



## FY3/15 Financial Statements [J-GAAP]

May 11, 2015

Company name: Matsuda Sangyo Co., Ltd. Exchanges listed on: Tokyo Stock Exchange (First Section)  
 Company code: 7456 URL: <http://www.matsuda-sangyo.co.jp>  
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 Date of regular shareholders' meeting: June 25, 2015  
 Date of filing the financial report: June 25, 2015  
 Expected dividend payment date: June 26, 2015  
 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. FY3/15 Consolidated results (April 1, 2014–March 31, 2015)

(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)	(%)
FY3/15	179,523	8.5	5,410	20.2	5,832	19.2	3,342	4.7
FY3/14	165,416	-1.1	4,503	-19.1	4,893	-19.6	3,192	-20.3

(Note) Comprehensive income: FY3/15 4,534 million yen (9.3%) FY3/14 4,147 million yen (-9.9%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary income / total assets	Operating margin
	(yen)	(yen)	(%)	(%)	(%)
FY3/15	125.61	—	6.8	8.3	3.0
FY3/14	118.76	—	6.9	7.6	2.7

(Reference) Equity in earnings or losses of affiliates: FY3/15 443 million yen FY3/14 290 million yen

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	(millions of yen)	(millions of yen)	(%)	(yen)
FY3/15	73,427	51,176	69.7	1,923.86
FY3/14	66,398	47,449	71.5	1,778.38

(Reference) Shareholders' equity: FY3/15 51,173 million yen FY3/14 47,447 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)
FY3/15	-1,413	-2,263	2,426	5,861
FY3/14	-404	-803	-909	6,798

### 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)	(%)	(%)
FY3/14	—	12.00	—	12.00	24.00	642	20.2	1.4
FY3/15	—	12.00	—	13.00	25.00	664	19.9	1.3
FY3/16 (projections)	—	14.00	—	14.00	28.00		19.1	

3. FY3/16 Consolidated earnings projections (April 1, 2015–March 31, 2016)

(Percentages are year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent		Net income per share
	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)	(yen)
1H FY3/16	88,000	0.4	2,400	19.4	2,600	12.2	1,750	12.1	65.76
FY3/16	185,000	3.1	5,400	-0.2	5,800	-0.6	3,900	16.7	146.55

\* 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)	FY3/15	28,908,581 shares	FY3/14	28,908,581 shares
2) Number of treasury stock	FY3/15	2,308,999 shares	FY3/14	2,228,187 shares
3) Average number of shares during the period	FY3/15	26,612,878 shares	FY3/14	26,886,763 shares

(Reference) Summary of non-consolidated results

1. FY3/15 Non-consolidated results (April 1, 2014–March 31, 2015)

(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)	(%)
FY3/15	177,386	8.8	4,600	24.5	4,779	20.8	2,862	15.3
FY3/14	162,997	-1.7	3,695	-18.8	3,955	-19.8	2,483	-19.8

	Net income per share	Diluted net income per share
	(yen)	(yen)
FY3/15	107.57	–
FY3/14	92.35	–

(2) Non-consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	(millions of yen)	(millions of yen)	(%)	(yen)
FY3/15	65,419	43,702	66.8	1,642.98
FY3/14	60,357	41,333	68.5	1,549.21

(Reference) Shareholders' equity: FY3/15 43,702 million yen FY3/14 41,333 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 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. 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	179,523	( 14,107	8.5% )
Operating income	5,410	( 907	20.2% )
Ordinary income	5,832	( 939	19.2% )
Net income	3,342	( 149	4.7% )

During the consolidated fiscal year ended March 31, 2015, the Japanese economy continued to recover at a moderate pace, supported by an upturn in corporate earnings, centered on the manufacturing sector. Consumer spending was firm after recovering from a pullback in demand following the consumption tax hike, but the outlook remained uncertain due to factors such as high prices caused by the weak yen.

