



FY3/13 1-3Q Consolidated Financial Statements [J-GAAP]

February 12, 2013

Company name: Matsuda Sangyo Co., Ltd. Exchanges listed on: Tokyo Stock Exchange (First Section)
 Company code: 7456 URL: <http://www.matsuda-sangyo.co.jp>
 Representative: Yoshiaki Matsuda, President and Representative Director
 Inquiries: Yoshitaka Tashiro, Director in Charge of IR TEL: +81-3-5381-0728
 Filing date of quarterly report: February 14, 2013
 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. FY3/13 1-3Q consolidated results (April 1, 2012 – December 31, 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 1-3Q	124,133	-15.0	4,108	-28.3	4,524	-22.7	2,998	-15.9
FY3/12 1-3Q	146,087	5.5	5,728	20.8	5,851	23.5	3,567	26.9

(Note) Comprehensive income: FY3/13 1-3Q: ¥3,056 million (-10.3%) FY3/12 1-3Q: ¥3,408 million (25.6%)

	Net income per share	Diluted net income per share
	(yen)	(yen)
FY3/13 1-3Q	109.29	—
FY3/12 1-3Q	127.55	—

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	(millions of yen)	(millions of yen)	(%)
End-FY3/13 1-3Q	62,061	43,109	69.5
End-FY3/12	61,363	41,138	67.0

(Reference) Shareholders' equity: End-FY3/13 1-3Q: ¥43,109 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	5,200	-24.0	5,600	-20.3	3,650	-13.2	134.06

(Note) Revisions to the most recently announced projections of consolidated earnings: Yes

* 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 1-3Q	28,908,581 shares	End-FY3/12	28,908,581 shares
2) Number of treasury stock	End-FY3/13 1-3Q	1,682,750 shares	End-FY3/12	1,302,477 shares
3) Average number of shares during the period	FY3/13 1-3Q	27,433,981 shares	FY3/12 1-3Q	27,966,040 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.

Contents of Attached Document

1. Qualitative information on consolidated results during the period	2
(1) Qualitative information on consolidated results.....	2
(2) Qualitative information on consolidated financial position.....	2
(3) Qualitative information on consolidated earnings projections	3
2. Matters concerning summary information (notes)	4
(1) Changes in significant subsidiaries during the period.....	4
(2) Application of special accounting treatment in preparing the quarterly consolidated financial statements.....	4
(3) Changes in accounting policies, changes in accounting estimates and restatement of revisions.....	4
3. Quarterly consolidated financial statements	5
(1) Quarterly consolidated balance sheets	5
(2) Quarterly consolidated statements of income and comprehensive income	7
[Quarterly consolidated statements of income]	7
[Quarterly consolidated statements of comprehensive income]	8
(3) Quarterly consolidated statements of cash flows.....	9
(4) Notes on premise of a going concern	10
(5) Segment Information	10
(6) Notes in the event of significant fluctuations in shareholders' equity	10

1. Qualitative information on consolidated results during the period

(1) Qualitative information on consolidated results

In the first nine months of the fiscal year ending March 31, 2013, conditions in the Japanese economy were challenging due to declines in exports and production against the backdrop of the fiscal debt crisis in Europe and a slowdown in the Chinese economy. However, there were some signs of improvement, such as a correction in the value of the yen and a bottoming in production.

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

Precious metals business segment

In the precious metals division, sales volume for the Group's precious metal chemicals and other products declined year on year due to continued weak production at key customers in the semiconductor and electronics parts sectors. However, sales of precious metals products on a value basis were boosted by rising precious metals prices.

Sales in the environmental division declined year on year, reflecting a low volume of materials handled.

As a result, net sales for the precious metals business segment totaled ¥91,586 million (down 19.1% year on year), and operating income was ¥3,606 million (down 24.6% year on year).

Food business segment

The food business segment continued to face a difficult operating environment due to an entrenched focus on lower-priced products by consumers. Against this backdrop, seafood product sales volume and sales increased year on year, despite an ongoing impact from deteriorating market conditions. Sales of livestock products declined due to a drop in sales volume for meat, while sales of agricultural products also fell, reflecting a drop in sales volume compared with a year earlier.

As a result, net sales for the food business segment were ¥32,586 million (down 0.9% year on year), and operating income was ¥502 million (down 46.8% year on year).

As a result of the above, for the first nine months of the fiscal year ending March 31, 2013, consolidated net sales were ¥124,133 million (down 15.0% year on year), operating income was ¥4,108 million (down 28.3% year on year), ordinary income was ¥4,524 million (down 22.7% year on year), and net income was ¥2,998 million (down 15.9% 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 nine months were ¥62,061 million, an increase of ¥698 million from the previous fiscal year end. This mainly reflected increases in inventories and property, plant and equipment, outweighing a decline in cash and deposits.

