Calbee
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Consolidated Financial Statements for the First Quarter of the Fiscal Year Ending March 31, 2014

April 1, 2013 to June 30, 2013

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, 2014

CALBEE, Inc. **August 9, 2013**

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

Stock exchange listings: Tokyo 1st section, code number 2229
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Representative: Shuji Ito, President & COO, Representative Director
Scheduled date for submission of the first quarter financial report: August 9, 2013
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, 2013 to June 30, 2013) of the fiscal year ending March 31, 2014

(1) Consolidated Operating Results

Millions of yen, rounded down

	Three months ended June 30, 2013		Three months ended June 30, 2012	
		% change		% change
Net sales	47,551	9.8	43,295	21.3
Operating income	4,569	20.7	3,785	173.4
Ordinary income	5,019	39.6	3,596	182.7
Net income	3,213	55.0	2,073	265.9
Earnings per share (¥)	97.51		63.64	
Earnings per share (diluted) (¥)	96.20		62.50	

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, 2013: ¥3,870 million (112.0%)
Three months ended June 30, 2012: ¥1,825 million (223.5%)

(2) Consolidated Financial Position

Millions of yen, rounded down

	As of June 30, 2013	As of March 31, 2013
Total assets	122,343	124,793
Net assets	94,546	92,685
Shareholders' equity/total assets (%)	72.9	70.2

Shareholders' equity: As of June 30, 2013: ¥89,140 million
As of March 31, 2013: ¥87,554 million

2) Dividends per share

Yen

	FY ended March 31, 2013	FY ending March 31, 2014 (forecast)
Interim period	0.00	0.00
Year-end	62.00	72.00
Annual	62.00	72.00

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

3) Consolidated forecasts for the fiscal year ending March 31, 2014 (April 1, 2013 to March 31, 2014)

Millions of yen

	Fiscal year ending March 31, 2014	
		% change
Net sales	190,000	5.9
Operating income	18,000	14.0
Ordinary income	18,000	5.1
Net income	10,400	10.2
Earnings per share (¥)	315.50	

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: None

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: None
2. Changes in accounting policies other than 1.: None
3. Changes in accounting estimates: None
4. Restatements: None

(4) Number of outstanding shares (common stock)

	June 30, 2013:	March 31, 2013:
1. Number of shares outstanding (including treasury shares)	32,963,950 shares	32,937,450 shares
2. Number of treasury shares	-- shares	-- shares
	Three months to June 30, 2013:	Three months to June 30, 2012:
3. Average number of shares during the period	32,951,846 shares	32,579,076 shares

Disclosure of status of quarterly report review procedures

This quarterly financial report is not subject to the review procedures for quarterly securities reports stipulated under the Financial Instruments and Exchange Law; however, at time of disclosure of this quarterly financial report these review procedures had been completed for the quarterly consolidated financial statements.

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 details of forecasts please see Page 6, 1. Operating Results (3) Consolidated forecasts for the fiscal year ending March 31, 2014.

2. The earnings per share forecast for the fiscal year ending March 31, 2014 is calculated using 32,963,950 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 August 9, 2013. 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 displayed anticipation for the new administration's economic policies while exhibiting a mild recovery trend. However, the outlook remains uncertain and the situation offers few clear reasons for optimism.

In the snack foods market, there was a continued consumer preference for products at lower price points. In comparison to other sectors of the industry, however, consumers appeared to find good value in the pricing and volume being offered in this sector, and market scale was similar in size to the previous year.

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, expansion of our business overseas included entering into a business partnership with PepsiCo group in North America and initiatives with the Tingyi Group in China. In domestic business we were able to increase sales, especially of *Jagarico*, *Vegips* and *Fruits Granola*. With regard to cost reduction, we successfully lowered our manufacturing cost ratio by centralizing procurement and improving capacity utilization.

Consolidated net sales for the first quarter increased 9.8% to ¥47,551 million. In terms of profitability, operating income increased 20.7% to ¥4,569 million on sales growth and the effects of cost reduction. Ordinary income increased 39.6% to ¥5,019 million, including a ¥378 million gain from foreign exchange due to the weaker yen. Net income increased by 55.0% to ¥3,213 million including a ¥374 million gain on sales of investment securities.

Result by business:

Food production and sales business

Net sales were strong, rising by 9.7% to ¥46,759 million driven by snack foods, cereals and overseas business.

Snack foods:

Snack food sales increased 10.6% to ¥40,728 million.

1. Potato-based snacks

Sales increased 4.2% to ¥25,804 million.

Potato Chips: Firm sales in core products (Lightly Salted, Consommé Punch, Seaweed Salted) and in Kata-Age Potato.

Jagarico: Strong sales of 'L sized' products contributed to an increase in sales of core products.

Jagabee: Increased sales by strengthening our product line.