Against this backdrop, the Matsuda Sangyo Group's precious metals business segment worked hard to secure precious metals materials and boost sales of products such as precious metal chemical products. The segment also actively expanded and upgraded business sites in Japan and overseas, including the construction of a new precious metals refining plant by the Group's local company in Vietnam. The food business segment also strengthened its overseas sites while working to secure sales volumes amid operating conditions that remained challenging.

As a result, consolidated net sales increased 8.5% year on year to ¥179,523 million and operating income rose 20.2% to ¥5,410 million. Ordinary income was ¥5,832 million, up 19.2% year on year, and net income was ¥3,342 million, up 4.7% year on year, supported by an increase in equity in earnings of affiliates under non-operating income.

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	124,478	( +6,354 +5.4% )	4,462 ( +744 +20.0% )
Food business segment	55,114	( +7,762 +16.4% )	948 ( +163 +20.8% )
Eliminations or corporate	-69		—
Total	179,523	( +14,107 +8.5% )	5,410 ( +907 +20.2% )

#### *Precious metals business segment:*

In the precious metals division, sales volume for precious metal products, excluding silver, increased year on year, amid a continued moderate recovery in production activity at key customers in the semiconductor and electronic parts sectors. However, sales volume for electronic materials and other products fell year on year. Prices for precious metals except silver also increased, and sales as a whole in the division were higher compared with the previous fiscal year.

In the environmental division, there was a moderate upturn in production activity in target sectors, lifting the volume of industrial waste handled by the Group. However, sales in the division declined year on year, partly due to a drop in the volume and price of silver recovered from photosensitive materials.

As a result, net sales for the precious metals business segment increased 5.4% year on year to ¥124,478 million, and operating income increased 20.0% year on year to ¥4,462 million.

*Food business segment:*

Despite an ongoing moderate recovery in the domestic economy and firm consumer spending, the food business segment continued to face a challenging operating environment due to higher costs caused by the weak yen and a shortage of supply amid rising demand for food materials overseas. Against this backdrop, sales in the segment increased year on year, supported by growth in sales volume for seafood products, livestock products and agricultural products, and by rising prices.

As a result, net sales for the food business segment totaled ¥55,114 million (up 16.4% year on year) and operating income increased to ¥948 million (up 20.8% year on year).

Outlook for the fiscal year ending March 2016

Consolidated earnings projections	(millions of yen) (Comparison to FY3/15)		
Net sales	185,000	( +5,476	+3.1% )
Operating income	5,400	( -10	-0.2% )
Ordinary income	5,800	( -32	-0.6% )
Net income	3,900	( +558	+16.7% )

Although uncertainties remain, such as the risk of a slowdown in the global economy, we expect the Japanese economy to recover moderately, 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 expand the scope of its business by cultivating new demand.

In the food business segment, we will work to secure steady earnings through 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 ¥7,028 million year on year to ¥73,427 million. This mainly reflected increases in notes and accounts receivable – trade, inventories and investment securities, which outweighed a decline in cash and deposits.

*Liabilities:*

Total liabilities increased ¥3,301 million year on year to ¥22,250 million. This chiefly reflected increases in loans and accrued income taxes, which exceeded a decrease in other accounts payable.

*Net assets:*

Net assets increased ¥3,726 million year on year to ¥51,176 million. This reflected an increase in net income, which outweighed decreases due to dividends paid and the purchase of treasury stock, as well as an increase in accumulated other comprehensive income such as foreign currency translation adjustments.

2) Cash flow status

As of March 31, 2015, the balance of cash and cash equivalents (hereafter, "cash") stood at ¥5,861 million, a decrease of ¥937 million 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 ¥1,413 million, an increase of ¥1,009 million compared with net cash used of ¥404 million in the previous fiscal year. This mainly reflected the difference between cash provided from income before income taxes and depreciation, excluding equity in earnings of affiliates, versus cash used for income taxes paid and increases in notes and accounts receivable – trade and inventories.

*Cash flows from investing activities:*

Investing activities used net cash of ¥2,263 million, an increase of ¥1,459 million compared with net cash used of ¥803 million in the previous fiscal year. 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.

