



FY3/14 1Q Consolidated Financial Statements [J-GAAP]

August 9, 2013

Company name: Matsuda Sangyo Co., Ltd. Exchanges listed on: Tokyo Stock Exchange (First Section)
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 Quarterly results information meeting held: No

(Figures are rounded down to the nearest million yen)

1. FY3/14 1Q consolidated results (April 1, 2013 – June 30, 2013)

(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)	(%)
FY3/14 1Q	43,133	3.2	1,407	35.5	1,385	22.6	871	19.7
FY3/13 1Q	41,783	-10.2	1,038	-52.4	1,130	-49.2	727	-46.4

(Note) Comprehensive income: FY3/14 1Q: ¥1,891 million (83.9%) FY3/13 1Q: ¥1,028 million (-31.9%)

	Net income per share	Diluted net income per share
	(yen)	(yen)
FY3/14 1Q	32.21	—
FY3/13 1Q	26.39	—

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	(millions of yen)	(millions of yen)	(%)
End-FY3/14 1Q	63,920	45,974	71.9
End-FY3/13	63,136	44,460	70.4

(Reference) Shareholders' equity: End-FY3/14 1Q: ¥45,970 million End-FY3/13: ¥44,457 million

2. Dividends

	Annual Dividends				
	1Q	2Q	3Q	4Q	Annual
	(yen)	(yen)	(yen)	(yen)	(yen)
FY3/13	—	12.00	—	12.00	24.00
FY3/14	—				
FY3/14 (Projections)		12.00	—	12.00	24.00

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

3. Consolidated earnings projections for FY3/14 (April 1, 2013 – March 31, 2014)

(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)
FY3/14 1H	86,000	5.9	3,000	65.9	3,150	57.0	2,020	51.6	74.78
FY3/14	175,000	4.6	6,200	11.3	6,500	6.8	4,140	3.3	153.26

(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: No
 - 2) Changes in accounting policies other than the above: No
 - 3) Changes in accounting estimates: No
 - 4) Restatement of revisions: No

(4) Number of issued shares (common shares)

1) Number of issued shares (including treasury stock)	End-FY3/14 1Q	28,908,581 shares	End-FY3/13	28,908,581 shares
2) Number of treasury stock	End-FY3/14 1Q	1,897,079 shares	End-FY3/13	1,851,230 shares
3) Average number of shares during the period	FY3/14 1Q	27,052,829 shares	FY3/13 1Q	27,576,525 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 three months of the fiscal year ending March 31, 2014, the Japanese economy showed some signs of improvement, such as a recovery in equity markets and an upturn in export margins due to the weaker yen, against the backdrop of expectations about the government's economic policies aimed at ending deflation. However, conditions remained difficult due to factors such as weak consumer spending and the growing risk of an economic slowdown overseas.

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 some signs of a recovery in production at key customers in the semiconductor and electronics parts sectors, but sales of gold and silver products declined compared with the same period a year earlier. However, sales as a whole in the division increased year on year on the back of higher sales of platinum metal products and electronic materials.

In the environmental division, the volume of materials handled by the Group was flat year on year amid little change in production activity in the division's target sectors. This factor and lower prices for silver recovered from photosensitive materials led to a decline in sales year on year in the division.

As a result, net sales for the precious metals business segment totaled ¥32,263 million (up 5.5% year on year), and operating income was ¥1,234 million (up 43.9% year on year).

Food business segment

The food division continued to face a challenging operating environment due to an entrenched focus on lower-priced food products by consumers amid deflationary conditions, and a rise in raw material prices caused mainly by the weaker yen. Against this backdrop, sales volume for seafood products such as *surimi* fish paste declined, leading to a drop in seafood sales year on year. Sales of livestock products increased year on year, with an increase in sales volume for eggs offsetting weak sales volume for meat. Sales of vegetables and other agricultural products declined year on year due to a drop in sales volume.

As a result, net sales for the food business segment were ¥10,884 million (down 3.0% year on year), and operating income was ¥172 million (down 4.6% year on year).

As a result of the above, for the first three months of the fiscal year ending March 31, 2014, consolidated net sales were ¥43,133 million (up 3.2% year on year), operating income was ¥1,407 million (up 35.5% year on year), ordinary income was ¥1,385 million (up 22.6% year on year), and net income was ¥871 million (up 19.7% 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 ¥63,920 million, an increase of ¥784 million from the previous fiscal year end. This mainly reflected increases in inventories, outweighing a decline in cash and deposits.

