

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

April 1, 2011 to December 31, 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)

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

**CALBEE, Inc.**

**February 1, 2012**

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

Stock exchange listings: Tokyo 1<sup>st</sup> section, code number 2229

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Scheduled date for submission of the third quarter financial report: February 10, 2012

Scheduled date for distribution of dividends: --

Availability of supplementary explanatory material for the third quarter results: Available

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

### **1) Consolidated results for the first nine months (April 1, 2011 to December 31, 2011) of the fiscal year ending March 31, 2012**

#### (1) Consolidated Operating Results

*Millions of yen, rounded down*

|  | Nine months ended<br>December 31, 2011 |          | Nine months ended<br>December 31, 2010 |          |
|--|--|----------|--|----------|
|  |  | % change |  | % change |
| Net sales .....                        | 120,013                                | 1.4      | 118,343                                | 8.3      |
| Operating income .....                 | 8,669                                  | (4.7)    | 9,094                                  | 25.5     |
| Ordinary income .....                  | 8,402                                  | (5.1)    | 8,859                                  | 22.1     |
| Net income .....                       | 4,325                                  | (9.7)    | 4,789                                  | 28.1     |
| Earnings per share (¥) .....           | 134.54                                 |          | 166.00                                 |          |
| Earnings per share (diluted) (¥) ..... | 131.83                                 |          | --                                     |          |

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

2. Comprehensive income: Nine months ended December 31, 2011: ¥4,367 million (-3.7%)

Nine months ended December 31, 2010: ¥4,534 million (-- %)

3. Figures for earnings per share (diluted) for the nine months ended December 31, 2010 are not recorded as although there was a balance of new share subscription rights the Company was not listed at that time, meaning that an average share price for the period cannot be obtained.

#### (2) Consolidated Financial Position

*Millions of yen, rounded down*

|   | As of December 31, 2011 | As of March 31, 2011 |
|---|-------------------------|----------------------|
| Total assets .....                          | 102,108                 | 99,393               |
| Net assets .....                            | 77,579                  | 72,924               |
| Shareholders' equity/total assets (%) ..... | 72.7                    | 70.7                 |

Shareholders' equity: As of December 31, 2011: ¥74,228 million

As of March 31, 2011: ¥70,235 million

### **2) Dividends per share**

*Yen*

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

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*

|                              | Fiscal year ending<br>March 31, 2012 |          |
|------------------------------|--------------------------------------|----------|
|                              |                                      | % change |
| Net sales .....              | 160,000                              | 2.9      |
| Operating income .....       | 11,000                               | 2.6      |
| Ordinary income .....        | 10,600                               | 0.3      |
| Net income .....             | 6,000                                | 41.1     |
| Earnings per share (¥) ..... | 185.75                               |          |

Note: 1. The percentages shown above are a comparison with the 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: Yes**

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

One company added to scope of consolidation: HAITAI-CALBEE Co., Ltd.

**(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)**

|   | December 31, 2011:                | March 31, 2011:                   |
|---|-----------------------------------|-----------------------------------|
| 1. Number of shares outstanding (including treasury shares) | 32,301,450 shares                 | 31,917,450 shares                 |
| 2. Number of treasury shares                                | -- shares                         | -- shares                         |
|   | Nine months to December 31, 2011: | Nine months to December 31, 2010: |
| 3. Average number of shares during the period               | 32,150, 572 shares                | 28,853,541 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 6, 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 32,301,450 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 February 1, 2012. An audio recording of the telephone conference will be made available on the Calbee website after the conference.

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# 1. Operating Results

## (1) Summary of business performance (consolidated)

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

During the nine-month period under review, consumer spending improved due to factors including reconstruction demand following the Great East Japan Earthquake in March. However, continued recessionary concerns in Europe and North America along with the strong yen lent ongoing uncertainty to the outlook.

In snack foods, the market has yet to achieve a full-fledged recovery despite an end to the sense of voluntary constraint among consumers in the period after the Great East Japan Earthquake.

In this environment, Calbee Group (hereafter "Calbee") has actively developed new products, advertising and in-store promotions to recover from the sales decrease in April and May following the disaster and to speedily recover from the damage incurred in the disaster at four factories. Consequently, we were able to resume production at all lines by the end of May and sales have been steadily recovering since June.

