

Consolidated Financial Statements for the First Quarter of the Fiscal Year Ending March 31, 2012

April 1, 2011 to June 30, 2011

CALBEE, Inc.

This document has been translated from the original Japanese as a guide for non-Japanese investors. It contains forward-looking statements based on a number of assumptions and beliefs made by management in light of information currently available. Actual financial results may differ materially depending on a number of factors, including changing economic conditions, legislative and regulatory developments, delay in new product launches, and pricing and product initiatives of competitors.

SUMMARY OF FINANCIAL STATEMENTS (consolidated)

First Quarter Results for the Fiscal Year Ending March 31, 2012

CALBEE, Inc.

August 3, 2011

http://www.calbee.co.jp/english/

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Scheduled date for submission of the first quarter financial report: August 10, 2011

Scheduled date for distribution of dividends: --

Availability of supplementary explanatory material for first quarter results: Available

Quarterly results presentation meeting: Yes (telephone conference for institutional investors and analysts)

1) Consolidated results for the first quarter (April 1, 2011 to June 30, 2011) of the fiscal year ending March 31, 2012

(1) Consolidated Operating Results

Millions of yen, rounded down

	Three months ended June 30, 2011		Three months ended June 30, 2010	
		% change		% change
Net sales	35,690	(8.6)	39,033	--
Operating income	1,384	(50.0)	2,768	--
Ordinary income	1,271	(53.7)	2,746	--
Net income	566	(64.8)	1,612	--
Earnings per share (¥)	17.71		55.88	
Earnings per share (diluted) (¥)	17.40		--	

Notes: 1. The percentages shown above are a comparison with the same period in the previous fiscal year.

2. Comprehensive income: Three months ended June 30, 2011: ¥564 million (-61.5%)

Three months ended June 30, 2010: ¥1,466 million (-%);

3. Figures for earnings per share (diluted) for the three months ended June 30, 2010 are not recorded as although there was a balance of new share subscription rights the Company was not listed at that time therefore an average share price for the period cannot be obtained.

(2) Consolidated Financial Position

Millions of yen, rounded down

	As of June 30, 2011	As of March 31, 2011
Total assets	97,270	99,393
Net assets	72,809	72,924
Shareholders' equity/total assets (%)	72.0%	70.7%

Shareholders' equity: As of June 30, 2011: ¥70,079 million

As of March 31, 2011: ¥70,235 million

2) Dividends per share

Yen

	FY ended March 31, 2011	FY ending March 31, 2012 (forecast)
Interim period	00.00	00.00
Year-end	28.00	32.00
Annual	28.00	32.00

Note: Changes from the most recently announced dividend forecast: None

3) Consolidated forecasts for the fiscal year ending March 31, 2012 (April 1, 2011 to March 31, 2012)

Millions of yen

	Six months ending September 30, 2011		Fiscal year ending March 31, 2012	
		% change		% change
Net sales	75,000	(1.7)	160,000	2.9
Operating income	3,500	(24.4)	11,000	2.6
Ordinary income	3,500	(23.0)	11,000	4.1
Net income	1,900	(22.0)	6,000	41.1
Earnings per share (¥)	¥59.27		¥187.16	

Note: 1. The percentages shown above are a comparison with the interim period and full year period of the previous fiscal year.

2. Changes from the most recently announced results forecast: None

4) Other

(1) Transfer of important subsidiaries during the period: None

Note: Indicates transfers of specified subsidiaries resulting in changes in the scope of consolidation during the period under review.

(2) Use of special accounting procedures: None

(3) Changes in accounting policy, changes in accounting estimates, and restatements:

1. Changes following revisions to accounting standards: None
2. Other changes: None
3. Changes in accounting estimates: None
4. Restatements: None

(4) Number of outstanding shares (common stock)

	June 30, 2011:	March 31, 2011:
1. Number of shares outstanding (including treasury shares)	32,057,450 shares	31,917,450 shares
2. Number of treasury shares	-- shares	-- shares
	Three months to June 30, 2011:	Three months to June 30, 2010:
3. Average number of shares during the period	31,999,230 shares	28,849,450 shares

Note: On January 14, 2011 a 50 for 1 share split was conducted for common shares.

Important Notice

Disclosure of status of quarterly report review procedures:

At time of disclosure of this quarterly financial report the company was not subject to the review procedures for quarterly securities reports as stipulated under the Financial Instruments and Exchange Law; therefore these review procedures have not been completed.

