

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

April 1, 2012 to September 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 Half Results for the Fiscal Year Ending March 31, 2013

CALBEE, Inc.

November 1, 2012

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Scheduled date for submission of the first half financial report: November 9, 2012

Scheduled date for distribution of dividends: --

Availability of supplementary explanatory material for the first half results: Available

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

1) Consolidated results for the first six months (April 1, 2012 to September 30, 2012) of the fiscal year ending March 31, 2013

(1) Consolidated Operating Results

Millions of yen, rounded down

	Six months ended September 30, 2012		Six months ended September 30, 2011	
		% change		% change
Net sales	86,075	13.3	75,985	(0.4)
Operating income	6,707	72.3	3,893	(15.9)
Ordinary income	6,481	85.2	3,499	(23.1)
Net income	3,782	113.4	1,772	(27.2)
Earnings per share (¥)	115.98		55.25	
Earnings per share (diluted) (¥)	113.86		54.16	

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

2. Comprehensive income: Six months ended September 30, 2012: ¥3,532 million (119.5%)
 Six months ended September 30, 2011: ¥1,609 million (-25.2%)

(2) Consolidated Financial Position

Millions of yen, rounded down

	As of September 30, 2012	As of March 31, 2012
Total assets	114,326	108,474
Net assets	84,357	80,417
Shareholders' equity/total assets (%)	70.0	71.6

Shareholders' equity: As of September 30, 2012: ¥80,037 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

	Fiscal year ending March 31, 2013	
		% change
Net sales	173,300	6.1
Operating income	15,200	24.1
Ordinary income	14,900	19.3
Net income	8,500	19.8
Earnings per share (¥)	260.15	

Notes: 1. The percentages shown above are a comparison with the same period of 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 specified subsidiaries resulting in changes in the scope of consolidation): Yes

One company added to scope of consolidation: Calbee (HangZhou) Foods Co., Ltd.

Note: For further details, please see Page 7, 2.Summary information and related items (1) Transfers of important subsidiaries during the period.

(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)

	September 30, 2012:	March 31, 2012:
1. Number of shares outstanding (including treasury shares)	32, 673, 450 shares	32,540,950 shares
2. Number of treasury shares	-- shares	-- shares
	Six months to September 30, 2012:	Six months to September 30, 2011:
3. Average number of shares during the period	32,615, 532 shares	32,080,614 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 32,673,450 shares as the expected average number of shares for the period.
3. CALBEE, Inc. has scheduled a results presentation for institutional investors and analysts for November 1, 2012. A digital recording of the presentation will be made available on our Japanese website after the conference.

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1. Operating Results

(1) Summary of business performance (consolidated)

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

During the six-month period under review, the Japanese economy was supported by reconstruction demand following the Great East Japan Earthquake and gradually recovered. However, due to global recessionary concerns, the continuing strength of the yen and the affects of deflation, the outlook continues to remain uncertain. In the snack foods industry, the operating environment remains difficult.

In this environment, Calbee Group (hereafter "Calbee") continued initiatives to actively promote the twin pillars of cost reduction and innovation. With regards innovation, initiatives to expand our business overseas included entering into a business partnership with PepsiCo group in North America. We also established a joint venture 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 improving our capacity utilization ratio.

As a result, consolidated net sales for the six-month period under review increased 13.3% to ¥86,075 million. In terms of profitability, we proactively invested in marketing to increase domestic market share, and due to increased sales and decreased production costs operating income increased 72.3% to ¥6,707 million, ordinary income increased 85.2% to ¥6,481 million, and net income increased 113.4% to ¥3,782 million. The six-month period 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 13.4% to ¥84,872 million driven by strong sales of snack foods.

Snack foods:

Snack food sales increased 13.6% to ¥73,765 million supported by overseas sales, sales of potato-based snacks and new products.

1. Potato-based snacks

Sales increased 12.5% to ¥49,466 million.

Potato Chips: Improved share of domestic market through increase in sales of core products (Lightly Salted, Consommé Punch, Seaweed Salted) by proactive promotional activities and revisions to *Kata-Age Potato*.

Jagarico: Standardization of *Tarako Butter* (in convenience stores only) and limited-time products (*Otona Jagarico*) contributed to an increase in sales.

Jagabee: Limited-time products(in convenience stores only) contributed to growth in sales.

2. Flour-based snacks

Sales increased 18.0% to ¥10,237 million through steady sales including those of core products *Kappa Ebisen* and *Sapporo Potato*.