*Cash flows from financing activities:*

Financing activities provided net cash of ¥2,426 million, an increase of ¥3,335 million compared with net cash used of ¥909 million in the previous fiscal year. This primarily reflected a decrease in cash due to dividends paid, outweighed by an increase from loans.

(Reference) Trend in cash flow indicators

	FY3/11	FY3/12	FY3/13	FY3/14	FY3/15
Shareholders' equity ratio	62.8	67.0	70.4	71.5	69.7
Shareholders' equity ratio on a market value basis	58.3	61.1	61.9	50.0	55.6
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, excluding treasury stock, at the end of the fiscal year.

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

Interest-bearing debt is the total amount of debt shown in the consolidated balance sheet on which interest is paid. In addition, interest paid is the amount of interest paid shown in the consolidated statements of cash flows.

\* The ratio of interest-bearing debt to cash flow and the interest coverage ratio for FY3/14 and FY3/15 are not provided since cash flows from operating activities were negative.

(3) Basic policy on distribution of profits and dividends for FY3/15 and FY3/16

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 ¥13 per share. In combination with the interim dividend of ¥12, dividends for the full fiscal year are expected to be ¥25 per share.

The Company expects to pay ¥28 per share in dividends for the fiscal year ending March 2016, consisting of ¥26 per share of ordinary dividend and ¥2 per share of special dividend commemorating the 20<sup>th</sup> anniversary of public offering of its stock (¥14 per share as an interim dividend, and ¥14 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 occurred 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 management activities.

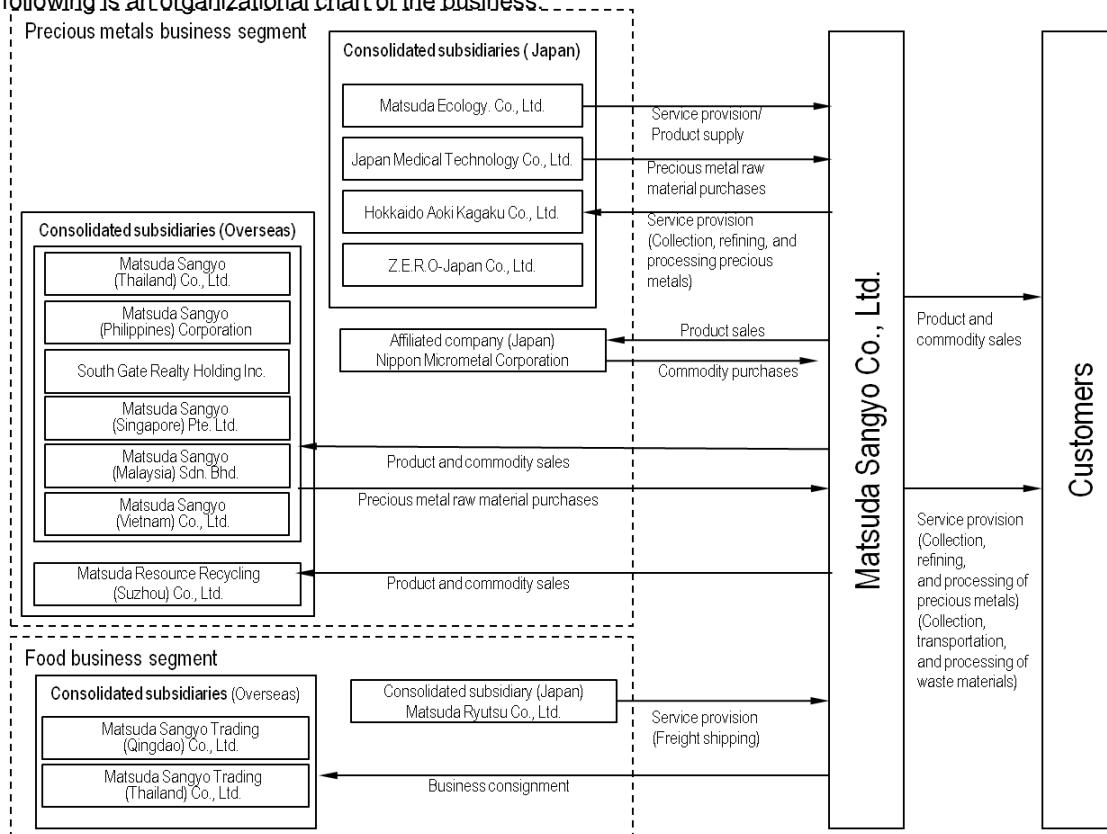
##### 4) Management of waste and other materials