Appropriate use of financial forecasts and other items

1. Forecasts, etc., recorded in this document include forward-looking statements that are based on management's estimates, assumptions and projections at the time of publication. A number of factors could cause actual results to differ materially from expectations. For further details of forecasts please see Page 5, 1. Operating Results (3) Consolidated forecasts for the fiscal year ending March 31, 2012
2. On January 14, 2011 a 50 for 1 share split was conducted for common shares.
3. The earnings per share forecast for the fiscal year ending March 31, 2012 is calculated using 32,057,450 shares as the expected average number of shares for the period.
4. CALBEE, Inc. has scheduled a telephone conference for institutional investors and analysts for August 3, 2011. We plan to make an audio record of the conference available on our web site after the conference.

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1. Operating Results

(1) Summary of business performance (consolidated)

(All comparisons are with the first quarter of the previous fiscal year, unless stated otherwise.)

During the first-quarter period under review, the Japanese economy was affected by the aftermath of the Great East Japan Earthquake and the nuclear accident in Fukushima, and production and exports significantly worsened due to an ongoing strong yen. Consumer spending weakened on negative rumours and a sense of insecurity, and the outlook remained uncertain.

In the snack foods industry, the post-earthquake operating environment remained challenging amid a widespread attitude of voluntary constraint and frugality among consumers.

In this environment, Calbee Group (hereafter "Calbee") launched initiatives to speed recovery at the four factories that were damaged by the disaster (the factories in Utsunomiya, Shinotsuma, our main R&D facility and Kiyohara). We sequentially restarted production from late March and production on all lines had resumed by late May.

During the period prior to re-launching full production, manufacturing was transferred to factories in other regions. Retail store activity was subdued, as we focused manufacturing and sales on staple products. Due to the effects of delayed new product launches and self-imposed restraints on advertising initiatives and in-store promotions, sales for April and May were lower than those of the same months of the previous year. New product launches and in-store promotions were restarted at the end of May and we broadly returned to pre-quake levels in June.

Net sales for the first quarter decreased 8.6% to ¥35,690 million. Operating income decreased 50.0% to ¥1,384 million due to reduced revenues and despite pursuing ongoing cost reductions. Ordinary income decreased 53.7% to ¥1,271 million and net income decreased 64.8% to ¥566 million.

Result by business:

Food production and sales business

Net sales decreased by 8.6% to ¥35,213 million due to a decline in sales of snack foods.

Snack foods:

Net sales decreased by 9.7% to ¥30,467 million. Sales of corn-based snacks, which were unaffected by the March disaster, were higher. However, almost all sales of products from the two remaining snack food categories—potato-based snacks and flour-based snacks—were lower, due to voluntarily constraints placed on in-store promotions, and other factors.

Other products (Processed bread and Cereal)

Net sales decreased 0.9% to ¥4,745 million due to the effect of the disaster on cereal foods. Sales of processed breads increased due to the effects of price discount campaigns and an increase in the number of stores that handle our products. Sales of cereal foods produced at our Kiyohara factory, which was damaged by the earthquake, were lower since we were unable to ship until the end of April. Full-fledged promotion of *Hitokuchi Bizen* initially launched in March, was delayed until May.

Other businesses

Net sales decreased 7.3% to ¥477 million. Although sales from the Distribution business were broadly in line with the previous year, sales from the Sales promotion tools business were lower in the post-quake environment due to self-imposed restraints placed on promotions at each of the customers that carry our products, due to the effects of the recent earthquake.

(2) Summary of consolidated financial position

(All comparisons are with the end of the previous fiscal year, unless stated otherwise.)

Total assets at the end of the first quarter on June 30, 2011 were ¥97,270 million, a decline of ¥2,123 million. The primary contributing factors were reduced profits due to the effects of the recent earthquake and a reduction in cash due to dividend, income tax and other payments.

Assets declined ¥2,123 million to ¥97,270 million, primarily due to decreases in cash and deposits and non-current assets. Investment in non-current assets was lower than the amount of depreciation and amortization.

Liabilities decreased ¥2,008 million to ¥24,460 million due to a reduction in reserve for loss on disaster and income taxes payable.

Net assets decreased ¥114 million to ¥72,809 million due to a reduction of retained earnings following dividend payments.

As a result, the equity ratio increased 1.4 percentage points from the end of the previous fiscal year to 72.0% and net assets per share was ¥2,186.05.

Cash flow

Cash and cash equivalents as of June 30, 2011 were ¥15,536 million, ¥2,702 million lower than at the end of the previous fiscal year. The main contributing factors are detailed below.

Cash flows from operating activities

Net cash provided by (used in) operating activities during the period under review was ¥14 million, compared to ¥5,651 million for the first quarter of the previous fiscal year. Factors increasing operating cash flow included income before income taxes and minority interests of ¥1,287 million and depreciation and amortization of ¥1,524 million. Factors reducing operating cash flow included income taxes paid of ¥2,427 million.

