2,701 million (71.4%)

	Net income per share	Diluted net income per share
	(yen)	(yen)
FY3/13 1-2Q	48.44	—
FY3/12 1-2Q	87.90	—

#### (2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	(millions of yen)	(millions of yen)	(%)
End-FY3/13 1-2Q	59,782	41,811	69.9
End-FY3/12	61,363	41,138	67.0

(Reference) Shareholders' equity: End-FY3/13 1-2Q: ¥41,811 million End-FY3/12: ¥41,138 million

### 2. Dividends

	Annual Dividends				
	1Q	2Q	3Q	4Q	Annual
	(yen)	(yen)	(yen)	(yen)	(yen)
FY3/12	—	12.00	—	12.00	24.00
FY3/13	—	12.00			
FY3/13 (Projections)			—	12.00	24.00

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

### 3. Consolidated earnings projections for FY3/13 (April 1, 2012 – March 31, 2013)

(Percentages are year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)	(yen)
FY3/13	170,000	-9.4	4,200	-38.6	4,500	-36.0	2,760	-34.4	100.78

(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: Yes
  - 4) Restatement of revisions: No

(4) Number of issued shares (common shares)

1) Number of issued shares (including treasury stock)	End-FY3/13 1-2Q	28,908,581 shares	End-FY3/12	28,908,581 shares
2) Number of treasury stock	End-FY3/13 1-2Q	1,522,658 shares	End-FY3/12	1,302,477 shares
3) Average number of shares during the period	FY3/13 1-2Q	27,507,568 shares	FY3/12 1-2Q	28,045,602 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, review procedures for quarterly financial statements pursuant to the Financial Instruments and Exchange Act had not 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 six months of the fiscal year ending March 31, 2013, conditions in the Japanese economy remained difficult due to continued deflation, the persistently strong yen and falling production caused by weak exports, against the backdrop of the fiscal debt crisis in Europe and a slowdown in China.

Under these circumstances, performance in the Matsuda Sangyo Group's business segments was as follows.

#### *Precious metals business segment*

In the precious metals division, there were signs of an upturn after the damage caused by the flooding in Thailand, but production declined at key customers in the semiconductor and electronics parts sectors. This led to a drop in sales volume for the Group's precious metal chemicals and other products. The volume of recovered precious metals also fell year on year and bullion sales volume declined. As a result, sales in the precious metals division declined year on year.

Sales in the environmental division also fell year on year, reflecting a decline in the volume of materials handled following a temporary increase last year after the earthquake, and lower prices for silver.

As a result, net sales for the precious metals business segment totaled ¥60,539 million (down 21.2% year on year), and operating income was ¥1,530 million (down 54.9% year on year).

#### *Food business segment*

The food business segment continued to face a difficult operating environment characterized by an entrenched focus on lower-priced products by consumers amid deflationary conditions. Against this backdrop, seafood product sales volume and sales increased year on year, but profitability deteriorated due to the impact of weaker market prices and other factors. Sales of livestock products declined due to lower prices and weak sales volume, while sales of agricultural products also fell, reflecting lower sales volume compared with a year earlier.

As a result, net sales for the food business segment were ¥20,691 million (down 0.0% year on year), and operating income was ¥278 million (down 52.6% year on year).

As a result of the above, for the first six month of the fiscal year ending March 31, 2013, consolidated net sales were ¥81,204 million (down 16.7% year on year), operating income was ¥1,808 million (down 54.6% year on year), ordinary income was ¥2,006 million (down 49.6% year on year), and net income was ¥1,332 million (down 45.9% 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 six months were ¥59,782 million, a decrease of ¥1,580 million from the previous fiscal year end. This mainly reflected a decline in cash and deposits, and notes and accounts receivable – trade that outweighed increases in inventories, and property, plant and equipment.

##### *Liabilities*

Total liabilities as of the end of the first six months were ¥17,971 million, a decrease of ¥2,253 million from the previous fiscal year end. This was mainly because of decreases in notes and accounts payable – trade, and repayment of loans payable.

##### *Net assets*

Net assets as of the end of the first six months were ¥41,811 million, an increase of ¥673 million from the previous fiscal year end. This primarily reflected an increase in shareholders' equity from profits generated during the six months under review.

(2) Cash flows status

As of the end of the first six months under review, the balance of cash and cash equivalents (hereafter, "cash") stood at ¥6,886 million, a decrease of ¥3,061 million from the previous fiscal year end.

*Cash flows from operating activities*

Operating activities used net cash of ¥145 million. This mainly reflected the difference between the increase in income before income taxes on the one hand and the corresponding increase in income taxes paid and the decrease in notes and accounts payable—trade on the other. Compared with the same period in the previous fiscal year, when operating activities provided net cash of ¥1,423 million, net cash used in operating activities decreased by ¥1,568 million.