3. Corn-based snacks

Sales decreased by 3.3% to ¥6,543 million. We were unable to achieve higher sales than the same six-month period of the previous fiscal year when demand was boosted as a result of the March 2011 earthquake, despite introducing new products.

Other products (Processed bread and Cereal)

Net sales increased 12.5% to ¥11,106 million due to strong sales of cereal products. Year-on-year-sales increased by strengthening marketing activities, and increasing the percentage of supermarkets and drug stores that carry *Fruits Granola*.

Other businesses

Net sales increased 4.5% to ¥1,203 million. Net sales for the distribution business and the sales promotion tools business both increased over the same period last year.

(2) Summary of consolidated financial position

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

Total assets as of September 30, 2012 were ¥114,326 million, an increase of ¥5,851 million from the end of the previous fiscal year. The primary contributing factors were increases in short-term investment securities and inventories. The increase in short-term investment securities was due to acquisition of negotiable deposits and commercial paper. The increase in inventories was a result of the potato harvest season in Hokkaido, a major potato producing area in Japan.

Liabilities increased ¥1,912 million to ¥29,968 million due to an increase in accounts payable and despite a decrease in income taxes payable.

Net assets increased ¥3,939 million to ¥84,357 million due to an increase in retained earnings and minority interests.

As a result, the shareholders' equity ratio decreased 1.6 percentage points from the end of the previous fiscal year to 70.0% and net assets per share were ¥2,449.63.

Cash flow

Cash and cash equivalents as of September 30, 2012 were ¥17,964 million, ¥1,484 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 operating activities during the period under review resulted in an inflow of ¥7,868 million, compared to an inflow of ¥1,696 million for the first six months of the previous fiscal year. Factors increasing cash flow included income before income taxes and minority interests of ¥6,444 million, depreciation and amortization of ¥3,031 million and a ¥3,799 million increase in accounts payable. Factors decreasing cash flow included a ¥3,771 million payment in income taxes.

Cash flows from investing activities

Net cash used in investing activities during the period under review was an outflow of ¥9,523 million, compared to an outflow of ¥1,985 million of the first six months of the previous fiscal year. Factors contributing to a decrease in cash flow included a ¥3,867 million payment for the acquisition of fixed assets, a ¥3,010 million payment for fixed-term deposits, and a ¥3,000 million payment for acquisition of short-term investment securities.

Cash flows from financing activities

Net cash provided by financing activities during the period under review was an inflow of ¥347 million, compared to an outflow of ¥590 million of the first six months of the previous fiscal year. Factors contributing to an increase in cash flow included ¥1,594 million in proceeds from stock issuance to minority shareholders, while factors contributing to a decrease in cash flow included dividends paid of ¥1,399 million.

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

Taking into account our business performance during the six months under review, the consolidated results forecasts for the fiscal year ending March 31, 2013 announced on May 8, 2012 have been revised as follows:

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

Millions of yen, rounded down

	Net sales	Operating income	Ordinary income	Net income	Earnings per share (¥)
Previous forecast (A)	170,000	13,600	13,600	7,500	230.03
Revised forecast (B)	173,300	15,200	14,900	8,500	260.15
Amount of change(B-A)	3,300	1,600	1,300	1,000	--
Percentage change (%)	1.9	11.8	9.6	13.3	--
For reference: Fiscal year ended March 31, 2012 (April 1, 2011 to March 31, 2012)	163,268	12,247	12,486	7,096	220.29

2. Summary information and related items

(1) Transfers of important subsidiaries during the period:

In line with our global strategy, in August 2012 we established Calbee (HangZhou) Foods Co., Ltd. a joint venture, with Master Kong Instant Foods Investment (China) Co., Ltd., a part of Tingyi (Cayman Islands) Holding Corp. which has strong sales in the Chinese market, and Itochu Corporation. The joint venture aims to expand market share and grow sales of Calbee products in China, a snack foods market with tremendous growth potential. The joint venture will be included in the scope of consolidation as of 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:

(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 current first quarter of the consolidated fiscal year.

Due to these changes, the operating income, ordinary income, and net income before income taxes have each increased by ¥23 million compared with the previous method.

