Calbee
Harvest the Power of Nature.

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

April 1, 2012 to December 31, 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)

Third Quarter Results for the Fiscal Year Ending March 31, 2013

CALBEE, Inc. **January 30, 2013**

Stock exchange listings: Tokyo 1st section, code number 2229

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Scheduled date for submission of the third quarter financial report: February 8, 2013

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, 2012 to December 31, 2012) of the fiscal year ending March 31, 2013

(1) Consolidated Operating Results

Millions of yen, rounded down

	Nine months ended December 31, 2012		Nine months ended December 31, 2011	
		% change		% change
Net sales	133,759	11.5	120,013	1.4
Operating income	12,536	44.6	8,669	(4.7)
Ordinary income	13,163	56.7	8,402	(5.1)
Net income	7,384	70.7	4,325	(9.7)
Earnings per share (¥)	226.18		134.54	
Earnings per share (diluted) (¥)	222.04		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, 2012: ¥8,397 million (92.2%)
Nine months ended December 31, 2011: ¥4,367 million (-3.7%)

(2) Consolidated Financial Position

Millions of yen, rounded down

	As of December 31, 2012	As of March 31, 2012
Total assets	116,818	108,474
Net assets	89,191	80,417
Shareholders' equity/total assets (%)	72.3	71.6

Shareholders' equity: As of December 31, 2012: ¥84,461 million
As of March 31, 2012: ¥77,663 million

2) Dividends per share

Yen

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

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	175,300	7.4
Operating income	15,800	29.0
Ordinary income	16,400	31.3
Net income	8,700	22.6
Earnings per share (¥)	265.80	

Notes: 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: Yes

Notes

(1) Transfer 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 in 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 detail, 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)

	December 31, 2012:	March 31, 2012:
1. Number of shares outstanding (including treasury shares)	32,731,450 shares	32,540,950 shares
2. Number of treasury shares	-- shares	-- shares
	Nine months to December 31, 2012:	Nine months to December 31, 2011:
3. Average number of shares during the period	32,646,217 shares	32,150,572 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 32,731,450 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 January 30, 2013. An audio recording of the telephone conference 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 nine months of the previous fiscal year, unless stated otherwise.)

During the nine-month period under review, the Japanese economy was supported by reconstruction demand following the Great East Japan Earthquake and was in a gradual recovery phase. However, due to global recessionary concerns, the affects of deflation and other factors, the outlook continues to remain uncertain. In the snack foods industry, the operating environment continues to remain challenging as a result of sluggish consumer spending.

In this environment, Calbee Group (hereafter “Calbee”) continued initiatives to actively promote the twin pillars of innovation (growth strategies) and cost reduction. With regards to 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, and decided to establish a joint venture company with Wings Group in Indonesia. In the domestic business, we increased market share through the active promotion of *Potato Chips* and the nationwide launch of 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 and other factors.

In November 2012 an incident occurred with glass fragments in *Kata-Age Potato* leading to a voluntary recall of all products that may have contained glass fragments. We deeply apologize to our customers, shareholders and all concerned for the inconvenience caused. We have prioritized product quality and safety and are undertaking initiatives to prevent a reoccurrence.

As a result, consolidated net sales for the nine-month period under review increased 11.5% to ¥133,759 million. In terms of profitability, we incurred selling expenses from actively investing in marketing to increase domestic market share, but due to increased sales and decreased production costs, operating income increased 44.6% to ¥12,536 million, ordinary income increased 56.7% to ¥13,163 million. Net income increased 70.7% to ¥7,384 million due to a decrease in the corporate tax rate and other factors, despite recording a loss of ¥364 million from the voluntary recall of *Kata-Age Potato*. The nine-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 11.6% to ¥131,978 million driven by strong sales of snack foods.

Snack foods:

Snack food sales increased 11.9% to ¥115,863 million supported by overseas sales, sales of potato-based snacks and new products.

1. Potato-based snacks

Sales increased 10.6% to ¥77,549 million.

Potato Chips: Improved share of domestic market by expanding sales of core products (Lightly Salted, Consommé Punch, Seaweed Salted) through proactive promotional activities.
Jagarico: Strong sales of core products (Salad and Cheese) and widespread adoption of *Tarako Butter* (in convenience stores only) contributed to an increase in sales.
Jagabee: Sales growth due to a strengthened product line up.