*Cash flows from investing activities*

Investing activities used net cash of ¥1,301 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 ¥367 million, net cash used in investing activities increased by ¥934 million.

*Cash flows from financing activities*

Financing activities used net cash of ¥1,663 million. This was mainly due to dividend payments and repayment of short-term and long-term loans payable. Compared with the same period in the previous fiscal year, when financing activities used net cash of ¥748 million, net cash used in financing activities increased by ¥915 million.

**(3) Qualitative information on consolidated earnings projections**

In the first six months of the current fiscal year, sales of precious metal bullion and precious metal chemical products declined due to a drop in production in the semiconductor and electronic parts sectors. However, we forecast an upturn in sales of these products in the second half of the fiscal year. In light of these trends, we revised our consolidated earnings projections for FY3/13, which were announced on May 14, 2012. For more details regarding the earnings projections, please refer to "Revisions to Earnings Projections" announced on November 5, 2012.

## **2. Matters concerning summary information (notes)**

### **(1) Changes in significant subsidiaries during the period**

There is nothing to report.

### **(2) Application of special accounting treatment in preparing the quarterly consolidated financial statements**

There is nothing to report.

### **(3) Changes in accounting policies, changes in accounting estimates and restatement of revisions**

(Changes in accounting policies that may be difficult to distinguish from changes in accounting estimates)

Following revisions to the Corporation Tax Act, the Company and its domestic consolidated subsidiaries have adopted a new depreciation method for property, plant and equipment purchased after April 1, 2012. The change, which is based on the revised Corporation Tax Act, is effective from the first three months under review.

This change had only a limited impact on income and losses and segment information in the first six months under review.

### 3. Quarterly consolidated financial statements

#### (1) Quarterly consolidated balance sheets

(millions of yen)

	End-FY3/12 (As of March 31, 2012)	End-FY3/13 1-2Q (As of September 30, 2012)
<b>Assets</b>		
Current assets		
Cash and deposits	9,952	6,891
Notes and accounts receivable – trade	19,534	17,779
Merchandise and finished goods	7,015	8,781
Work in process	230	345
Raw materials and supplies	5,996	5,444
Deferred tax assets	622	737
Other accounts receivable	1,219	1,705
Others	1,159	1,608
Allowance for doubtful accounts	-17	-49
Total current assets	45,713	43,244
Fixed assets		
Property, plant and equipment		
Buildings and structures	5,662	5,727
Accumulated depreciation	-3,256	-3,393
Buildings and structures, net	2,405	2,334
Machinery and delivery equipment	4,576	4,709
Accumulated depreciation	-3,666	-3,820
Machinery and delivery equipment, net	909	889
Land	7,540	7,543
Leased assets	360	403
Accumulated depreciation	-233	-270
Leased assets, net	127	132
Construction in progress	287	1,144
Others	815	859
Accumulated depreciation	-516	-567
Others, net	299	292
Total property, plant and equipment	11,569	12,336
Intangible fixed assets		
Others	622	496
Total intangible fixed assets	622	496
Investments and other assets		
Investment securities	2,180	2,358
Deferred tax assets	203	237
Others	1,272	1,387
Allowance for doubtful accounts	-199	-277
Total investments and other assets	3,457	3,706
Total fixed assets	15,649	16,538
Total assets	61,363	59,782

(millions of yen)

	End-FY3/12 (As of March 31, 2012)	End-FY3/13 1-2Q (As of September 30, 2012)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable – trade	8,820	7,734
Short-term loans payable	1,015	334
Current portion of long-term loans payable	718	700
Lease obligations	64	63
Accrued income taxes	1,589	742
Reserve for bonuses	624	713
Other accounts payable	1,239	1,733
Others	2,913	3,016
<b>Total current liabilities</b>	<b>16,985</b>	<b>15,039</b>
Fixed liabilities		
Long-term loans payable	2,409	2,078
Lease obligations	63	68
Reserve for retirement benefits	252	247
Reserve for directors' retirement benefits	494	517
Others	18	19
<b>Total fixed liabilities</b>	<b>3,238</b>	<b>2,931</b>
<b>Total liabilities</b>	<b>20,224</b>	<b>17,971</b>
<b>Net assets</b>		
Shareholders' equity		
Common stock	3,559	3,559
Capital surplus	4,008	4,008
Retained earnings	35,417	36,419
Treasury stock	-1,401	-1,657
<b>Total shareholders' equity</b>	<b>41,584</b>	<b>42,330</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	129	101
Deferred gains or losses on hedges	8	-112
Foreign currency translation adjustments	-583	-507
<b>Total accumulated other comprehensive income</b>	<b>-445</b>	<b>-518</b>
<b>Total net assets</b>	<b>41,138</b>	<b>41,811</b>
<b>Total liabilities and net assets</b>	<b>61,363</b>	<b>59,782</b>