The Group uses poisonous and toxic substances at the production stages but appropriately processes the waste liquid and atmospheric emissions, taking the environment into consideration. However, operating results could be affected if a problem occurred to 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 clean 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 8.3%, falling short of target, but the shareholders' equity ratio was 69.7%, 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 overseas, our local subsidiary in Vietnam is building a new plant with metal refining facilities. In addition, we plan to increase sales of products such as electronic materials and precious metal chemical products and expand the collection of recyclable precious metals at all our local companies in Thailand, the Philippines, Singapore, Malaysia and China (Suzhou).

In Japan, we will continue to improve our precious metal recovery technology and actively conduct R&D to develop new precious metal chemical products that meet the needs 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, expanding the industrial fields we serve 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. 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. Basic stance on selection of accounting standards**

Many of the Group's stakeholders are domestic shareholders, creditors, business partners and so on, and the Group has limited need to procure funds from overseas. Consequently, the Group has adopted Japanese Generally Accepted Accounting Principles (Japanese GAAP) as its accounting framework. However, the Group will look into the possibility of adopting International Financial Reporting Standards (IFRS), taking into account conditions in Japan and overseas and trends in accounting standard adoption by other companies listed on the First Section of the Tokyo Stock Exchange.

## 5. Consolidated financial statements

### (1) Consolidated balance sheet

	(millions of yen)	
	FY3/14 (March 31, 2014)	FY3/15 (March 31, 2015)
<b>Assets</b>		
Current assets		
Cash and deposits	6,798	6,003
Notes and accounts receivable – trade	16,482	19,218
Merchandise and finished goods	12,828	16,576
Work in process	313	309
Raw materials and supplies	6,235	6,667
Deferred tax assets	420	485
Other accounts receivable	1,547	653
Others	2,597	3,501
Allowance for doubtful accounts	-43	-41
Total current assets	47,181	53,374
Fixed assets		
Tangible fixed assets		
Buildings and structures	7,664	7,870
Accumulated depreciation	-3,760	-4,096
Buildings and structures, net	3,903	3,773
Machinery and delivery equipment	6,776	7,199
Accumulated depreciation	-4,385	-5,115
Machinery and delivery equipment, net	2,390	2,083
Land	7,773	7,852
Leased assets	264	150
Accumulated depreciation	-163	-60
Leased assets, net	101	89
Construction in progress	126	419
Others	997	1,047
Accumulated depreciation	-682	-772
Others, net	314	274
Total tangible fixed assets	14,610	14,494
Intangible fixed assets		
Others	215	188
Total intangible fixed assets	215	188
Investments and other assets		
Investment securities	3,040	3,911
Deferred tax assets	119	-
Others	1,436	1,605
Allowance for doubtful accounts	-205	-147
Total investments and other assets	4,390	5,369
Total fixed assets	19,216	20,052
Total assets	66,398	73,427

(millions of yen)

	FY3/14 (March 31, 2014)	FY3/15 (March 31, 2015)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable – trade	8,095	7,922
Short-term loans payable	1,347	3,582
Current portion of long-term loans payable	623	1,298
Lease obligations	47	33
Accrued income taxes	579	1,401
Reserve for bonuses	623	627
Other accounts payable	2,258	856
Others	2,278	2,779
Total current liabilities	15,854	18,502
Fixed liabilities		
Long-term loans payable	2,244	2,546
Lease obligations	53	56
Reserve for directors' retirement benefits	596	599
Net defined benefit liability	156	113
Deferred tax liabilities	1	408
Others	43	24
Total fixed liabilities	3,095	3,748
Total liabilities	18,949	22,250
<b>Net assets</b>		
Shareholders' equity		
Common stock	3,559	3,559
Capital surplus	4,008	4,008
Retained earnings	41,311	43,942
Treasury stock	-2,526	-2,621
Total shareholders' equity	46,353	48,888
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	252	543
Deferred gains or losses on hedges	86	-79
Foreign currency translation adjustments	770	1,798
Remeasurements of defined benefit plans	-14	22
Total accumulated other comprehensive income	1,094	2,285
Minority interests	1	2
Total net assets	47,449	51,176
Total liabilities and net assets	66,398	73,427