Liabilities

Total liabilities as of the end of the first nine months were ¥18,952 million, a decrease of ¥1,272 million from the previous fiscal year end. This was mainly because of decreases in notes and accounts payable – trade, and accrued income taxes.

Net assets

Net assets as of the end of the first nine months were ¥43,109 million, an increase of ¥1,970 million from the previous fiscal year end. This primarily reflected an increase in shareholders' equity from profits generated during the nine months under review.

(2) Cash flows status

As of the end of the first nine months under review, the balance of cash and cash equivalents (hereafter, "cash") stood at ¥8,209 million, a decrease of ¥1,738 million from the previous fiscal year end.

Cash flows from operating activities

Operating activities provided net cash of ¥698 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, the decrease in notes and accounts payable—trade and the increase in inventories on the other. Compared with the same period in the previous fiscal year, when operating activities provided net cash of ¥1,981 million, net cash used in operating activities decreased by ¥1,282 million.

Cash flows from investing activities

Investing activities used net cash of ¥1,543 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 ¥468 million, net cash used in investing activities increased by ¥1,075 million.

Cash flows from financing activities

Financing activities used net cash of ¥958 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 ¥1,349 million, net cash used in financing activities decreased by ¥391 million.

(3) Qualitative information on consolidated earnings projections

We have revised our consolidated earnings projections for FY3/13, mainly to factor in the impact of an increase in precious metals prices on earnings in the precious metals business segment in the first nine months of the fiscal year. For more details regarding the earnings projections, please refer to "Revisions to Earnings Projections" announced on February 12, 2013.

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 nine 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 1-3Q (As of December 31, 2012)
Assets		
Current assets		
Cash and deposits	9,952	8,213
Notes and accounts receivable – trade	19,534	19,134
Merchandise and finished goods	7,015	8,647
Work in process	230	246
Raw materials and supplies	5,996	5,414
Deferred tax assets	622	491
Other accounts receivable	1,219	784
Others	1,159	1,555
Allowance for doubtful accounts	-17	-37
Total current assets	45,713	44,451
Fixed assets		
Property, plant and equipment		
Buildings and structures	5,662	5,774
Accumulated depreciation	-3,256	-3,463
Buildings and structures, net	2,405	2,310
Machinery and delivery equipment	4,576	4,806
Accumulated depreciation	-3,666	-3,910
Machinery and delivery equipment, net	909	896
Land	7,540	7,551
Leased assets	360	422
Accumulated depreciation	-233	-288
Leased assets, net	127	133
Construction in progress	287	2,208
Others	815	886
Accumulated depreciation	-516	-594
Others, net	299	291
Total property, plant and equipment	11,569	13,392
Intangible fixed assets		
Others	622	411
Total intangible fixed assets	622	411
Investments and other assets		
Investment securities	2,180	2,461
Deferred tax assets	203	224
Others	1,272	1,398
Allowance for doubtful accounts	-199	-278
Total investments and other assets	3,457	3,806
Total fixed assets	15,649	17,610
Total assets	61,363	62,061

(millions of yen)

	End-FY3/12 (As of March 31, 2012)	End-FY3/13 1-3Q (As of December 31, 2012)
Liabilities		
Current liabilities		
Notes and accounts payable – trade	8,820	7,782
Short-term loans payable	1,015	921
Current portion of long-term loans payable	718	773
Lease obligations	64	60
Accrued income taxes	1,589	716
Reserve for bonuses	624	309
Other accounts payable	1,239	1,805
Others	2,913	3,087
Total current liabilities	16,985	15,458
Fixed liabilities		
Long-term loans payable	2,409	2,631
Lease obligations	63	73
Reserve for retirement benefits	252	243
Reserve for directors' retirement benefits	494	528
Others	18	18
Total fixed liabilities	3,238	3,494
Total liabilities	20,224	18,952
Net assets		
Shareholders' equity		
Common stock	3,559	3,559
Capital surplus	4,008	4,008
Retained earnings	35,417	37,756
Treasury stock	-1,401	-1,827
Total shareholders' equity	41,584	43,497
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	129	118
Deferred gains or losses on hedges	8	-11
Foreign currency translation adjustments	-583	-495
Total accumulated other comprehensive income	-445	-387
Total net assets	41,138	43,109
Total liabilities and net assets	61,363	62,061

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

(millions of yen)

