



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

August 10, 2012

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(Figures are rounded down to the nearest million yen)

### 1. FY3/13 1Q consolidated results (April 1, 2012 – June 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 1Q	41,783	-10.2	1,038	-52.4	1,130	-49.2	727	-46.4
FY3/12 1Q	46,504	-0.6	2,182	45.5	2,226	49.3	1,358	51.9

(Note) Comprehensive income: FY3/13 1Q: ¥1,028 million (-31.9%) Q1 FY3/12: ¥1,509 million (49.9%)

	Net income per share	Diluted net income per share
	(yen)	(yen)
FY3/13 1Q	26.39	–
FY3/12 1Q	48.32	–

#### (2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	(millions of yen)	(millions of yen)	(%)
End-FY3/13 1Q	59,729	41,705	69.8
End-FY3/12	61,363	41,138	67.0

(Reference) Shareholders' equity: End-FY3/13 1Q: ¥41,705 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	–				
FY3/13 (Projections)		12.00	–	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 1H	91,000	-6.7	2,800	-29.7	2,900	-27.2	1,760	-28.6	64.01
FY3/13	195,000	3.9	7,000	2.4	7,200	2.4	4,420	5.1	160.77

(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

(Note) The Company has applied a new depreciation method from the first quarter under review. This change corresponds with "cases where changes in accounting policy may be difficult to distinguish from changes in accounting estimates." For more details, please refer to "2. Matters concerning summary information (notes), (3) Changes in accounting policies, accounting estimates and restatement of revisions," on page 4 of the attached documents.

(4) Number of issued shares (common shares)

1) Number of issued shares (including treasury stock)	End-FY3/13 1Q	28,908,581 shares	End-FY3/12	28,908,581 shares
2) Number of treasury stock	End-FY3/13 1Q	1,416,899 shares	End-FY3/12	1,302,477 shares
3) Average number of shares during the period	FY3/13 1Q	27,576,525 shares	FY3/12 1Q	28,100,868 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 forecasts and other special remarks

Earnings forecasts 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 forecast assumptions and notes regarding the use of earnings forecasts, 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, 2013, conditions in the Japanese economy remained difficult. Amid expectations of an end to the deflationary environment, the economy was affected by the impact of the continuing fiscal debt crisis in Europe and a widening slowdown in the global economy.

Against this backdrop, performance in the Matsuda Sangyo Group's business segments was as follows.

#### ***Precious metals business segment***

Although business conditions improved in the precious metals division due to a recovery from the damage caused by the flooding in Thailand and an upturn in production at key customers in the semiconductor and electronic parts sectors, sales of the Group's precious metal chemical products and electronic materials dropped year on year, while the volume of recovered precious metals also declined. In addition, prices for precious metals, excluding gold, were lower compared to the same period a year earlier. 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 recovered from photosensitive materials.

As a result, net sales for the precious metals business segment totaled ¥30,579 million (down 14.3% year on year), and operating income was ¥857 million (down 52.4% year on year).

#### ***Food business segment***

The food business segment continued to face a difficult operating environment characterized by a growing shift to lower-priced products by consumers amid deflationary conditions. Despite this backdrop, sales volume and sales for seafood products such as *surimi* fish paste increased year on year. Sales of eggs, meat and other livestock products declined due to lower prices and weak sales volume, while sales of vegetables and other agricultural products also fell, reflecting lower prices and sales volume compared with a year earlier.

As a result, net sales for the food business segment were ¥11,219 million (up 3.7% year on year), and operating income was ¥180 million (down 52.6% year on year).

As a result of the above, for the first three month of the fiscal year ending March 31, 2013, consolidated net sales were ¥41,783 million (down 10.2% year on year), operating income was ¥1,038 million (down 52.4% year on year), ordinary income was ¥1,130 million (down 49.2% year on year), and net income was ¥727 million (down 46.4% 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 ¥59,729 million, a decrease of ¥1,633 million from the previous fiscal year end. This mainly reflected a decline in cash and deposits that outweighed increases in notes and accounts receivable—trade, and property, plant and equipment.

