

Consolidated Financial Statements for the
First Quarter of the Fiscal Year
Ending March 31, 2013

April 1, 2012 to June 30, 2012

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, 2013

CALBEE, Inc.

July 31, 2012

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Scheduled date for submission of the first quarter financial report: August 10, 2012

Scheduled date for distribution of dividends: --

Availability of supplementary explanatory material for the 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, 2012 to June 30, 2012) of the fiscal year ending March 31, 2013

(1) Consolidated Operating Results

Millions of yen, rounded down

	Three months ended June 30, 2012		Three months ended June 30, 2011	
		% change		% change
Net sales	43,295	21.3	35,690	(8.6)
Operating income	3,785	173.4	1,384	(50.0)
Ordinary income	3,596	182.7	1,271	(53.7)
Net income	2,073	265.9	566	(64.8)
Earnings per share (¥)	63.64		17.71	
Earnings per share (diluted) (¥)	62.50		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, 2012: ¥1,825 million (223.5%)
 Three months ended June 30, 2011: ¥564 million (-61.5%)

(2) Consolidated Financial Position

Millions of yen, rounded down

	As of June 30, 2012	As of March 31, 2012
Total assets	107,217	108,474
Net assets	81,034	80,417
Shareholders' equity/total assets (%)	73.0	71.6

Shareholders' equity: As of June 30, 2012: ¥78,285 million

As of March 31, 2012: ¥77,663 million

2) Dividends per share

Yen

	FY ended March 31, 2012	FY ending March 31, 2013 (forecast)
Interim period	00.00	00.00
Year-end	42.00	50.00
Annual	42.00	50.00

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

3) Consolidated forecasts for the fiscal year ending March 31, 2013 (April 1, 2012 to March 31, 2013)

Millions of yen

	Six months ending September 30, 2012		Fiscal year ending March 31, 2013	
		% change		% change
Net sales	85,300	12.3	170,000	4.1
Operating income	6,600	69.5	13,600	11.0
Ordinary income	6,400	82.9	13,600	8.9
Net income	3,650	105.9	7,500	5.7
Earnings per share (¥)	111.95		230.03	

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

2. Changes from the most recently announced results forecast: Yes

Notes

- (1) **Transfers of important subsidiaries during the period (transfers of specific subsidiaries resulting in changes in the scope of consolidation):** None
- (2) **Use of special accounting procedures:** None
- (3) **Changes in accounting policy, changes in accounting estimates, and restatements:**
1. Changes in accounting policies following revisions of accounting standards: Yes
 2. Changes in accounting policies other than 1.: None
 3. Changes in accounting estimates: Yes
 4. Restatements: None

Note: From this first quarter we have made changes to the method of depreciation. This corresponds to changes in accounting policy for cases where it is difficult to distinguish between changes in accounting policy and changes in accounting estimates. For further details of the changes, please see Page 7, 2. Summary information and related items (3) Changes in accounting policy, changes in accounting estimates, and restatements.

(4) **Number of outstanding shares (common stock)**

	June 30, 2012:	March 31, 2012:
1. Number of shares outstanding (including treasury shares)	32,603,950 shares	32,540,950 shares
2. Number of treasury shares	-- shares	-- shares
	Three months to June 30, 2012:	Three months to June 30, 2011:
3. Average number of shares during the period	32,579,076 shares	31,999,230 shares

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 7, 1. Operating Results (3) Consolidated forecasts for the fiscal year ending March 31, 2013.
2. The earnings per share forecast for the fiscal year ending March 31, 2013 is calculated using 32,603,950 shares as the expected average number of shares for the period.
3. CALBEE, Inc. has scheduled a telephone conference for institutional investors and analysts for July 31, 2012. An audio recording of the conference will be made available on our Japanese 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 under review, the Japanese economy saw improvements in corporate earnings and productivity. However, global recessionary concerns, the continuing strength of the yen and the problem of domestic power supply led to the outlook remaining uncertain.

In the snack foods industry, affordable prices and good value for money were valued by consumers and led the industry to deliver a relatively firm performance.

In this environment, Calbee Group (hereafter "Calbee") continued initiatives to actively promote the twin pillars of cost reduction and innovation. With regards to innovation, we expanded our overseas business by concluding a joint venture agreement with the Tingyi Group in China and Taiwan. We have also increased our domestic share by actively promoting sales of potato chips and by enlarging the sales area for the new product *Vegips*. With regards to cost reduction, we have been able to reduce the cost of goods sold by promoting concentrated purchasing and by improving our capacity utilization ratio.