As a result, consolidated net sales for the nine-month period increased 1.4% to ¥120,013 million.

In terms of profitability, operating income decreased 4.7% to ¥8,669 million, ordinary income decreased 5.1% to ¥8,402 million, and net income decreased 9.7% to ¥4,325 million due to increases in distribution expenses from the effects of the earthquake and prices of raw materials, and despite continued pursuit of cost reduction measures.

### Result by business:

#### Food production and sales business

Net sales increased by 1.2% to ¥118,233 million.

#### Snack foods:

Snack food sales increased 0.7% to ¥103,585 million.

##### 1. Potato-based snacks

Potato Chips: Added content volume promotions and active introduction of limited period and region-special offers were not sufficient to fully offset the decline from the effects of the earthquake.

Jagarico: Sales increased, supported by strong sales of limited offer Salted cod roe & Butter flavor and others.

Jagabee: Sales increased due to nationwide sales of new flavor Pepper and Salt, and other factors.

##### 2. Flour-based snacks

Sales for the overall period were lower due to the effects of factors including restraints on in-store promotions on April and May and despite actively promoting limited offer products.

##### 3. Corn-based snacks

Sales were higher year on year, supported by strong sales of staple products such as Mike Popcorn, Doritos and Cheetos.

#### Other products (Processed bread and Cereal)

Net sales increased 4.7% to ¥14,647 million, with sales of processed bread and cereal trending favorably.

Sales of processed breads increased due to the effects of discount campaigns and an increase in the number of stores handling the products. Sales of cereal grew for the period supported by a restart in production of Fruits Granola.

#### Other businesses

Net sales increased 16.0% to ¥1,780 million, supported by sales growth in both the distribution business and the sales promotion tools business.

## (2) Summary of consolidated financial position

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

Total assets as of December 31, 2011 were ¥102,108 million, an increase of ¥2,715 million from the end of the previous fiscal year. The primary contributing factor was an increase in inventory assets and accounts receivable following an increase in sales. This exceeded a reduction in non-current assets that arose from depreciation and amortization expenses exceeding the amount of investment.

Liabilities decreased ¥1,939 million to ¥24,529 million, with reductions in accrued expenses and reserves for loss on disaster offsetting an increase in accounts payable.

Net assets increased ¥4,654 million to ¥77,579 million, reflecting the recording of net income for the period and other factors for the period.

As a result, the equity ratio increased 2.0 percentage points from the end of the previous fiscal year to 72.7% and net assets per share was ¥2,297.99.

#### Cash flow

Cash and cash equivalents as of December 31, 2011 were ¥11,241 million, ¥6,997 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 used in operating activities during the period under review was an outflow of ¥2,827 million, compared to an inflow of ¥4,607 million for the first nine months of the previous fiscal year. Factors increasing operating cash flow included income before income taxes and minority interests of ¥8,456 million and depreciation and amortization of ¥4,947 million; however, factors decreasing operating cash flow included an increase in accounts receivable of ¥8,481 million and increase in inventory of ¥1,521 million and income taxes paid of ¥4,212 million

#### Cash flows from investing activities

Net cash used in investing activities during the period under review was outflow of ¥3,257 million, compared to an inflow of ¥872 million for the first nine months of the previous fiscal year. The primary contributing factor was ¥3,156 million in payments for acquisition of tangible non-current assets.

#### Cash flows from financing activities

Net cash used in financing activities during the period under review was an outflow of ¥690 million, compared to an outflow of ¥3,858 million in the first nine months of the previous fiscal year. This was primarily due to cash dividends paid of ¥1,011 million, which exceeded cash inflow of ¥614 million arising from the exercise of stock options.

### **(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 forecasts issued on October 28, 2011.

## **2. Summary information and related items**

### (1) Transfer of important subsidiaries during the period:

In July 2011, a joint venture company HAITAI-CALBEE Co., Ltd. was established by Calbee and major Korean confectionary maker HAITAI Confectionery & Foods Co., Ltd. as part of measures to expand Calbee sales in the Korean snack market, which stands alongside Japan and China as a key Asian market. This joint venture has been included in the scope of consolidation from the second quarter of the current fiscal year.