2. Flour-based snacks

Sales increased 7.9% to ¥5,452 million through strong sales of region and limited edition products.

3. Corn-based snacks

Sales increased by 11.9% to ¥3,870 million on strong sales of core product *Mike Popcorn* and the famous *Garrett Popcorn Shops* brand from Chicago, USA.

4. Other snacks

Net sales increased 57.0% to ¥5,601 million driven by overseas business and *Vegips*.

Other products (Processed bread and Cereal)

Net sales increased 4.1% to ¥6,031 million due to a strong increase in sales of *Fruits Granola*.

Other businesses

Net sales increased 18.9% to ¥791 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 June 30, 2013 were ¥122,343 million, a decrease of ¥2,449 million from the end of the previous fiscal year due to a decrease in notes and accounts receivable-trade.

Liabilities decreased ¥4,310 million to ¥27,797 million due to a decrease in income taxes payable.

Net assets increased ¥1,860 million to ¥94,546 million due to higher retained earnings from quarterly net income.

As a result, the shareholders' equity ratio increased 2.7 percentage points from the end of the previous fiscal year to 72.9% and net assets per share were ¥2,704.17.

Cash flow

Cash and cash equivalents as of June 30, 2013 were ¥24,692 million, ¥639 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 generated by operating activities during the period under review was an inflow of ¥2,575 million, compared to an inflow of ¥4,062 million for the first three months of the previous fiscal year. Factors decreasing operating cash flow included ¥4,924 million in income taxes paid, while factors increasing operating cash flow included income before income taxes and minority interests of ¥5,365 million, depreciation and amortization of ¥1,439 million and decrease in notes and accounts receivable-trade of ¥1,444 million.

Cash flows from investing activities

Net cash used in investing activities during the period under review was outflow of ¥1,467 million, compared to an outflow of ¥1,250 million of the first three months of the previous fiscal year. The primary contributing factors were an inflow of ¥377 million on gain on sales of investment securities and an outflow of ¥1,977 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 ¥2,048 million, compared to an outflow of ¥1,238 million of the first three months of the previous fiscal year. This was primarily due to cash dividends paid of ¥2,051 million.

(3) Consolidated forecasts for the fiscal year ending March 31, 2014

Business is proceeding largely in line with plans, and there are no changes to the consolidated full-year forecasts issued on May 10, 2013.

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:
No applicable items.

3. Consolidated financial statements

(1) Consolidated balance sheets

Millions of yen, rounded down

	As of June 30, 2013	As of March 31, 2013
Assets		
Current assets		
Cash and deposits	14,703	17,342
Notes and accounts receivable-trade	18,398	19,787
Securities	15,998	13,999
Inventories	6,372	5,661
Other	4,856	5,983
Allowance for doubtful accounts	(4)	(3)
Total current assets	60,324	62,770
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	21,304	20,634
Machinery, equipment and vehicles, net	15,726	14,329
Land	10,855	10,790
Construction in progress	1,014	2,701
Other, net	974	996
Total property, plant and equipment	49,875	49,453
Intangible assets		
Goodwill	3,800	3,954
Other	1,353	1,343
Total intangible assets	5,154	5,297
Investments and other assets		
Investments and other assets, gross	7,093	7,374
Allowance for doubtful accounts	(103)	(103)
Total investments and other assets	6,989	7,270
Total noncurrent assets	62,018	62,022
Total assets	122,343	124,793

Consolidated balance sheets, continued

Millions of yen, rounded down

	As of June 30, 2013	As of March 31, 2013
Liabilities		
Current liabilities		
Notes and accounts payable-trade	7,122	6,671
Accounts payable-other	2,939	3,891
Income taxes payable	1,848	5,031
Provision for bonuses	1,301	3,644
Provision for directors' bonuses	54	192
Other	8,862	7,036
Total current liabilities	22,129	26,468
Noncurrent liabilities		
Long-term loans payable	—	7
Provision for retirement benefits	4,050	3,973
Provision for directors' retirement benefits	507	527
Asset retirement obligations	633	631
Other	475	499
Total noncurrent liabilities	5,667	5,639
Total liabilities	27,797	32,107
Net assets		
Shareholders' equity		
Capital stock	11,607	11,586
Capital surplus	11,175	11,154
Retained earnings	65,386	64,215
Total shareholders' equity	88,170	86,956
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	153	98
Foreign currency translation adjustment	816	500
Total accumulated other comprehensive income	969	598
Subscription rights to shares	50	50
Minority interests	5,355	5,079
Total net assets	94,546	92,685
Total liabilities and net assets	**122,343**	**124,793**