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

(millions of yen)

	FY3/14 (April 1, 2013 – March 31, 2014)	FY3/15 (April 1, 2014 – March 31, 2015)
Net sales	165,416	179,523
Cost of sales	149,689	162,703
Gross profit	15,726	16,820
Selling, general and administrative expenses	11,222	11,409
Operating income	4,503	5,410
Non-operating income		
Interest income	6	10
Dividends income	23	18
Equity in earnings of affiliates	290	443
Purchase discounts	17	16
House rent income	60	29
Insurance income	189	2
Subsidy income	70	-
Others	42	49
Total non-operating income	699	571
Non-operating expenses		
Interest expenses	43	46
Foreign exchange losses	143	57
Cost of lease revenue	59	19
Others	64	27
Total non-operating expenses	310	149
Ordinary income	4,893	5,832
Income before income taxes	4,893	5,832
Income taxes – current	1,518	2,070
Income taxes – deferred	185	418
Total income taxes	1,703	2,489
Income before minority interests	3,189	3,343
Minority interests in income (losses)	-3	0
Net income	3,192	3,342

(Consolidated statements of comprehensive income)

	(millions of yen)	
	FY3/14 (April 1, 2013 – March 31, 2014)	FY3/15 (April 1, 2014 – March 31, 2015)
Income before minority interests	3,189	3,343
Other comprehensive income		
Valuation difference on available-for-sale securities	59	290
Deferred gains or losses on hedges	108	-165
Foreign currency translation adjustment	602	860
Remeasurements of defined benefit plans	-	37
Share of other comprehensive income of affiliates accounted for using equity method	186	167
Total other comprehensive income	957	1,191
Comprehensive income	4,147	4,534
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	4,150	4,533
Comprehensive income attributable to minority interests	-2	0

(3) Consolidated statements of changes in shareholders' equity  
 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
Cumulative effects of changes in accounting policies					—
Restated balance	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	46,353

	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
Cumulative effects of changes in accounting policies							
Restated balance	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

FY3/15 (April 1, 2014–March 31, 2015)

(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	41,311	-2,526	46,353
Cumulative effects of changes in accounting policies			-72		-72
Restated balance	3,559	4,008	41,238	-2,526	46,280
Change of items during the period					
Dividends from surplus			-639		-639
Net income			3,342		3,342
Purchase of treasury stock				-95	-95
Net changes of items other than shareholders' equity					
Total change of items during the period	—	—	2,703	-95	2,607
Balance at the end of the period	3,559	4,008	43,942	-2,621	48,888

	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	252	86	770	-14	1,094	1	47,449
Cumulative effects of changes in accounting policies							-72
Restated balance	252	86	770	-14	1,094	1	47,376
Change of items during the period							
Dividends from surplus							-639
Net income						0	3,343
Purchase of treasury stock							-95
Net changes of items other than shareholders' equity	290	-165	1,028	37	1,191	0	1,191
Total change of items during the period	290	-165	1,028	37	1,191	0	3,799
Balance at the end of the period	543	-79	1,798	22	2,285	2	51,176