##### *Liabilities*

Total liabilities as of the end of the first three months were ¥18,023 million, a decrease of ¥2,200 million from the previous fiscal year end. This was mainly because of decreases in notes and accounts payable – trade and loans payable, and payment of accrued income taxes.

##### *Net assets*

Net assets as of the end of the first three months were ¥41,705 million, an increase of ¥566 million from the previous fiscal year end. This primarily reflected an increase in shareholders' equity from net income generated during the three months under review.

#### (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 ¥6,366 million, a decrease of ¥3,582 million from the end of the previous fiscal year.

*Cash flows from operating activities*

Operating activities used net cash of ¥1,763 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 decreases 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 ¥285 million, net cash used in operating activities increased by ¥2,049 million.

*Cash flows from investing activities*

Investing activities used net cash of ¥1,120 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 ¥195 million, net cash used in investing activities increased by ¥924 million.

*Cash flows from financing activities*

Financing activities used net cash of ¥821 million. This was mainly due to dividend payments and decreases in short-term and long-term loans payable. Compared with the same period in the previous fiscal year, when financing activities used net cash of ¥457 million, net cash used in financing activities increased by ¥363 million.

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

The earnings projections announced on May 14, 2012 are unchanged at the time of release of this document.

## **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 three 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 1Q (As of June 30, 2012)
<b>Assets</b>		
Current assets		
Cash and deposits	9,952	6,370
Notes and accounts receivable – trade	19,534	19,945
Merchandise and finished goods	7,015	7,186
Work in process	230	207
Raw materials and supplies	5,996	6,120
Deferred tax assets	622	385
Other accounts receivable	1,219	1,316
Others	1,159	1,538
Allowance for doubtful accounts	-17	-17
Total current assets	45,713	43,054
Fixed assets		
Property, plant and equipment		
Buildings and structures	5,662	5,721
Accumulated depreciation	-3,256	-3,336
Buildings and structures, net	2,405	2,385
Machinery and delivery equipment	4,576	4,638
Accumulated depreciation	-3,666	-3,744
Machinery and delivery equipment, net	909	894
Land	7,540	7,586
Leased assets	360	362
Accumulated depreciation	-233	-251
Leased assets, net	127	111
Construction in progress	287	1,129
Others	815	865
Accumulated depreciation	-516	-538
Others, net	299	327
Total property, plant and equipment	11,569	12,435
Intangible fixed assets		
Others	622	575
Total intangible fixed assets	622	575
Investments and other assets		
Investment securities	2,180	2,278
Deferred tax assets	203	284
Others	1,272	1,380
Allowance for doubtful accounts	-199	-278
Total investments and other assets	3,457	3,663
Total fixed assets	15,649	16,674
Total assets	61,363	59,729

(millions of yen)

	End-FY3/12 (As of March 31, 2012)	End-FY3/13 1Q (As of June 30, 2012)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable – trade	8,820	8,391
Short-term loans payable	1,015	856
Current portion of long-term loans payable	718	739
Lease obligations	64	59
Accrued income taxes	1,589	302
Reserve for bonuses	624	364
Other accounts payable	1,239	1,245
Others	2,913	3,021
Total current liabilities	16,985	14,981
Fixed liabilities		
Long-term loans payable	2,409	2,214
Lease obligations	63	51
Reserve for retirement benefits	252	250
Reserve for directors' retirement benefits	494	505
Others	18	20
Total fixed liabilities	3,238	3,042
<b>Total liabilities</b>	<b>20,224</b>	<b>18,023</b>
<b>Net assets</b>		
Shareholders' equity		
Common stock	3,559	3,559
Capital surplus	4,008	4,008
Retained earnings	35,417	35,814
Treasury stock	-1,401	-1,532
Total shareholders' equity	41,584	41,850
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	129	93
Deferred gains or losses on hedges	8	75
Foreign currency translation adjustments	-583	-314
Total accumulated other comprehensive income	-445	-144
<b>Total net assets</b>	<b>41,138</b>	<b>41,705</b>
<b>Total liabilities and net assets</b>	<b>61,363</b>	<b>59,729</b>



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

(millions of yen)