Cash flows from investing activities

Net cash provided by (used in) investing activities during the period under review was ¥1,897 million, compared to cash inflow of ¥820 million for the first quarter of the previous fiscal year. Primary contributing factors included ¥1,125 million in payments for acquisition of non-current assets and a ¥872 million for the purchase of stocks of subsidiaries and affiliates following the establishment of Korean joint venture company HAITAI-CALBEE Co., Ltd. which became a consolidated subsidiary in July.

Cash flows from financing activities

Net cash provided by (used in) during the period under review was ¥758 million, compared to ¥3,749 million used in the first quarter of the previous fiscal year, and was primarily due to reduced capital following cash dividends paid of ¥903 million.

(3) Consolidated forecasts for the fiscal year ending March 31, 2012

Results for the year to date are largely in accordance with plans, and there are no changes to the interim and full-year forecasts issued on May 10, 2011.

2. Summary information and related items

- (1) Transfer of important subsidiaries during the period:
No applicable items
- (2) Use of special accounting procedures:
No applicable items
- (3) Changes in accounting policy, changes in accounting estimates, and restatements:
No applicable items

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

Millions of yen, rounded down

	As of June 30, 2011	As of March 31, 2011
ASSETS		
Current assets		
Cash and deposits	15,536	18,238
Notes and accounts receivable-trade	11,043	11,139
Inventories	5,314	4,276
Other	3,734	3,779
Allowance for doubtful accounts	(13)	(14)
Total current assets	35,615	37,420
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	21,264	21,678
Machinery, equipment and vehicles, net	13,836	14,550
Land	10,619	10,707
Construction in progress	973	619
Other, net	874	922
Total property, plant and equipment	47,569	48,478
Intangible assets		
Goodwill	4,685	4,822
Other	1,783	1,911
Total intangible assets	6,468	6,734
Investments and other assets		
Investments and other assets, gross	7,711	6,855
Allowance for doubtful accounts	(94)	(94)
Total investments and other assets	7,616	6,761
Total noncurrent assets	61,654	61,973
Total assets	97,270	99,393

Consolidated Balance Sheets, continued

Millions of yen, rounded down

	As of June 30, 2011	As of March 31, 2011
LIABILITIES		
Current liabilities		
Accounts payable-trade	6,448	5,656
Short-term loans payable	139	107
Current portion of long-term loans payable	93	182
Accounts payable-other	2,981	3,914
Income taxes payable	819	2,443
Provision for bonuses	1,223	3,096
Provision for directors' bonuses	86	182
Reserve for loss on disaster	664	1,378
Other	6,622	4,327
Total current liabilities	19,078	21,288
Noncurrent liabilities		
Long-term loans payable	9	9
Provision for retirement benefits	3,413	3,335
Provision for directors' retirement benefits	462	424
Asset retirement obligations	661	658
Other	835	752
Total noncurrent liabilities	5,381	5,180
Total liabilities	24,460	26,469
NET ASSETS		
Shareholders' equity		
Capital stock	10,856	10,744
Capital surplus	10,424	10,312
Retained earnings	49,611	49,938
Total shareholders' equity	70,892	70,995
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(40)	(62)
Foreign currency translation adjustment	(772)	(697)
Total accumulated other comprehensive income	(813)	(759)
Subscription rights to shares	102	102
Minority interests	2,628	2,585
Total net assets	72,809	72,924
Total liabilities and net assets	97,270	99,393

(2) Consolidated Statements of Income*Millions of yen, rounded down*

	April 1, 2011 to June 30, 2011	April 1, 2010 to June 30, 2010
Net sales	35,690	39,033
Cost of sales	21,246	23,011
Gross profit	14,444	16,021
Selling, general and administrative expenses	13,059	13,253
Operating income	1,384	2,768
Non-operating income		
Interest income	2	1
Dividends income	40	45
Real estate income	17	18
Income from compensation for damage	68	—
Other	41	93
Total non-operating income	170	158
Non-operating expenses		
Interest expenses	1	19
Foreign exchange losses	203	88
Other	77	72
Total non-operating expenses	283	180
Ordinary income	1,271	2,746
Extraordinary income		
Gain on sales of noncurrent assets	9	915
Subsidies income	230	27
Reversal of allowance for doubtful accounts	—	54
Reversal of provision for loss on disaster	128	—
Other	1	29
Total extraordinary income	370	1,026
Extraordinary loss		
Loss on sales of noncurrent assets	27	—
Loss on retirement of noncurrent assets	21	46
Loss on disaster	252	—
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	351
Loss on valuation of investment securities	—	154
Other	53	35
Total extraordinary losses	355	588
Income before income taxes and minority interests	1,287	3,185
Income taxes-current	855	2,028
Income taxes-deferred	(231)	(575)
Total income taxes	623	1,453
Income before minority interests	663	1,732
Minority interests in income	97	119
Net income	566	1,612