As a result, consolidated net sales for the first quarter increased 21.3% to ¥43,295 million. In terms of profitability, we proactively invested in marketing to increase market share, and increased sales and decreased production costs saw operating income increase 173.4% to ¥3,785 million. Ordinary income increased 182.7% to ¥3,596 million, and net income increase by 265.9% to ¥2,073 million. The quarter under review saw drastic improvement in net sales and profits compared with the same period last year, which suffered from the effects of the Great East Japan Earthquake.

Result by business:

Food production and sales business

Net sales were strong, rising by 21.1% to ¥42,629 million driven by snack foods.

Snack foods:

Snack food sales increased 20.9% to ¥36,833 million as promotion activities increased dramatically in comparison with the austerity of the same period last year.

1. Potato-based snacks

Sales increased 18.8% to ¥24,754 million.

Potato Chips: The core products (Lightly Salted, Consommé Punch, Seaweed Salted) registered a large increase in domestic share thanks to proactive promotional activities and limited-time/limited-locality sales.

Jagarico: Standardization of Tarako Butter (Cod Roe and Butter flavor (in convenience stores only)) and hits of limited-time products contributed to a large increase in sales.

Jagabee: Sales increased substantially over the same period last year, when the factory was damaged by the earthquake and box-type shipping was temporarily suspended.

2. Flour-based snacks

Sales increased 39.1% to ¥5,053 million. Sales of *Kappa Ebisen* and *Sapporo Potato* increased substantially over the same period last year when sales of some limited-time products were temporarily suspended due to factory damage in the March 2011 earthquake.

3. Corn-based snacks

Sales declined by 3.9% to ¥3,458 million. Sales of products such as *Mike Popcorn* and *Rich Giza* increased, but overall sales declined compared to the same period of last fiscal year when demand was

boosted as a result of the March 2011 earthquake.

Other products (Processed bread and Cereal)

Net sales increased 22.1% to ¥5,796 million with strong sales of processed bread and cereal. Net sales of processed breads increased over the same period last year due to an increase in the number of stores handling the products. Net sales of cereal grew due to an increase in sales of *Fruits Granola* thanks to more intensive PR activities and an increase in the number of supermarkets and drug stores handling the products.

Other businesses

Net sales increased 39.6% to ¥665 million. Net sales for the distribution business and the sales promotion tools business both increased over the same period last year when demand was depressed due to the earthquake.

(2) Summary of consolidated financial position

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

Total assets as of June 30, 2012 were ¥107,217 million, a slight decrease of ¥1,256 million from the end of the previous fiscal year. Cash and deposits increased but the main reason for the overall decline was lower notes and accounts receivable, and a decline in noncurrent assets. The decline in noncurrent assets was due to the increases in depreciation and amortization expenses exceeding capital expenditure.

Liabilities decreased ¥1,873 million to ¥26,183 million due to a decrease in income taxes payable.

Net assets increased ¥616 million to ¥81,034 million due to higher retained earnings from quarterly net income.

As a result, the shareholders' equity ratio increased 1.4 percentage points from the end of the previous fiscal year to 73.0% and net assets per share were ¥2,401.09.

Cash flow

Cash and cash equivalents as of June 30, 2012 were ¥20,916 million, ¥1,467 million higher than at the end of the previous fiscal year. The main contributing factors are detailed below.

Cash flows from operating activities

Net cash generated by operating activities during the period under review was an inflow of ¥4,062 million, compared to an inflow of ¥14 million for the first three months of the previous fiscal year. Factors increasing operating cash flow included income before income taxes and minority interests of ¥3,538 million, depreciation and amortization of ¥1,481 million, a decrease in accounts receivable of ¥1,555 million, and a decrease in income taxes paid of ¥3,696 million.

Cash flows from investing activities

Net cash used in investing activities during the period under review was outflow of ¥1,250 million, compared to an outflow of ¥1,897 million of the first three months of the previous fiscal year. The primary contributing factor was ¥1,262 million in payments for acquisition of fixed assets.

Cash flows from financing activities

Net cash used in financing activities during the period under review was an outflow of ¥1,238 million, compared to an outflow of ¥758 million of the first three months of the previous fiscal year. This was primarily due to cash dividends paid of ¥1,399 million.