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

(millions of yen)

	FY3/12 1-2Q (April 1, 2011 – September 30, 2011)	FY3/13 1-2Q (April 1, 2012 – September 30, 2012)
Net sales	97,524	81,204
Cost of sales	87,923	73,484
Gross profit	9,601	7,719
Selling, general, and administrative expenses	5,620	5,910
Operating income	3,980	1,808
Non-operating income		
Interest income	0	1
Dividends income	10	11
Equity in earnings of affiliates	265	301
Purchase discounts	16	13
House rent income	30	31
Others	18	39
Total non-operating income	342	398
Non-operating expenses		
Interest expenses	25	22
Foreign exchange losses	253	108
Cost of lease revenue	26	32
Others	33	37
Total non-operating expenses	338	201
Ordinary income	3,984	2,006
Income before income taxes	3,984	2,006
Income taxes – current	1,517	731
Income taxes – deferred	0	-58
Total income taxes	1,518	673
Income before minority interests	2,465	1,332
Net income	2,465	1,332

**[Quarterly consolidated statements of comprehensive income]**

(millions of yen)

	FY3/12 1-2Q (April 1, 2011 – September 30, 2011)	FY3/13 1-2Q (April 1, 2012 – September 30, 2012)
Income before minority interests	2,465	1,332
Other comprehensive income		
Valuation difference on available-for-sale securities	-19	-28
Deferred gains or losses on hedges	268	-120
Foreign currency translation adjustments	-7	63
Share of other comprehensive income of affiliates accounted for using equity method	-5	12
Total other comprehensive income	236	-72
Comprehensive income	2,701	1,259
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	2,701	1,259
Comprehensive income attributable to minority interests	—	—

**(3) Quarterly consolidated statements of cash flows**

(millions of yen)

	FY3/12 1-2Q (April 1, 2011 – September 30, 2011)	FY3/13 1-2Q (April 1, 2012 – September 30, 2012)
<b>Cash flows from operating activities</b>		
Income before income taxes	3,984	2,006
Depreciation and other amortization	548	560
Change in allowance for doubtful accounts ('-' means decrease)	-74	110
Change in allowance for bonuses ('-' means decrease)	130	89
Change in allowance for retirement benefits ('-' means decrease)	-13	-5
Change in allowance for directors' retirement bonuses ('-' means decrease)	19	22
Interest and dividends income	-11	-13
Interest expense	25	22
Equity in earnings or losses of affiliates ('-' means earnings)	-265	-301
Change in notes and accounts receivable – trade ('-' means increase)	-273	1,758
Change in other accounts receivable ('-' means increase)	1,124	-492
Change in inventory ('-' means increase)	-435	-1,305
Change in notes and accounts payable – trade ('-' means decrease)	-453	-1,098
Change in other accounts payable ('-' means decrease)	-1,115	645
Others	-413	-655
Subtotal	2,776	1,343
Interest and dividends received	11	71
Interest paid	-23	-22
Income taxes paid	-1,341	-1,537
Cash flows from operating activities	1,423	-145
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	-459	-1,252
Proceeds from sale of property, plant and equipment	68	9
Purchase of intangible fixed assets	-8	-45
Purchase of investment securities	-4	-4
Proceeds from sale of investment securities	–	31
Others	36	-39
Cash flows from investing activities	-367	-1,301
<b>Cash flows from financing activities</b>		
Net change in short-term loans payable ('-' means decrease)	465	-690
Repayment of long-term loans payable	-649	-349
Purchase of treasury stock	-186	-255
Dividends paid	-337	-331
Others	-40	-37
Cash flows from financing activities	-748	-1,663
Effect of exchange rate change on cash and cash equivalents	8	49
Change in cash and cash equivalents ('-' means decrease)	316	-3,061
Cash and cash equivalents at beginning of period	6,605	9,948
Cash and cash equivalents at end of period	6,921	6,886

#### (4) Notes on premise of a going concern

There is nothing to report.

#### (5) Segment Information

##### Segment information

I. FY3/12 1-2Q (April 1, 2011 – September 30, 2011)

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	76,859	20,664	97,524	—	97,524
(2) Intersegment sales and transfers	2	31	33	-33	—
Total	76,862	20,695	97,558	-33	97,524
Segment income	3,393	587	3,980	—	3,980

(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. FY3/13 1-2Q (April 1, 2012 – September 30, 2012)

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	60,537	20,667	81,204	—	81,204
(2) Intersegment sales and transfers	2	24	26	-26	—
Total	60,539	20,691	81,231	-26	81,204
Segment income	1,530	278	1,808	—	1,808

(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.

#### (6) Notes in the event of significant fluctuations in shareholders' equity

There is nothing to report.