2. Flour-based snacks

Sales increased 10.1% to ¥15,966 million through strong sales including those of regional and limited edition *Kappa Ebisen* products.

3. Corn-based snacks

Sales decreased by 1.0% to ¥10,158 million. We were unable to achieve higher sales than the same nine-month period of the previous fiscal year when demand was boosted as a result of the March 2011 earthquake, despite strong sales of *Mike Popcorn*, *Cheetos* and other key products.

Other products (Processed bread and Cereal)

Net sales increased 10.0% to ¥16,114 million due to strong sales of cereal products. Year-on year-sales increased due to strengthened marketing activities, and an increase in the percentage of supermarkets and drug stores that carry *Fruits Granola.*

Other businesses

Net sales increased 0.1% to ¥1,781 million. Year-on-year, net sales decreased for the sales promotion tools business and increased for the distribution 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, 2012 were ¥116,818 million, an increase of ¥8,343 million from the end of the previous fiscal year. The primary contributing factors were increases in short-term investment securities, notes and accounts receivable-trade and inventories. The increase in short-term investment securities was due to acquisition of negotiable deposits.

Liabilities decreased ¥429 million to ¥27,627 million due to decreases in income taxes payable and provision for bonuses despite an increase in notes and accounts payable-trade.

Net assets increased ¥8,773 million to ¥89,191 million due to an increase in retained earnings and minority interests.

As a result, the shareholders' equity ratio increased 0.7 percentage points from the end of the previous fiscal year to 72.3% and net assets per share were ¥2,580.43.

Cash flow

Cash and cash equivalents as of December 31, 2012 were ¥15,414 million, ¥4,034 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 ¥7,013 million, compared to an outflow of ¥2,827 million for the first nine months of the previous fiscal year. Factors increasing cash flow included income before income taxes and minority interests of ¥12,458 million and depreciation and amortization of ¥4,658 million. Factors decreasing cash flow included a ¥5,989 million payment of income taxes paid, a ¥1,877 million increase in notes and accounts receivable-trade and a ¥1,409 million increase in inventories.

Cash flows from investing activities

Net cash used in investing activities during the period under review was an outflow of ¥11,823 million, compared to an outflow of ¥3,257 million of the first nine months of the previous fiscal year. Factors contributing to a decrease in cash flow included a ¥6,039 million payment for the acquisition of fixed assets, a ¥3,020 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 resulted in an inflow of ¥285 million, compared to an outflow of ¥690 million of the first nine months of the previous fiscal year. Factors contributing to a decrease in cash flow included dividends paid of ¥1,523 million while factors contributing to an increase in cash flow included ¥1,594 million in proceeds from stock issuance to minority shareholders.

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

Taking into account our business performance during the nine months under review, the consolidated results forecasts for the fiscal year ending March 31, 2013 announced on November 1, 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)	173,300	15,200	14,900	8,500	260.15
Revised forecast (B)	175,300	15,800	16,400	8,700	265.80
Amount of change(B-A)	2,000	600	1,500	200	--
Percentage change (%)	1.2	3.9	10.1	2.4	--
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 ¥58 million compared with the previous method.

3. Consolidated financial statements

(1) Consolidated balance sheets

Millions of yen, rounded down

	As of December 31, 2012	As of March 31, 2012
Assets		
Current assets		
Cash and deposits	15,424	19,448
Notes and accounts receivable-trade	20,786	18,763
Short-term investment securities	6,013	13
Inventories	6,379	4,920
Other	6,717	4,703
Allowance for doubtful accounts	(2)	(2)
Total current assets	55,320	47,847
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	20,632	20,580
Machinery, equipment and vehicles, net	14,179	14,052
Land	10,755	10,721
Construction in progress	2,507	1,370
Other, net	984	816
Total property, plant and equipment	49,058	47,541
Intangible assets		
Goodwill	4,101	4,538
Other	1,420	1,534
Total intangible assets	5,522	6,073
Investments and other assets		
Investments and other assets, gross	7,010	7,106
Allowance for doubtful accounts	(92)	(93)
Total investments and other assets	6,917	7,012
Total noncurrent assets	61,498	60,627
Total assets	116,818	108,474