(2) Consolidated statements of income and comprehensive income

Consolidated statements of income

Millions of yen, rounded down

	April 1, 2013 to June 30, 2013	April 1, 2012 to June 30, 2012
Net sales	47,551	43,295
Cost of sales	26,679	24,494
Gross profit	20,871	18,801
Selling, general and administrative expenses	16,302	15,015
Operating income	4,569	3,785
Non-operating income		
Interest income	13	5
Dividends income	12	45
Foreign exchange gains	378	—
Gain on cancellation of lease contracts	—	26
Other	66	54
Total non-operating income	470	131
Non-operating expenses		
Interest expenses	0	1
Foreign exchange losses	—	268
Other	20	51
Total non-operating expenses	21	321
Ordinary income	5,019	3,596
Extraordinary income		
Gain on sales of noncurrent assets	0	8
Gain on sales of investment securities	374	—
Total extraordinary income	374	8
Extraordinary loss		
Loss on sales of noncurrent assets	0	49
Loss on retirement of noncurrent assets	16	16
Loss on valuation of investment securities	10	—
Other	0	0
Total extraordinary losses	28	65
Income before income taxes and minority interests	5,365	3,538
Income taxes-current	1,805	1,471
Income taxes-deferred	258	(57)
Total income taxes	2,064	1,414
Income before minority interests	3,300	2,124
Minority interests in income	87	50
Net income	3,213	2,073

Consolidated statements of comprehensive income

Millions of yen, rounded down

	April 1, 2013 to June 30, 2013	April 1, 2012 to June 30, 2012
Income before minority interests	3,300	2,124
Other comprehensive income		
Valuation difference on available-for-sale securities	55	(6)
Foreign currency translation adjustment	513	(292)
Total other comprehensive income	569	(298)
Comprehensive income	3,870	1,825
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	3,585	1,887
Comprehensive income attributable to minority interests	285	(61)

(3) Consolidated statements of cash flows

Millions of yen, rounded down

	April 1, 2013 to June 30, 2013	April 1, 2012 to June 30, 2012
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	5,365	3,538
Depreciation and amortization	1,439	1,481
Amortization of goodwill	158	150
Increase (decrease) in allowance for doubtful accounts	1	(0)
Increase (decrease) in provision for bonuses	(2,342)	(2,005)
Increase (decrease) in provision for directors' bonuses	(138)	(145)
Increase (decrease) in provision for retirement benefits	75	39
Decrease (increase) in prepaid pension costs	9	29
Increase (decrease) in provision for directors' retirement benefits	(19)	(19)
Interest and dividends income	(25)	(50)
Interest expenses	0	1
Foreign exchange losses (gains)	(274)	246
Loss (gain) on sales of investment securities	(374)	0
Loss (gain) on valuation of investment securities	10	—
Loss (gain) on sales of noncurrent assets	0	41
Loss on retirement of noncurrent assets	16	16
Decrease (increase) in notes and accounts receivable-trade	1,444	1,555
Decrease (increase) in inventories	(675)	(472)
Increase (decrease) in notes and accounts payable-trade	427	85
Decrease (increase) in accounts receivable-other	177	(18)
Increase (decrease) in accounts payable-other	(492)	(228)
Increase (decrease) in accrued expenses	1,874	2,591
Increase (decrease) in accrued consumption taxes	(85)	60
Other, net	891	810
Subtotal	7,466	7,707
Interest and dividends income received	41	52
Interest expenses paid	(7)	(1)
Income taxes paid	(4,924)	(3,696)
Net cash provided by (used in) operating activities	2,575	4,062

Consolidated statements of cash flows, continued

Millions of yen, rounded down

	April 1, 2013 to June 30, 2013	April 1, 2012 to June 30, 2012
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(1,856)	(1,142)
Proceeds from sales of property, plant and equipment	0	64
Purchase of intangible assets	(120)	(119)
Purchase of investment securities	(4)	(4)
Proceeds from sales of investment securities	377	16
Payments of loans receivable	(0)	(195)
Collection of loans receivable	35	80
Payments into time deposits	(10)	—
Proceeds from withdrawal of time deposits	10	—
Payments for guarantee deposits	(18)	(26)
Proceeds from collection of guarantee deposits	128	71
Other, net	(7)	3
Net cash provided by (used in) investing activities	(1,467)	(1,250)
Net cash provided by (used in) financing activities		
Repayment of long-term loans payable	(7)	—
Proceeds from exercise of stock option	42	100
Proceeds from stock issuance to minority shareholders	—	90
Cash dividends paid	(2,042)	(1,366)
Cash dividends paid to minority shareholders	(9)	(33)
Repayments of lease obligations	(31)	(29)
Net cash provided by (used in) financing activities	(2,048)	(1,238)
Effect of exchange rate change on cash and cash equivalents	300	(106)
Net increase (decrease) in cash and cash equivalents	(639)	1,467
Cash and cash equivalents at beginning of period	25,331	19,448
Cash and cash equivalents at end of period	24,692	20,916

(4) Notes to consolidated financial statements

(Notes related to going concern assumption)

No applicable items.

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

No applicable items.