### (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<br>December 31, 2011 | As of<br>March 31, 2011 |
|--|----------------------------|-------------------------|
| <b>ASSETS</b>                          |                            |                         |
| Current assets                         |                            |                         |
| Cash and deposits                      | 11,241                     | 18,238                  |
| Notes and accounts receivable-trade    | 19,531                     | 11,139                  |
| Inventories                            | 5,767                      | 4,276                   |
| Other                                  | 5,767                      | 3,779                   |
| Allowance for doubtful accounts        | (20)                       | (14)                    |
| Total current assets                   | 42,288                     | 37,420                  |
| Noncurrent assets                      |                            |                         |
| Property, plant and equipment          |                            |                         |
| Buildings and structures, net          | 20,774                     | 21,678                  |
| Machinery, equipment and vehicles, net | 13,688                     | 14,550                  |
| Land                                   | 10,729                     | 10,707                  |
| Construction in progress               | 916                        | 619                     |
| Other, net                             | 825                        | 922                     |
| Total property, plant and equipment    | 46,933                     | 48,478                  |
| Intangible assets                      |                            |                         |
| Goodwill                               | 4,671                      | 4,822                   |
| Other                                  | 1,579                      | 1,911                   |
| Total intangible assets                | 6,251                      | 6,734                   |
| Investments and other assets           |                            |                         |
| Investments and other assets, gross    | 6,729                      | 6,855                   |
| Allowance for doubtful accounts        | (94)                       | (94)                    |
| Total investments and other assets     | 6,634                      | 6,761                   |
| Total noncurrent assets                | 59,820                     | 61,973                  |
| Total assets                           | 102,108                    | 99,393                  |

**Consolidated Balance Sheets, continued***Millions of yen, rounded down*

|   | As of<br>December 31, 2011 | As of<br>March 31, 2011 |
|---|----------------------------|-------------------------|
| <b>LIABILITIES</b>                                    |                            |                         |
| Current liabilities                                   |                            |                         |
| Accounts payable-trade                                | —                          | 5,656                   |
| Notes and accounts payable-trade                      | 7,085                      | —                       |
| Short-term loans payable                              | 73                         | 107                     |
| Current portion of long-term loans payable            | —                          | 182                     |
| Accounts payable-other                                | 2,555                      | 3,914                   |
| Income taxes payable                                  | 1,578                      | 2,443                   |
| Provision for bonuses                                 | 2,202                      | 3,096                   |
| Provision for directors' bonuses                      | 192                        | 182                     |
| Reserve for loss on disaster                          | 57                         | 1,378                   |
| Other   | 5,263                      | 4,327                   |
| Total current liabilities                             | 19,008                     | 21,288                  |
| Noncurrent liabilities                                |                            |                         |
| Long-term loans payable                               | 6                          | 9                       |
| Provision for retirement benefits                     | 3,611                      | 3,335                   |
| Provision for directors' retirement benefits          | 493                        | 424                     |
| Asset retirement obligations                          | 666                        | 658                     |
| Other   | 742                        | 752                     |
| Total noncurrent liabilities                          | 5,520                      | 5,180                   |
| Total liabilities                                     | 24,529                     | 26,469                  |
| <b>NET ASSETS</b>                                     |                            |                         |
| Shareholders' equity                                  |                            |                         |
| Capital stock   | 11,052                     | 10,744                  |
| Capital surplus                                       | 10,620                     | 10,312                  |
| Retained earnings                                     | 53,370                     | 49,938                  |
| Total shareholders' equity                            | 75,043                     | 70,995                  |
| Accumulated other comprehensive income                |                            |                         |
| Valuation difference on available-for-sale securities | (17)                       | (62)                    |
| Foreign currency translation adjustment               | (797)                      | (697)                   |
| Total accumulated other comprehensive income          | (814)                      | (759)                   |
| Subscription rights to shares                         | 101                        | 102                     |
| Minority interests                                    | 3,249                      | 2,585                   |
| Total net assets                                      | 77,579                     | 72,924                  |
| <b>Total liabilities and net assets</b>               | <b>102,108</b>             | <b>99,393</b>           |