	FY3/12 1Q (April 1, 2011 – June 30, 2011)	FY3/13 1Q (April 1, 2012 – June 30, 2012)
Net sales	46,504	41,783
Cost of sales	41,522	37,659
Gross profit	4,982	4,123
Selling, general, and administrative expenses	2,799	3,085
Operating income	2,182	1,038
Non-operating income		
Interest income	0	0
Dividends income	8	8
Equity in earnings of affiliates	148	175
Purchase discounts	8	7
House rent income	15	15
Others	10	17
Total non-operating income	191	223
Non-operating expenses		
Interest expenses	12	18
Foreign exchange losses	109	79
Cost of lease revenue	13	19
Others	12	15
Total non-operating expenses	147	132
Ordinary income	2,226	1,130
Income before income taxes	2,226	1,130
Income taxes – current	617	266
Income taxes – deferred	250	135
Total income taxes	868	402
Income before minority interests	1,358	727
Net income	1,358	727

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

(millions of yen)

	FY3/12 1Q (April 1, 2011 – June 30, 2011)	FY3/13 1Q (April 1, 2012 – June 30, 2012)
Income before minority interests	1,358	727
Other comprehensive income		
Valuation difference on available-for-sale securities	-4	-35
Deferred gains or losses on hedges	77	67
Foreign currency translation adjustments	68	231
Share of other comprehensive income of affiliates accounted for using equity method	9	37
Total other comprehensive income	151	300
Comprehensive income	1,509	1,028
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	1,509	1,028
Comprehensive income attributable to minority interests	—	—

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

(millions of yen)

	FY3/12 1Q (April 1, 2011 – June 30, 2011)	FY3/13 1Q (April 1, 2012 – June 30, 2012)
<b>Cash flows from operating activities</b>		
Income before income taxes	2,226	1,130
Depreciation and other amortization	269	272
Change in allowance for doubtful accounts ('-' means decrease)	-64	80
Change in allowance for bonuses ('-' means decrease)	-234	-259
Change in allowance for retirement benefits ('-' means decrease)	-6	-2
Change in allowance for directors' retirement bonuses ('-' means decrease)	8	10
Interest and dividends income	-8	-8
Interest expense	12	18
Equity in earnings or losses of affiliates ('-' means earnings)	-148	-175
Change in notes and accounts receivable – trade ('-' means increase)	532	-391
Change in other accounts receivable ('-' means increase)	-23	-106
Change in inventory ('-' means increase)	-650	-128
Change in notes and accounts payable – trade ('-' means decrease)	-940	-509
Change in other accounts payable ('-' means decrease)	4	216
Others	569	-570
Subtotal	1,546	-424
Interest and dividends received	8	67
Interest paid	-14	-18
Income taxes paid	-1,254	-1,388
Cash flows from operating activities	285	-1,763
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	-267	-1,094
Proceeds from sale of property, plant and equipment	68	6
Purchase of intangible fixed assets	-0	-38
Purchase of investment securities	-1	-1
Others	5	8
Cash flows from investing activities	-195	-1,120
<b>Cash flows from financing activities</b>		
Net change in short-term loans payable ('-' means decrease)	268	-167
Repayment of long-term loans payable	-274	-174
Purchase of treasury stock	-93	-130
Dividends paid	-337	-331
Others	-20	-17
Cash flows from financing activities	-457	-821
Effect of exchange rate change on cash and cash equivalents	38	123
Change in cash and cash equivalents ('-' means decrease)	-329	-3,582
Cash and cash equivalents at beginning of period	6,605	9,948
Cash and cash equivalents at end of period	6,275	6,366

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

There is nothing to report.

#### (5) Segment Information

##### Segment information

I. FY3/12 1Q (April 1, 2011 – June 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	35,701	10,803	46,504	—	46,504
(2) Intersegment sales and transfers	1	16	17	-17	—
Total	35,702	10,819	46,521	-17	46,504
Segment income	1,801	381	2,182	—	2,182

(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 1Q (April 1, 2012 – June 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	30,578	11,205	41,783	—	41,783
(2) Intersegment sales and transfers	1	13	15	-15	—
Total	30,579	11,219	41,798	-15	41,783
Segment income	857	180	1,038	—	1,038

(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.