Consolidated balance sheets, continued

Millions of yen, rounded down

	As of December 31, 2012	As of March 31, 2012
Liabilities		
Current liabilities		
Notes and accounts payable-trade	7,521	6,595
Accounts payable-other	2,678	3,141
Income taxes payable	2,842	3,885
Provision for bonuses	2,344	3,287
Provision for directors' bonuses	143	211
Provision for loss on disaster	—	57
Other	6,705	5,457
Total current liabilities	22,235	22,636
Noncurrent liabilities		
Long-term loans payable	4	6
Provision for retirement benefits	3,785	3,611
Provision for directors' retirement benefits	506	497
Asset retirement obligations	629	623
Other	466	681
Total noncurrent liabilities	5,392	5,420
Total liabilities	27,627	28,056
Net assets		
Shareholders' equity		
Capital stock	11,411	11,252
Capital surplus	10,979	10,820
Retained earnings	62,159	56,141
Total shareholders' equity	84,550	78,213
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(29)	9
Foreign currency translation adjustment	(60)	(560)
Total accumulated other comprehensive income	(89)	(550)
Subscription rights to shares	70	85
Minority interests	4,659	2,669
Total net assets	89,191	80,417
Total liabilities and net assets	**116,818**	**108,474**

(2) Consolidated statements of income and comprehensive income
Nine-month period ended December 31, 2012

Consolidated statements of income

Millions of yen, rounded down

	April 1, 2012 to December 31, 2012	April 1, 2011 to December 31, 2011
Net sales	133,759	120,013
Cost of sales	74,913	69,546
Gross profit	58,846	50,467
Selling, general and administrative expenses	46,310	41,797
Operating income	12,536	8,669
Non-operating income		
Interest income	26	17
Dividends income	57	51
Foreign exchange gains	436	—
Other	297	352
Total non-operating income	817	421
Non-operating expenses		
Interest expenses	2	4
Foreign exchange losses	—	535
Depreciation	52	20
Business commencement expenses	50	0
Other	84	126
Total non-operating expenses	189	687
Ordinary income	13,163	8,402
Extraordinary income		
Gain on sales of noncurrent assets	114	10
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	29
Loss on retirement of noncurrent assets	130	56
Loss on disaster	—	258
Loss on liquidation of subsidiaries and affiliates	—	129
Product recall related costs	364	—
Loss on revised of outsourcing agreement	279	—
Other	1	53
Total extraordinary losses	824	528
Income before income taxes and minority interests	12,458	8,456
Income taxes-current	4,970	3,391
Income taxes-deferred	(67)	451
Total income taxes	4,903	3,843
Income before minority interests	7,555	4,613
Minority interests in income	171	287
Net income	**7,384**	**4,325**

Nine-month period ended December 31, 2012

Consolidated statements of comprehensive income

Millions of yen, rounded down

	April 1, 2012 to December 31, 2012	April 1, 2011 to December 31, 2011
Income before minority interests	7,555	4,613
Other comprehensive income		
Valuation difference on available-for-sale securities	(38)	44
Foreign currency translation adjustment	880	(289)
Total other comprehensive income	841	(245)
Comprehensive income	8,397	4,367
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	7,845	4,270
Comprehensive income attributable to minority interests	551	97

Three-month period ended December 31, 2012

Consolidated statements of income

Millions of yen, rounded down

	October 1, 2012 to December 31, 2012	October 1, 2011 to December 31, 2011
Net sales	47,684	44,028
Cost of sales	25,835	24,470
Gross profit	21,848	19,557
Selling, general and administrative expenses	16,020	14,781
Operating income	5,828	4,775
Non-operating income		
Interest income	10	8
Dividends income	10	10
Foreign exchange gains	853	71
Other	71	62
Total non-operating income	946	152
Non-operating expenses		
Interest expenses	0	0
Depreciation	24	6
Business commencement expenses	50	—
Other	16	16
Total non-operating expenses	91	24
Ordinary income	6,682	4,903
Extraordinary income		
Gain on sales of noncurrent assets	0	0
Gain on reversal of loss on valuation of investment securities	—	13
Total extraordinary income	0	14
Extraordinary loss		
Loss on sales of noncurrent assets	—	1
Loss on retirement of noncurrent assets	24	18
Product recall related costs	364	—
Loss on revised of outsourcing agreement	279	—
Other	0	0
Total extraordinary losses	669	20
Income before income taxes and minority interests	6,014	4,897
Income taxes-current	2,396	2,064
Income taxes-deferred	(2)	189
Total income taxes	2,393	2,253
Income before minority interests	3,620	2,643
Minority interests in income	19	90
Net income	**3,601**	**2,553**