**(2) Consolidated statements of income and comprehensive income****Nine-month period ended December 31, 2011  
Consolidated statements of income**

|  | <i>Millions of yen, rounded down</i>  |                                       |
|--|---------------------------------------|---------------------------------------|
|  | April 1, 2011 to<br>December 31, 2011 | April 1, 2010 to<br>December 31, 2010 |
| Net sales  | 120,013                               | 118,343                               |
| Cost of sales  | 69,546                                | 68,382                                |
| Gross profit   | 50,467                                | 49,961                                |
| Selling, general and administrative expenses   | 41,797                                | 40,866                                |
| Operating income   | 8,669                                 | 9,094                                 |
| Non-operating income   |                                       |                                       |
| Interest income  | 17                                    | 8                                     |
| Dividends income   | 51                                    | 55                                    |
| Real estate income   | 51                                    | 51                                    |
| Settlement of consignment money for recycling  | 79                                    | 98                                    |
| Other  | 220                                   | 179                                   |
| Total non-operating income   | 421                                   | 393                                   |
| Non-operating expenses   |                                       |                                       |
| Interest expenses  | 4                                     | 51                                    |
| Foreign exchange losses  | 535                                   | 405                                   |
| Other  | 147                                   | 172                                   |
| Total non-operating expenses   | 687                                   | 628                                   |
| Ordinary income  | 8,402                                 | 8,859                                 |
| Extraordinary income   |                                       |                                       |
| Gain on sales of noncurrent assets   | 10                                    | 953                                   |
| Subsidies income   | 230                                   | 27                                    |
| Gain on negative goodwill  | 175                                   | —                                     |
| Reversal of allowance for doubtful accounts  | —                                     | 57                                    |
| Reversal of provision for loss on disaster   | 163                                   | —                                     |
| Other  | 1                                     | 58                                    |
| Total extraordinary income   | 581                                   | 1,096                                 |
| Extraordinary loss   |                                       |                                       |
| Loss on sales of noncurrent assets   | 29                                    | 27                                    |
| Loss on retirement of noncurrent assets  | 56                                    | 358                                   |
| Loss on disaster   | 258                                   | —                                     |
| Loss on liquidation of subsidiaries and affiliates                                     | 129                                   | —                                     |
| Loss on adjustment for changes of accounting standard for asset retirement obligations | —                                     | 351                                   |
| Other  | 53                                    | 198                                   |
| Total extraordinary losses   | 528                                   | 935                                   |
| Income before income taxes and minority interests                                      | 8,456                                 | 9,019                                 |
| Income taxes-current   | 3,391                                 | 3,854                                 |
| Income taxes-deferred  | 451                                   | 33                                    |
| Total income taxes   | 3,843                                 | 3,887                                 |
| Income before minority interests   | 4,613                                 | 5,131                                 |
| Minority interests in income   | 287                                   | 342                                   |
| <b>Net income</b>  | <b>4,325</b>                          | <b>4,789</b>                          |

**Consolidated statements of comprehensive income***Millions of yen, rounded down*

|  | April 1, 2011 to<br>December 31, 2011 | April 1, 2010 to<br>December 31, 2010 |
|--|---------------------------------------|---------------------------------------|
| Income before minority interests                               | 4,613                                 | 5,131                                 |
| Other comprehensive income                                     |                                       |                                       |
| Valuation difference on available-for-sale securities          | 44                                    | (60)                                  |
| Foreign currency translation adjustment                        | (289)                                 | (536)                                 |
| Total other comprehensive income                               | (245)                                 | (597)                                 |
| Comprehensive income   | 4,367                                 | 4,534                                 |
| Comprehensive income attributable to                           |                                       |                                       |
| Comprehensive income attributable to owners of the parent      | 4,270                                 | 4,394                                 |
| <b>Comprehensive income attributable to minority interests</b> | <b>97</b>                             | <b>140</b>                            |

**Three-month period ended December 31, 2011****Consolidated statements of income (third quarter)***Millions of yen, rounded down*