3. Consolidated financial statements**(1) Consolidated balance sheets***Millions of yen, rounded down*

	As of September 30, 2012	As of March 31, 2012
ASSETS		
Current assets		
Cash and deposits	14,975	19,448
Notes and accounts receivable-trade	17,135	18,763
Short-term investment securities	9,012	13
Inventories	6,716	4,920
Other	5,873	4,703
Allowance for doubtful accounts	(1)	(2)
Total current assets	53,711	47,847
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	20,698	20,580
Machinery, equipment and vehicles, net	14,036	14,052
Land	10,715	10,721
Construction in progress	1,680	1,370
Other, net	776	816
Total property, plant and equipment	47,906	47,541
Intangible assets		
Goodwill	4,222	4,538
Other	1,484	1,534
Total intangible assets	5,707	6,073
Investments and other assets		
Investments and other assets, gross	7,094	7,106
Allowance for doubtful accounts	(93)	(93)
Total investments and other assets	7,000	7,012
Total noncurrent assets	60,614	60,627
Total assets	114,326	108,474

Consolidated balance sheets, continued*Millions of yen, rounded down*

	As of September 30, 2012	As of March 31, 2012
LIABILITIES		
Current liabilities		
Notes and accounts payable-trade	10,348	6,595
Accounts payable-other	2,933	3,141
Income taxes payable	2,677	3,885
Provision for bonuses	2,629	3,287
Provision for directors' bonuses	102	211
Provision for loss on disaster	—	57
Other	5,914	5,457
Total current liabilities	24,606	22,636
Noncurrent liabilities		
Long-term loans payable	6	6
Provision for retirement benefits	3,675	3,611
Provision for directors' retirement benefits	497	497
Asset retirement obligations	627	623
Other	555	681
Total noncurrent liabilities	5,362	5,420
Total liabilities	29,968	28,056
NET ASSETS		
Shareholders' equity		
Capital stock	11,359	11,252
Capital surplus	10,927	10,820
Retained earnings	58,557	56,141
Total shareholders' equity	80,844	78,213
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(11)	9
Foreign currency translation adjustment	(795)	(560)
Total accumulated other comprehensive income	(806)	(550)
Subscription rights to shares	82	85
Minority interests	4,237	2,669
Total net assets	84,357	80,417
Total liabilities and net assets	114,326	108,474

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

	April 1, 2012 to September 30, 2012	April 1, 2011 to September 30, 2011
Net sales	86,075	75,985
Cost of sales	49,077	45,075
Gross profit	36,997	30,909
Selling, general and administrative expenses	30,290	27,015
Operating income	6,707	3,893
Non-operating income		
Interest income	15	9
Dividends income	46	41
Settlement of consignment money for recycling	44	79
Other	191	209
Total non-operating income	298	340
Non-operating expenses		
Interest expenses	1	3
Foreign exchange losses	417	606
Other	106	124
Total non-operating expenses	525	734
Ordinary income	6,481	3,499
Extraordinary income		
Gain on sales of noncurrent assets	114	9
Subsidies income	—	230
Gain on negative goodwill	—	175
Reversal of provision for loss on disaster	—	163
Other	5	1
Total extraordinary income	119	581
Extraordinary loss		
Loss on sales of noncurrent assets	49	27
Loss on retirement of noncurrent assets	106	38
Loss on disaster	—	258
Loss on liquidation of subsidiaries and affiliates	—	129
Other	0	67
Total extraordinary losses	155	521
Income before income taxes and minority interests	6,444	3,558
Income taxes-current	2,574	1,327
Income taxes-deferred	(65)	261
Total income taxes	2,509	1,589
Income before minority interests	3,935	1,969
Minority interests in income	152	196
Net income	3,782	1,772

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

	April 1, 2012 to September 30, 2012	April 1, 2011 to September 30, 2011
Income before minority interests	3,935	1,969
Other comprehensive income		
Valuation difference on available-for-sale securities	(21)	52
Foreign currency translation adjustment	(381)	(412)
Total other comprehensive income	(402)	(359)
Comprehensive income	3,532	1,609
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	3,526	1,654
Comprehensive income attributable to minority interests	6	(44)