	FY3/12 1-3Q (April 1, 2011 – December 31, 2011)	FY3/13 1-3Q (April 1, 2012 – December 31, 2012)
Net sales	146,087	124,133
Cost of sales	131,947	111,253
Gross profit	14,140	12,880
Selling, general, and administrative expenses	8,412	8,771
Operating income	5,728	4,108
Non-operating income		
Interest income	0	4
Dividends income	15	18
Equity in earnings of affiliates	297	379
Purchase discounts	27	19
House rent income	45	46
Others	30	57
Total non-operating income	416	526
Non-operating expenses		
Interest expenses	36	33
Foreign exchange losses	171	7
Cost of lease revenue	44	46
Others	39	24
Total non-operating expenses	292	111
Ordinary income	5,851	4,524
Income before income taxes	5,851	4,524
Income taxes – current	1,976	1,395
Income taxes – deferred	307	129
Total income taxes	2,284	1,525
Income before minority interests	3,567	2,998
Net income	3,567	2,998

[Quarterly consolidated statements of comprehensive income]

(millions of yen)

	FY3/12 1-3Q (April 1, 2011 – December 31, 2011)	FY3/13 1-3Q (April 1, 2012 – December 31, 2012)
Income before minority interests	3,567	2,998
Other comprehensive income		
Valuation difference on available-for-sale securities	-23	-10
Deferred gains or losses on hedges	126	-19
Foreign currency translation adjustments	-227	90
Share of other comprehensive income of affiliates accounted for using equity method	-34	-2
Total other comprehensive income	-158	57
Comprehensive income	3,408	3,056
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	3,408	3,056
Comprehensive income attributable to minority interests	—	—

(3) Quarterly consolidated statements of cash flows

(millions of yen)

	FY3/12 1-3Q (April 1, 2011 – December 31, 2011)	FY3/13 1-3Q (April 1, 2012 – December 31, 2012)
Cash flows from operating activities		
Income before income taxes	5,851	4,524
Depreciation and other amortization	828	850
Change in allowance for doubtful accounts ('-' means decrease)	-79	100
Change in allowance for bonuses ('-' means decrease)	-286	-314
Change in allowance for retirement benefits ('-' means decrease)	-22	-9
Change in allowance for directors' retirement bonuses ('-' means decrease)	30	33
Interest and dividends income	-16	-23
Interest expense	36	33
Equity in earnings or losses of affiliates ('-' means earnings)	-297	-379
Change in notes and accounts receivable – trade ('-' means increase)	-1,953	404
Change in other accounts receivable ('-' means increase)	581	435
Change in inventory ('-' means increase)	-1,127	-1,017
Change in notes and accounts payable – trade ('-' means decrease)	-182	-1,063
Change in other accounts payable ('-' means decrease)	-542	-288
Others	1,712	-363
Subtotal	4,533	2,921
Interest and dividends received	16	81
Interest paid	-37	-34
Income taxes paid	-2,530	-2,270
Cash flows from operating activities	1,981	698
Cash flows from investing activities		
Purchase of property, plant and equipment	-502	-1,484
Proceeds from sale of property, plant and equipment	68	10
Purchase of intangible fixed assets	-30	-47
Purchase of investment securities	-6	-6
Proceeds from sale of investment securities	–	31
Others	2	-46
Cash flows from investing activities	-468	-1,543
Cash flows from financing activities		
Net change in short-term loans payable ('-' means decrease)	647	-93
	–	800
Repayment of long-term loans payable	-823	-523
Purchase of treasury stock	-441	-425
Dividends paid	-673	-659
Others	-59	-55
Cash flows from financing activities	-1,349	-958
Effect of exchange rate change on cash and cash equivalents	-89	64
Change in cash and cash equivalents ('-' means decrease)	73	-1,738
Cash and cash equivalents at beginning of period	6,605	9,948
Cash and cash equivalents at end of period	6,678	8,209

(4) Notes on premise of a going concern

There is nothing to report.

(5) Segment Information

Segment information

I. FY3/12 1-3Q (April 1, 2011 – December 31, 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	113,255	32,832	146,087	—	146,087
(2) Intersegment sales and transfers	3	46	49	-49	—
Total	113,259	32,878	146,137	-49	146,087
Segment income	4,784	943	5,728	—	5,728

(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 1-3Q (April 1, 2012 – December 31, 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	91,582	32,551	124,133	—	124,133
(2) Intersegment sales and transfers	3	35	39	-39	—
Total	91,586	32,586	124,173	-39	124,133
Segment income	3,606	502	4,108	—	4,108

(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.