Consolidated Statements of Comprehensive Income*Millions of yen, rounded down*

	April 1, 2011 to June 30, 2011	April 1, 2010 to June 30, 2010
Income before minority interests	663	1,732
Other comprehensive income		
Valuation difference on available-for-sale securities	21	(24)
Foreign currency translation adjustment	(120)	(241)
Total other comprehensive income	(99)	(265)
Comprehensive income	564	1,466
(Breakdown)		
Comprehensive income attributable to owners of the parent	512	1,433
Comprehensive income attributable to minority interests	51	32

(3) Consolidated Statements of Cash Flows*Millions of yen, rounded down*

	April 1, 2011 to June 30, 2011	April 1, 2010 to June 30, 2010
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	1,287	3,185
Depreciation and amortization	1,524	1,861
Amortization of goodwill	137	136
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	351
Increase (decrease) in allowance for doubtful accounts	(0)	(292)
Increase (decrease) in provision for bonuses	(1,871)	(1,195)
Increase (decrease) in provision for directors' bonuses	(96)	(133)
Increase (decrease) in provision for retirement benefits	77	(21)
Decrease (increase) in prepaid pension costs	35	48
Increase (decrease) in provision for directors' retirement benefits	37	14
Interest and dividends income	(42)	(47)
Interest expenses	1	19
Foreign exchange losses (gains)	180	79
Subsidies income	(230)	(27)
Loss (gain) on sales of investment securities	(1)	0
Loss (gain) on valuation of investment securities	—	154
Loss (gain) on sales of noncurrent assets	17	(915)
Loss on retirement of noncurrent assets	21	46
Loss on disaster	123	—
Decrease (increase) in notes and accounts receivable-trade	64	853
Decrease (increase) in inventories	(1,050)	391
Increase (decrease) in notes and accounts payable-trade	808	336
Decrease (increase) in accounts receivable-other	(6)	97
Increase (decrease) in accounts payable-other	(626)	(433)
Increase (decrease) in accrued expenses	2,252	2,586
Increase (decrease) in accrued consumption taxes	(194)	(82)
Other, net	450	1,149
Subtotal	2,902	8,165
Interest and dividends income received	47	57
Interest expenses paid	(2)	(19)
Proceeds from subsidies	230	27
Payments for loss on disaster	(736)	—
Income taxes paid	(2,427)	(2,579)
Net cash provided by (used in) operating activities	14	5,651

Consolidated Statements of Cash Flows, continued*Millions of yen, rounded down*

	April 1, 2011 to June 30, 2011	April 1, 2010 to June 30, 2010
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(1,062)	(393)
Proceeds from sales of property, plant and equipment	56	1,313
Purchase of intangible assets	(62)	(51)
Purchase of investment securities	(4)	(5)
Proceeds from sales of investment securities	8	8
Purchase of stocks of subsidiaries and affiliates	(872)	—
Payments of loans receivable	(98)	(37)
Collection of loans receivable	106	2
Payments for guarantee deposits	(39)	(16)
Proceeds from collection of guarantee deposits	65	66
Other, net	5	(65)
Net cash provided by (used in) investing activities	(1,897)	820
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	36	(2,565)
Proceeds from long-term loans payable	—	3
Repayment of long-term loans payable	(89)	(382)
Proceeds from exercise of stock option	224	—
Cash dividends paid	(893)	(692)
Cash dividends paid to minority shareholders	(9)	(87)
Repayments of lease obligations	(26)	(24)
Net cash provided by (used in) financing activities	(758)	(3,749)
Effect of exchange rate change on cash and cash equivalents	(61)	(82)
Net increase (decrease) in cash and cash equivalents	(2,702)	2,639
Cash and cash equivalents at beginning of period	18,238	4,469
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	—	27
Cash and cash equivalents at end of period	15,536	7,137

(4) Items related to going concern assumption

First quarter (April 1, 2011 to June 30, 2011) of the fiscal year ending March 31, 2012

No applicable items

(5) Additional information

As of the beginning of the first quarter of the current fiscal year, *Accounting Standards for Accounting Changes and Revisions of Past Errors* (ASBJ Statement No. 24, December 24, 2009) and *Guidelines to the Application of Accounting Standards for Accounting Changes and Revisions of Past Errors* (ASBJ Guideline No. 24, December 24, 2009) have been applied.

(6) Note on occurrence of significant changes to shareholders' equity

First quarter (April 1, 2011 to June 30, 2011) of the fiscal year ending March 31, 2012

No applicable items