|  | October 1, 2011 to<br>December 31, 2011 | October 1, 2010 to<br>December 31, 2010 |
|--|---|---|
| Net sales  | 44,028                                  | 42,077                                  |
| Cost of sales  | 24,470                                  | 23,548                                  |
| Gross profit   | 19,557                                  | 18,528                                  |
| Selling, general and administrative expenses                   | 14,781                                  | 14,073                                  |
| Operating income   | 4,775                                   | 4,454                                   |
| Non-operating income   |   |   |
| Interest income  | 8                                       | 4                                       |
| Dividends income   | 10                                      | 7                                       |
| Real estate income   | 17                                      | 16                                      |
| Foreign exchange gains   | 71                                      | —                                       |
| Other  | 45                                      | 52                                      |
| Total non-operating income                                     | 152                                     | 81                                      |
| Non-operating expenses   |   |   |
| Interest expenses  | 0                                       | 12                                      |
| Cost of real estate  | 5                                       | 5                                       |
| Foreign exchange losses  | —                                       | 193                                     |
| Depreciation   | 6                                       | 10                                      |
| Other  | 11                                      | 10                                      |
| Total non-operating expenses                                   | 24                                      | 232                                     |
| Ordinary income  | 4,903                                   | 4,303                                   |
| Extraordinary income   |   |   |
| Gain on sales of noncurrent assets                             | 0                                       | —                                       |
| Gain on reversal of loss on valuation of investment securities | 13                                      | 171                                     |
| Other  | —                                       | 5                                       |
| Total extraordinary income                                     | 14                                      | 177                                     |
| Extraordinary loss   |   |   |
| Loss on sales of noncurrent assets                             | 1                                       | 20                                      |
| Loss on retirement of noncurrent assets                        | 18                                      | 154                                     |
| Loss on sales of investment securities                         | —                                       | 162                                     |
| Other  | 0                                       | 1                                       |
| Total extraordinary losses                                     | 20                                      | 338                                     |
| Income before income taxes and minority interests              | 4,897                                   | 4,142                                   |
| Income taxes-current   | 2,064                                   | 1,596                                   |
| Income taxes-deferred  | 189                                     | 63                                      |
| Total income taxes   | 2,253                                   | 1,660                                   |
| Income before minority interests                               | 2,643                                   | 2,482                                   |
| Minority interests in income                                   | 90                                      | 128                                     |
| <b>Net income</b>  | <b>2,553</b>                            | <b>2,353</b>                            |

**Consolidated statements of comprehensive income (third quarter)***Millions of yen, rounded down*

|  | October 1, 2011 to<br>December 31, 2011 | October 1, 2010 to<br>December 31, 2010 |
|--|---|---|
| Income before minority interests                                   | 2,643                                   | 2,482                                   |
| Other comprehensive income   |   |   |
| Valuation difference on available-for-sale securities              | (8)                                     | (15)                                    |
| Foreign currency translation adjustment                            | 122                                     | (84)                                    |
| Total other comprehensive income                                   | 114                                     | (100)                                   |
| Comprehensive income   | 2,758                                   | 2,382                                   |
| Comprehensive income attributable to                               |   |   |
| Comprehensive income attributable to owners of<br>the parent       | 2,616                                   | 2,294                                   |
| <b>Comprehensive income attributable to minority<br/>interests</b> | <b>142</b>                              | <b>87</b>                               |