(3) Consolidated forecasts for the fiscal year ending March 31, 2013

Taking into account business performance during the first quarter of the year, the consolidated first half forecasts issued on May 8, 2012 have been revised as follows.

Regarding results for the year to date, there are no changes to the forecasts issued on May 8, 2012.

Revised consolidated first half forecasts (April 1, 2012 to September 30, 2012)

Millions of yen, rounded down

	Net sales	Operating income	Ordinary income	Net income	Earnings per share (¥)
Previous forecast (A)	82,800	5,100	5,100	2,750	84.51
Revised forecast (B)	85,300	6,600	6,400	3,650	111.95
Amount of change(B-A)	2,500	1,500	1,300	900	—
Percentage change (%)	3.0	29.4	25.5	32.7	—
For reference: First half results last fiscal year (April 1, 2011 to Sep 30, 2011)	75,985	3,893	3,499	1,772	55.25

2. Summary information and related items

(1) Transfers 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:

(Changes in accounting policy for cases where it is difficult to distinguish between changes in accounting policy and changes in accounting estimates)

Calbee and its subsidiaries, in accordance with the revisions to corporate tax law, have made changes to the method by which depreciation of tangible assets acquired after April 1, 2012 is calculated. These changes take effect from the first quarter consolidated financial statements of FY2013.

Due to these changes, the operating income, ordinary income, and net income before income taxes have each increased by ¥2 million compared with the previous method.

3. Consolidated Financial Statements

(1) Consolidated balance sheets

Millions of yen, rounded down

	As of June 30, 2012	As of March 31, 2012
ASSETS		
Current assets		
Cash and deposits	20,916	19,448
Notes and accounts receivable-trade	17,127	18,763
Short-term investment securities	12	13
Inventories	5,368	4,920
Other	3,719	4,703
Allowance for doubtful accounts	(1)	(2)
Total current assets	47,143	47,847
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	20,287	20,580
Machinery, equipment and vehicles, net	13,487	14,052
Land	10,693	10,721
Construction in progress	1,735	1,370
Other, net	809	816
Total property, plant and equipment	47,013	47,541
Intangible assets		
Goodwill	4,373	4,538
Other	1,502	1,534
Total intangible assets	5,875	6,073
Investments and other assets		
Investments and other assets, gross	7,279	7,106
Allowance for doubtful accounts	(93)	(93)
Total investments and other assets	7,185	7,012
Total noncurrent assets	60,074	60,627
Total assets	107,217	108,474

Consolidated balance sheets, continued

Millions of yen, rounded down

	As of June 30, 2012	As of March 31, 2012
LIABILITIES		
Current liabilities		
Notes and accounts payable-trade	6,634	6,595
Accounts payable-other	2,878	3,141
Income taxes payable	1,603	3,885
Provision for bonuses	1,281	3,287
Provision for directors' bonuses	66	211
Provision for loss on disaster	57	57
Other	8,279	5,457
Total current liabilities	20,799	22,636
Noncurrent liabilities		
Long-term loans payable	6	6
Provision for retirement benefits	3,647	3,611
Provision for directors' retirement benefits	478	497
Asset retirement obligations	625	623
Other	625	681
Total noncurrent liabilities	5,383	5,420
Total liabilities	26,183	28,056
NET ASSETS		
Shareholders' equity		
Capital stock	11,302	11,252
Capital surplus	10,870	10,820
Retained earnings	56,848	56,141
Total shareholders' equity	79,022	78,213
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3	9
Foreign currency translation adjustment	(740)	(560)
Total accumulated other comprehensive income	(736)	(550)
Subscription rights to shares	84	85
Minority interests	2,665	2,669
Total net assets	81,034	80,417
Total liabilities and net assets	107,217	108,474