Liabilities

Total liabilities as of the end of the first three months were ¥17,945 million, a decrease of ¥729 million from the previous fiscal year end. This was mainly because of decreases in accrued income taxes.

Net assets

Net assets as of the end of the first three months were ¥45,974 million, an increase of ¥1,513 million from the previous fiscal year end. This primarily reflected an increase in profits 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 ¥6,895 million, a decrease of ¥1,687 million from the previous fiscal year end.

Cash flows from operating activities

Operating activities used net cash of ¥1,517 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 receivable—trade and the increase in inventories on the other. Compared with the same period in the previous fiscal year, when operating activities used net cash of ¥1,763 million, net cash used in operating activities increased by ¥246 million.

Cash flows from investing activities

Investing activities used net cash of ¥254 million. This was mainly due to the purchase of property, plant and equipment related to the installation and upgrade of equipment at the Group's plants. Compared with the same period in the previous fiscal year, when investing activities used net cash of ¥1,120 million, net cash used in investing activities decreased by ¥865 million.

Cash flows from financing activities

Financing activities used net cash of ¥148 million. This was mainly due to dividend payment. Compared with the same period in the previous fiscal year, when financing activities used net cash of ¥821 million, net cash used in financing activities decreased by ¥672 million.

(3) Qualitative information on consolidated earnings projections

The earnings projections announced on May 13, 2013 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.

3. Quarterly consolidated financial statements

(1) Quarterly consolidated balance sheets

(millions of yen)

	End-FY3/13 (As of March 31, 2013)	FY3/14 1Q (As of June 30, 2013)
Assets		
Current assets		
Cash and deposits	8,587	6,895
Notes and accounts receivable – trade	18,813	18,631
Merchandise and finished goods	8,596	10,810
Work in process	174	209
Raw materials and supplies	5,729	5,735
Deferred tax assets	595	218
Other accounts receivable	1,132	1,046
Others	1,750	2,339
Allowance for doubtful accounts	-43	-41
Total current assets	45,336	45,844
Fixed assets		
Property, plant and equipment		
Buildings and structures	5,809	5,935
Accumulated depreciation	-3,512	-3,594
Buildings and structures, net	2,296	2,341
Machinery and delivery equipment	4,929	5,005
Accumulated depreciation	-3,983	-4,055
Machinery and delivery equipment, net	945	950
Land	7,629	7,698
Leased assets	425	439
Accumulated depreciation	-306	-321
Leased assets, net	118	118
Construction in progress	2,248	2,287
Others	940	983
Accumulated depreciation	-622	-652
Others, net	317	331
Total property, plant and equipment	13,557	13,726
Intangible fixed assets		
Others	329	273
Total intangible fixed assets	329	273
Investments and other assets		
Investment securities	2,588	2,735
Deferred tax assets	177	166
Others	1,424	1,451
Allowance for doubtful accounts	-277	-277
Total investments and other assets	3,913	4,076
Total fixed assets	17,800	18,075
Total assets	63,136	63,920

(millions of yen)

	End-FY3/13 (As of March 31, 2013)	FY3/14 1Q (As of June 30, 2013)
Liabilities		
Current liabilities		
Notes and accounts payable – trade	7,885	8,247
Short-term loans payable	721	1,190
Current portion of long-term loans payable	714	666
Lease obligations	54	52
Accrued income taxes	1,315	422
Reserve for bonuses	615	352
Other accounts payable	1,169	1,068
Others	2,867	2,797
Total current liabilities	15,343	14,797
Fixed liabilities		
Long-term loans payable	2,467	2,292
Lease obligations	64	66
Reserve for retirement benefits	230	208
Reserve for directors' retirement benefits	539	550
Others	30	30
Total fixed liabilities	3,331	3,148
Total liabilities	18,675	17,945
Net assets		
Shareholders' equity		
Common stock	3,559	3,559
Capital surplus	4,008	4,008
Retained earnings	38,766	39,312
Treasury stock	-2,027	-2,082
Total shareholders' equity	44,306	44,798
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	192	217
Deferred gains or losses on hedges	-22	521
Foreign currency translation adjustments	-19	433
Total accumulated other comprehensive income	151	1,172
Minority interests	2	3
Total net assets	44,460	45,974
Total liabilities and net assets	63,136	63,920