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

	July 1, 2012 to September 30, 2012	July 1, 2011 to September 30, 2011
Net sales	42,779	40,294
Cost of sales	24,582	23,829
Gross profit	18,196	16,465
Selling, general and administrative expenses	15,274	13,956
Operating income	2,922	2,508
Non-operating income		
Interest income	9	7
Dividends income	1	1
Settlement of consignment money for recycling	44	79
Reversal of provision for loss on disaster	57	—
Other	53	81
Total non-operating income	166	169
Non-operating expenses		
Interest expenses	0	1
Foreign exchange losses	148	402
Other	54	46
Total non-operating expenses	204	451
Ordinary income	2,884	2,227
Extraordinary income		
Gain on sales of noncurrent assets	106	0
Gain on negative goodwill	—	175
Other	5	34
Total extraordinary income	111	210
Extraordinary loss		
Loss on sales of noncurrent assets	0	0
Loss on retirement of noncurrent assets	89	16
Loss on disaster	—	5
Loss on liquidation of subsidiaries and affiliates	—	129
Other	—	13
Total extraordinary losses	90	166
Income before income taxes and minority interests	2,905	2,271
Income taxes-current	1,102	472
Income taxes-deferred	(7)	493
Total income taxes	1,095	965
Income before minority interests	1,810	1,305
Minority interests in income	101	99
Net income	1,709	1,205

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

	July 1, 2012 to September 30, 2012	July 1, 2011 to September 30, 2011
Income before minority interests	1,810	1,305
Other comprehensive income		
Valuation difference on available-for-sale securities	(14)	31
Foreign currency translation adjustment	(89)	(291)
Total other comprehensive income	(103)	(260)
Comprehensive income	1,706	1,045
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	1,639	1,141
Comprehensive income attributable to minority interests	67	(96)

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

	April 1, 2012 to September 30, 2012	April 1, 2011 to September 30, 2011
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	6,444	3,558
Depreciation and amortization	3,031	3,220
Amortization of goodwill	316	289
Gain on negative goodwill	—	(175)
Increase (decrease) in allowance for doubtful accounts	(0)	1
Increase (decrease) in provision for bonuses	(656)	(561)
Increase (decrease) in provision for directors' bonuses	(108)	(53)
Increase (decrease) in provision for retirement benefits	66	201
Decrease (increase) in prepaid pension costs	72	70
Increase (decrease) in provision for directors' retirement benefits	(0)	36
Interest and dividends income	(62)	(50)
Interest expenses	1	3
Foreign exchange losses (gains)	374	564
Subsidies income	—	(230)
Loss (gain) on sales of investment securities	(4)	(1)
Loss (gain) on valuation of investment securities	—	13
Loss (gain) on sales of noncurrent assets	(64)	17
Loss on retirement of noncurrent assets	106	38
Loss on disaster	(57)	95
Loss on liquidation of subsidiaries and affiliates	—	129
Decrease (increase) in notes and accounts receivable-trade	1,546	(802)
Decrease (increase) in inventories	(1,824)	(2,004)
Increase (decrease) in notes and accounts payable-trade	3,799	3,819
Decrease (increase) in accounts receivable-other	(137)	(82)
Increase (decrease) in accounts payable-other	(246)	(1,014)
Increase (decrease) in accrued consumption taxes	(37)	(408)
Other, net	(983)	(1,542)
Subtotal	11,575	5,132
Interest and dividends income received	66	53
Interest expenses paid	(1)	(4)
Proceeds from subsidies	—	230
Payments for loss on disaster	—	(1,282)
Income taxes paid	(3,771)	(2,432)
Net cash provided by (used in) operating activities	7,868	1,696

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

	April 1, 2012 to September 30, 2012	April 1, 2011 to September 30, 2011
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(3,619)	(2,018)
Proceeds from sales of property, plant and equipment	274	122
Purchase of intangible assets	(247)	(136)
Purchase of short-term investment securities	(3,000)	—
Purchase of investment securities	(8)	(8)
Proceeds from sales of investment securities	37	7
Purchase of stocks of subsidiaries and affiliates	—	(13)
Payments into time deposits	(3,010)	—
Payments of loans receivable	(195)	(98)
Collection of loans receivable	81	107
Payments for guarantee deposits	(33)	(99)
Proceeds from collection of guarantee deposits	192	168
Other, net	5	(17)
Net cash provided by (used in) investing activities	(9,523)	(1,985)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	—	(44)
Repayment of long-term loans payable	—	(89)
Proceeds from exercise of stock option	212	529
Proceeds from stock issuance to minority shareholders	1,594	—
Cash dividends paid	(1,366)	(893)
Cash dividends paid to minority shareholders	(33)	(38)
Repayments of lease obligations	(59)	(54)
Net cash provided by (used in) financing activities	347	(590)
Effect of exchange rate change on cash and cash equivalents	(175)	(276)
Net increase (decrease) in cash and cash equivalents	(1,484)	(1,156)
Cash and cash equivalents at beginning of period	19,448	18,238
Cash and cash equivalents at end of period	17,964	17,081

(4) Items related to going concern assumption

No applicable items.

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

No applicable items.