## (4) Consolidated statements of cash flow

	(millions of yen)	
	FY3/14 (April 1, 2013– March 31, 2014)	FY3/15 (April 1, 2014– March 31, 2015)
<b>Cash flow from operating activities</b>		
Income before income taxes	4,893	5,832
Depreciation and amortization	1,093	1,316
Change in allowance for doubtful accounts ('-' means decrease)	-72	-59
Change in allowance for bonuses ('-' means decrease)	8	3
Change in allowance for retirement benefits ('-' means decrease)	-230	-
Change in net defined benefit liability ('-' means decrease)	132	-99
Change in allowance for directors' retirement bonuses ('-' means decrease)	57	3
Interest and dividends income	-29	-29
Interest expense	43	46
Equity in earnings or losses of affiliates ('-' means earnings)	-290	-443
Change in accounts receivable – trade ('-' means increase)	2,399	-2,580
Change in other accounts receivable ('-' means increase)	-262	719
Change in inventory ('-' means increase)	-4,612	-3,906
Change in accounts payable – trade ('-' means decrease)	28	-356
Changes in other accounts payable ('-' means decrease)	28	-348
Other changes	-1,532	-424
Subtotal	1,655	-325
Interest and dividends received	155	185
Interest paid	-42	-45
Income taxes paid	-2,172	-1,227
Cash flow from operating activities	-404	-1,413
<b>Cash flow from investing activities</b>		
Payments into time deposits	-	-124
Purchase of property, plant and equipment	-681	-1,902
Purchase of intangible fixed assets	-51	-31
Purchase of investment securities	-9	-9
Others	-61	-195
Cash flow from investing activities	-803	-2,263
<b>Cash flow from financing activities</b>		
Net change in short-term loans payable ('-' means decrease)	609	2,235
Proceeds from long-term loans payable	400	1,600
Repayment of long-term loans payable	-714	-623
Purchase of treasury stock	-498	-95
Dividends paid	-647	-639
Others	-59	-51
Cash flow from financing activities	-909	2,426
Effect of exchange rate change on cash and cash equivalents	333	314
Change in cash and cash equivalents ('-' means decrease)	-1,784	-937
Cash and cash equivalents at beginning of period	8,582	6,798
Cash and cash equivalents at the end of period	6,798	5,861

(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)

Effective from the fiscal year under review, the Company has applied the provisions in paragraph 35 of the "Accounting Standard for Retirement Benefits" (Accounting Standards Board of Japan ("ASBJ") Statement No.26, March 26, 2015) and in paragraph 67 of the "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No.25, March 26, 2015). As a result, the Company has changed the way it calculates retirement benefit liabilities and prior service costs. The method for determining the discount rate has been changed from a bond period based on the number of years approximate to the average remaining working lives of employees, to a single weighted-average discount rate that reflects the periods of the expected payment of retirement benefits and the amount of projected benefits for each such period.

In accordance with the transitional measures provided for in paragraph 37 of the Accounting Standard for Retirement Benefits, the effect of changes in the way retirement benefit liabilities and prior service costs are calculated has been recognized as an adjustment to retained earnings at the start of the fiscal year under review.

As a result, at the start of the fiscal year, retirement benefit liabilities increased by ¥113 million and retained earnings declined by ¥72 million. The impact of this change on operating income, ordinary income, and income before income taxes and minority interests for the fiscal year under review is minimal.

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

(Segment Information)

1. Overview of reportable segments

The Reportable Segment of the Company are available/ as delineated financial data from among its structural units, and are subject to regular examination by the Board of Directors so that they can decide on allocation of managerial resources and evaluate business performance.

The Company (or Matsuda Sangyo) established operation divisions respectively for products, merchandise and services in the head office. Each division formulates comprehensive domestic and foreign strategies to expand business for the corresponding products, merchandise 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 environmental 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

FY/14 (April 1, 2013–March 31, 2014)

(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	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.

FY3/15 (April 1, 2014–March 31, 2015)

(millions of yen)

	Reportable Segments			Adjustments Note <sup>1</sup>	Amount recorded on consolidated statements of income Note <sup>2</sup>
	Precious metals business segment	Food business segment	Total		
Net sales					
Net sales to external parties	124,474	55,049	179,523	—	179,523
Net sales & remittances between segments	4	64	69	-69	—
Total	124,478	55,114	179,593	-69	179,523
Segment income	4,462	948	5,410	—	5,410

(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.