Three-month period ended December 31, 2012

Consolidated statements of comprehensive income

Millions of yen, rounded down

	October 1, 2012 to December 31, 2012	October 1, 2011 to December 31, 2011
Income before minority interests	3,620	2,643
Other comprehensive income		
Valuation difference on available-for-sale securities	(17)	(8)
Foreign currency translation adjustment	1,261	122
Total other comprehensive income	1,243	114
Comprehensive income	4,864	2,758
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	4,318	2,616
Comprehensive income attributable to minority interests	545	142

(3) Consolidated statements of cash flows

Millions of yen, rounded down

	April 1, 2012 to December 31, 2012	April 1, 2011 to December 31, 2011
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	12,458	8,456
Depreciation and amortization	4,658	4,947
Amortization of goodwill	470	441
Gain on negative goodwill	—	(175)
Increase (decrease) in allowance for doubtful accounts	(1)	6
Increase (decrease) in provision for bonuses	(946)	(891)
Increase (decrease) in provision for directors' bonuses	(68)	10
Increase (decrease) in provision for retirement benefits	163	281
Decrease (increase) in prepaid pension costs	109	105
Increase (decrease) in provision for directors' retirement benefits	8	68
Interest and dividends income	(83)	(69)
Interest expenses	2	4
Foreign exchange losses (gains)	(554)	440
Subsidies income	—	(230)
Loss (gain) on sales of investment securities	(4)	(1)
Loss (gain) on sales of noncurrent assets	(65)	19
Loss on retirement of noncurrent assets	130	56
Loss on disaster	(57)	95
Loss on liquidation of subsidiaries and affiliates	—	129
Decrease (increase) in notes and accounts receivable-trade	(1,877)	(8,481)
Decrease (increase) in inventories	(1,409)	(1,521)
Increase (decrease) in notes and accounts payable-trade	868	1,473
Decrease (increase) in accounts receivable-other	(208)	(95)
Increase (decrease) in accounts payable-other	(210)	(992)
Increase (decrease) in accrued consumption taxes	73	(169)
Other, net	(564)	(1,512)
Subtotal	12,893	2,395
Interest and dividends income received	112	72
Interest expenses paid	(2)	(5)
Proceeds from subsidies	—	230
Payments for loss on disaster	—	(1,308)
Income taxes paid	(5,989)	(4,212)
Net cash provided by (used in) operating activities	7,013	(2,827)

Consolidated statements of cash flows, continued

Millions of yen, rounded down

	April 1, 2012 to December 31, 2012	April 1, 2011 to December 31, 2011
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(5,741)	(3,156)
Proceeds from sales of property, plant and equipment	275	126
Purchase of intangible assets	(297)	(228)
Purchase of short-term investment securities	(3,000)	—
Purchase of investment securities	(14)	(13)
Proceeds from sales of investment securities	37	7
Purchase of stocks of subsidiaries and affiliates	—	(13)
Payments into time deposits	(3,020)	—
Proceeds from withdrawal of time deposits	10	—
Payments of loans receivable	(195)	(99)
Collection of loans receivable	82	108
Payments for guarantee deposits	(73)	(124)
Proceeds from collection of guarantee deposits	196	203
Other, net	(83)	(68)
Net cash provided by (used in) investing activities	(11,823)	(3,257)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	—	(26)
Repayment of long-term loans payable	(2)	(184)
Proceeds from exercise of stock option	304	614
Proceeds from stock issuance to minority shareholders	1,594	—
Cash dividends paid	(1,366)	(893)
Cash dividends paid to minority shareholders	(156)	(117)
Repayments of lease obligations	(87)	(82)
Net cash provided by (used in) financing activities	285	(690)
Effect of exchange rate change on cash and cash equivalents	489	(221)
Net increase (decrease) in cash and cash equivalents	(4,034)	(6,997)
Cash and cash equivalents at beginning of period	19,448	18,238
Cash and cash equivalents at end of period	**15,414**	**11,241**

(4) Items related to going concern assumption

No applicable items.

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

No applicable items.