**(3) Consolidated statements of cash flows***Millions of yen, rounded down*

|   | April 1, 2011 to<br>December 31, 2011 | April 1, 2010 to<br>December 31, 2010 |
|---|---------------------------------------|---------------------------------------|
| Net cash provided by (used in) operating activities                                       |                                       |                                       |
| Income before income taxes and minority interests   | 8,456                                 | 9,019                                 |
| Depreciation and amortization   | 4,947                                 | 5,259                                 |
| Amortization of goodwill  | 441                                   | 432                                   |
| Gain on negative goodwill   | (175)                                 | —                                     |
| Loss on adjustment for changes of accounting<br>standard for asset retirement obligations | —                                     | 351                                   |
| Increase (decrease) in allowance for doubtful<br>accounts                                 | 6                                     | (317)                                 |
| Increase (decrease) in provision for bonuses  | (891)                                 | (235)                                 |
| Increase (decrease) in provision for directors'<br>bonuses                                | 10                                    | (25)                                  |
| Increase (decrease) in provision for retirement<br>benefits                               | 281                                   | 20                                    |
| Decrease (increase) in prepaid pension costs  | 105                                   | 131                                   |
| Increase (decrease) in provision for directors'<br>retirement benefits                    | 68                                    | 77                                    |
| Interest and dividends income   | (69)                                  | (63)                                  |
| Interest expenses   | 4                                     | 51                                    |
| Foreign exchange losses (gains)   | 440                                   | 388                                   |
| Subsidies income  | (230)                                 | (27)                                  |
| Loss (gain) on sales of investment securities   | (1)                                   | 127                                   |
| Loss (gain) on valuation of investment securities   | —                                     | 0                                     |
| Loss (gain) on sales of noncurrent assets   | 19                                    | (926)                                 |
| Loss on retirement of noncurrent assets   | 56                                    | 358                                   |
| Loss on disaster  | 95                                    | —                                     |
| Loss on liquidation of subsidiaries and affiliates  | 129                                   | —                                     |
| Decrease (increase) in notes and accounts<br>receivable-trade                             | (8,481)                               | (6,676)                               |
| Decrease (increase) in inventories  | (1,521)                               | (10)                                  |
| Increase (decrease) in notes and accounts<br>payable-trade                                | 1,473                                 | 461                                   |
| Decrease (increase) in accounts receivable-other  | (95)                                  | (43)                                  |
| Increase (decrease) in accounts payable-other   | (992)                                 | 193                                   |
| Increase (decrease) in accrued consumption taxes  | (169)                                 | 77                                    |
| Other, net  | (1,512)                               | (22)                                  |
| Subtotal  | 2,395                                 | 8,605                                 |
| Interest and dividends income received  | 72                                    | 108                                   |
| Interest expenses paid  | (5)                                   | (53)                                  |
| Proceeds from subsidies   | 230                                   | 27                                    |
| Payments for loss on disaster   | (1,308)                               | —                                     |
| Income taxes paid   | (4,212)                               | (4,079)                               |
| Net cash provided by (used in) operating activities                                       | (2,827)                               | 4,607                                 |

## Consolidated statements of cash flows, continued

*Millions of yen, rounded down*

|  | April 1, 2011 to<br>December 31, 2011 | April 1, 2010 to<br>December 31, 2010 |
|--|---------------------------------------|---------------------------------------|
| Net cash provided by (used in) investing activities  |                                       |                                       |
| Purchase of property, plant and equipment  | (3,156)                               | (2,206)                               |
| Proceeds from sales of property, plant and equipment   | 126                                   | 3,118                                 |
| Purchase of intangible assets  | (228)                                 | (258)                                 |
| Proceeds from sales of intangible assets   | —                                     | 0                                     |
| Purchase of investment securities  | (13)                                  | (14)                                  |
| Proceeds from sales of investment securities   | 7                                     | 208                                   |
| Purchase of stocks of subsidiaries and affiliates  | (13)                                  | (93)                                  |
| Payments of loans receivable   | (99)                                  | (79)                                  |
| Collection of loans receivable   | 108                                   | 5                                     |
| Payments for guarantee deposits  | (124)                                 | (30)                                  |
| Proceeds from collection of guarantee deposits   | 203                                   | 277                                   |
| Other, net   | (68)                                  | (56)                                  |
| Net cash provided by (used in) investing activities  | (3,257)                               | 872                                   |
| Net cash provided by (used in) financing activities  |                                       |                                       |
| Net increase (decrease) in short-term loans payable  | (26)                                  | (851)                                 |
| Proceeds from long-term loans payable  | —                                     | 3                                     |
| Repayment of long-term loans payable   | (184)                                 | (2,188)                               |
| Proceeds from exercise of stock option   | 614                                   | 52                                    |
| Cash dividends paid  | (893)                                 | (692)                                 |
| Cash dividends paid to minority shareholders   | (117)                                 | (114)                                 |
| Repayments of lease obligations  | (82)                                  | (67)                                  |
| Net cash provided by (used in) financing activities  | (690)                                 | (3,858)                               |
| Effect of exchange rate change on cash and cash equivalents                                      | (221)                                 | (209)                                 |
| Net increase (decrease) in cash and cash equivalents   | (6,997)                               | 1,410                                 |
| 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                                    |
| <b>Cash and cash equivalents at end of period</b>  | <b>11,241</b>                         | <b>5,908</b>                          |

**(4) Items related to going concern assumption**

Third quarter (April 1, 2011 to December 31, 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 4, 2009) and *Guidelines to the Application of Accounting Standards for Accounting Changes and Revisions of Past Errors* (ASBJ Guideline No. 24, December 4, 2009) have been applied.

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

Third quarter (April 1, 2011 to December 31, 2011) of the fiscal year ending March 31, 2012

No applicable items