(2) Consolidated statements of income*Millions of yen, rounded down*

	April 1, 2012 to June 30, 2012	April 1, 2011 to June 30, 2011
Net sales	43,295	35,690
Cost of sales	24,494	21,246
Gross profit	18,801	14,444
Selling, general and administrative expenses	15,015	13,059
Operating income	3,785	1,384
Non-operating income		
Interest income	5	2
Dividends income	45	40
Gain on cancellation of lease contracts	26	—
Other	54	128
Total non-operating income	131	170
Non-operating expenses		
Interest expenses	1	1
Foreign exchange losses	268	203
Other	51	77
Total non-operating expenses	321	283
Ordinary income	3,596	1,271
Extraordinary income		
Gain on sales of noncurrent assets	8	9
Subsidies income	—	230
Reversal of provision for loss on disaster	—	128
Other	—	1
Total extraordinary income	8	370
Extraordinary loss		
Loss on sales of noncurrent assets	49	27
Loss on retirement of noncurrent assets	16	21
Loss on disaster	—	252
Other	0	53
Total extraordinary losses	65	355
Income before income taxes and minority interests	3,538	1,287
Income taxes-current	1,471	855
Income taxes-deferred	(57)	(231)
Total income taxes	1,414	623
Income before minority interests	2,124	663
Minority interests in income	50	97
Net income	2,073	566

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

	April 1, 2012 to June 30, 2012	April 1, 2011 to June 30, 2011
Income before minority interests	2,124	663
Other comprehensive income		
Valuation difference on available-for-sale securities	(6)	21
Foreign currency translation adjustment	(292)	(120)
Total other comprehensive income	(298)	(99)
Comprehensive income	1,825	564
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	1,887	512
Comprehensive income attributable to minority interests	(61)	51

(3) Consolidated statements of cash flows

	<i>Millions of yen, rounded down</i>	
	April 1, 2012 to June 30, 2012	April 1, 2011 to June 30, 2011
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	3,538	1,287
Depreciation and amortization	1,481	1,524
Amortization of goodwill	150	137
Increase (decrease) in allowance for doubtful accounts	(0)	(0)
Increase (decrease) in provision for bonuses	(2,005)	(1,871)
Increase (decrease) in provision for directors' bonuses	(145)	(96)
Increase (decrease) in provision for retirement benefits	39	77
Decrease (increase) in prepaid pension costs	29	35
Increase (decrease) in provision for directors' retirement benefits	(19)	37
Interest and dividends income	(50)	(42)
Interest expenses	1	1
Foreign exchange losses (gains)	246	180
Subsidies income	—	(230)
Loss (gain) on sales of investment securities	0	(1)
Loss (gain) on sales of noncurrent assets	41	17
Loss on retirement of noncurrent assets	16	21
Loss on disaster	—	123
Decrease (increase) in notes and accounts receivable-trade	1,555	64
Decrease (increase) in inventories	(472)	(1,050)
Increase (decrease) in notes and accounts payable-trade	85	808
Decrease (increase) in accounts receivable-other	(18)	(6)
Increase (decrease) in accounts payable-other	(228)	(626)
Increase (decrease) in accrued expenses	2,591	2,252
Increase (decrease) in accrued consumption taxes	60	(194)
Other, net	810	450
Subtotal	7,707	2,902
Interest and dividends income received	52	47
Interest expenses paid	(1)	(2)
Proceeds from subsidies	—	230
Payments for loss on disaster	—	(736)
Income taxes paid	(3,696)	(2,427)
Net cash provided by (used in) operating activities	4,062	14

Consolidated statements of cash flows, continued*Millions of yen, rounded down*

	April 1, 2012 to June 30, 2012	April 1, 2011 to June 30, 2011
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(1,142)	(1,062)
Proceeds from sales of property, plant and equipment	64	56
Purchase of intangible assets	(119)	(62)
Purchase of investment securities	(4)	(4)
Proceeds from sales of investment securities	16	8
Purchase of stocks of subsidiaries and affiliates	—	(872)
Payments of loans receivable	(195)	(98)
Collection of loans receivable	80	106
Payments for guarantee deposits	(26)	(39)
Proceeds from collection of guarantee deposits	71	65
Other, net	3	5
Net cash provided by (used in) investing activities	(1,250)	(1,897)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	—	36
Repayment of long-term loans payable	—	(89)
Proceeds from exercise of stock option	100	224
Proceeds from stock issuance to minority shareholders	90	—
Cash dividends paid	(1,366)	(893)
Cash dividends paid to minority shareholders	(33)	(9)
Repayments of lease obligations	(29)	(26)
Net cash provided by (used in) financing activities	(1,238)	(758)
Effect of exchange rate change on cash and cash equivalents	(106)	(61)
Net increase (decrease) in cash and cash equivalents	1,467	(2,702)
Cash and cash equivalents at beginning of period	19,448	18,238
Cash and cash equivalents at end of period	20,916	15,536

(4) Items related to going concern assumption

No applicable items

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

No applicable items