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

(millions of yen)

	FY3/13 1Q (April 1, 2012 – June 30, 2012)	FY3/14 1Q (April 1, 2013 – June 30, 2013)
Net sales	41,783	43,133
Cost of sales	37,659	38,729
Gross profit	4,123	4,403
Selling, general, and administrative expenses	3,085	2,996
Operating income	1,038	1,407
Non-operating income		
Interest income	0	0
Dividends income	8	7
Equity in earnings of affiliates	175	39
Purchase discounts	7	5
House rent income	15	15
Others	17	9
Total non-operating income	223	77
Non-operating expenses		
Interest expenses	18	11
Foreign exchange losses	79	59
Cost of lease revenue	19	19
Others	15	9
Total non-operating expenses	132	99
Ordinary income	1,130	1,385
Income before income taxes	1,130	1,385
Income taxes – current	266	298
Income taxes – deferred	135	217
Total income taxes	402	515
Income before minority interests	727	870
Minority interests in loss	–	-1
Net income	727	871

[Quarterly consolidated statements of comprehensive income]

(millions of yen)

	FY3/13 1Q (April 1, 2012 – June 30, 2012)	FY3/14 1Q (April 1, 2013 – June 30, 2013)
Income before minority interests	727	870
Other comprehensive income		
Valuation difference on available-for-sale securities	-35	24
Deferred gains or losses on hedges	67	543
Foreign currency translation adjustments	231	383
Share of other comprehensive income of affiliates accounted for using equity method	37	69
Total other comprehensive income	300	1,021
Comprehensive income	1,028	1,891
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	1,028	1,892
Comprehensive income attributable to minority interests	—	-1

(3) Quarterly consolidated statements of cash flows

(millions of yen)

	FY3/13 1Q (April 1, 2012 – June 30, 2012)	FY3/14 1Q (April 1, 2013 – June 30, 2013)
Cash flows from operating activities		
Income before income taxes	1,130	1,385
Depreciation and other amortization	272	270
Change in allowance for doubtful accounts ('-' means decrease)	80	-1
Change in allowance for bonuses ('-' means decrease)	-259	-262
Change in allowance for retirement benefits ('-' means decrease)	-2	-23
Change in allowance for directors' retirement bonuses ('-' means decrease)	10	11
Interest and dividends income	-8	-8
Interest expense	18	11
Equity in earnings or losses of affiliates ('-' means earnings)	-175	-39
Change in notes and accounts receivable – trade ('-' means increase)	-391	232
Change in other accounts receivable ('-' means increase)	-106	65
Change in inventories ('-' means increase)	-128	-2,052
Change in accounts payable – trade ('-' means decrease)	-509	209
Change in other accounts payable ('-' means decrease)	216	-100
Others	-570	-66
Subtotal	-424	-368
Interest and dividends received	67	8
Interest paid	-18	-11
Income taxes paid	-1,388	-1,145
Cash flows from operating activities	-1,763	-1,517
Cash flows from investing activities		
Purchase of property, plant and equipment	-1,094	-213
Proceeds from sale of property, plant and equipment	6	–
Purchase of intangible fixed assets	-38	-28
Purchase of investment securities	-1	-1
Others	8	-10
Cash flows from investing activities	-1,120	-254
Cash flows from financing activities		
Net change in short-term loans payable ('-' means decrease)	-167	469
Repayment of long-term loans payable	-174	-223
Purchase of treasury stock	-130	-54
Dividends paid	-331	-324
Others	-17	-15
Cash flows from financing activities	-821	-148
Effect of exchange rate change on cash and cash equivalents	123	233
Change in cash and cash equivalents ('-' means decrease)	-3,582	-1,687
Cash and cash equivalents at beginning of period	9,948	8,582
Cash and cash equivalents at end of period	6,366	6,895

(4) Notes on quarterly consolidated financial statements

(Notes on premise of a going concern)

There is nothing to report.

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

FY3/14 1Q (April 1, 2013 – June 30, 2013)

There is nothing to report.

(Segment Information, etc.)

I. 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.

II. FY3/14 1Q (April 1, 2013 – June 30, 2013)

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	32,262	10,870	43,133	—	43,133
(2) Intersegment sales and transfers	1	13	14	-14	—
Total	32,263	10,884	43,147	-14	43,133
Segment income	1,234	172	1,407	—	1,407

(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.