Calbee
Harvest the Power of Nature.

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

April 1, 2013 to September 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 Half Results for the Fiscal Year Ending March 31, 2014

CALBEE, Inc. **November 1, 2013**

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

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

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Scheduled date for submission of the first half financial report: November 12, 2013

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, 2013 to September 30, 2013) of the fiscal year ending March 31, 2014

(1) Consolidated Operating Results

Millions of yen, rounded down

	Six months ended September 30, 2013		Six months ended September 30, 2012	
		% change		% change
Net sales	95,668	11.1	86,075	13.3
Operating income	8,863	32.1	6,707	72.3
Ordinary income	9,345	44.2	6,481	85.2
Net income	5,834	54.2	3,782	113.4
Earnings per share (¥)	44.25		28.99	
Earnings per share (diluted) (¥)	43.66		28.46	

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, 2013: ¥6,386 million (80.8%)
Six months ended September 30, 2012: ¥3,532 million (119.5%)
3. On October 1, 2013, a 1:4 share split was implemented for common shares. Calculations for earnings per share and earnings per share (diluted) assume the share split occurred at the beginning of the previous fiscal year.

(2) Consolidated Financial Position

Millions of yen, rounded down

	As of September 30, 2013	As of March 31, 2013
Total assets	128,300	124,793
Net assets	98,221	92,685
Shareholders' equity/total assets (%)	71.5	70.2

Shareholders' equity: As of September 30, 2013: ¥91,732 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	00.00	00.00
Year-end	62.00	18.00
Annual	62.00	18.00

Notes: 1. Changes from the most recently announced dividend forecast: None
2. On October 1, 2013, a 1:4 share split was implemented for common shares. Figures for FY ending March 31, 2014 (forecast) are subsequent to the share split.

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 (¥)	78.83	

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: None
3. On October 1, 2013, a 1:4 share split was implemented for common shares. Calculations for earnings per share for the fiscal year ending March 31, 2014 account for the share split.

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: PT. CALBEE-WINGS FOOD
One company removed from scope of consolidation: Oisia 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: 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)

	September 30, 2013:	March 31, 2013:
1. Number of outstanding shares (including treasury shares)	131,923,800 shares	131,749,800 shares
2. Number of treasury shares	-- shares	-- shares
	Six months to September 30, 2013:	Six months to September 30, 2012:
3. Average number of shares during the period	131,854,292 shares	130,462,128 shares

Note: On October 1, 2013, a 1:4 share split was implemented for common shares. Calculations for number of outstanding shares assume the share split occurred at the beginning of the previous fiscal year.

Disclosure of status of quarterly report review procedures

At time of disclosure of this quarterly financial report the company was not obliged to adhere 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 details of forecasts please see Page 7, 1. Operating Results (3) Consolidated forecasts for the fiscal year ending March 31, 2014.

2. On October 1, 2013, a 1:4 share split was implemented for common shares.

3. The earnings per share forecast for the fiscal year ending March 31, 2014 is calculated using 131,923,800 shares as the expected average number of shares for the period.

4. CALBEE, Inc. has scheduled a results presentation for institutional investors and analysts for November 5, 2013. A digital 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 six months of the previous fiscal year, unless stated otherwise.)

During the six-month period under review, certain areas of the Japanese economy have displayed signs of recovery due to the new administration's economic policies, however the environment for employment and salaries remains difficult and the outlook continues to remain uncertain.

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 remained firm.

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 Indonesia we established a joint venture company with Wings Group in July, 2013. In domestic business we increased market share due to strong sales of core potato-based snacks and cereal product *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 six-month period under review increased 11.1% to ¥95,668 million. In terms of profitability, operating income increased 32.1% to ¥8,863 million on sales growth and the effects of cost reductions. Ordinary income increased 44.2% to ¥9,345 million, including a ¥316 million gain from foreign exchange due to the weaker yen. Net income increased by 54.2% to ¥5,834 million including a ¥375 million gain on sales of investment securities.

Result by business:

Food production and sales business

Net sales were strong, rising by 10.9% to ¥94,124 million driven by snack foods, cereals and overseas business.

Snack foods:

Snack food sales increased 11.7% to ¥82,411 million.

1. Potato-based snacks

Sales increased 6.8% to ¥52,814 million.

Potato Chips: Strong sales in core products (Lightly Salted, Consommé Punch, Seaweed Salted) and in Kata-Age Potato continued and were higher than in the comparable period of the previous fiscal year.

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

Jagabee: Convenience store sales of *Jagabee* decreased and year-on-year sales were lower.

2. Flour-based snacks

Sales increased 2.9% to ¥10,539 million due to firm sales of *Kappa Ebisen* and other core products.

3. Corn-based snacks

Sales increased by 10.5% to ¥7,233 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 57.3% to ¥11,823 million driven by overseas business and *Vegips*.

Other products (Processed bread and Cereal)

Net sales increased 5.5% to ¥11,712 million due to a strong increase in sales of *Fruits Granola*.

Other businesses

Net sales increased 28.4% to ¥1,544 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, 2013 were ¥128,300 million, an increase of ¥3,507 million from the end of the previous fiscal year. Primary contributing factors were a decrease in notes and accounts receivable-trade and an increase in securities and inventories. With regards to notes and accounts receivable-trade, the previous fiscal year ended on a bank holiday and payments from wholesalers were delayed until the beginning of the following month. Since the interim period under review ended on a business day, payments were collected as usual leading to a year on year decrease. The increase in securities was due to the acquisition of commercial paper and the increase in inventories was due to Hokkaido, our largest raw potato production area, having reached harvest time.

Liabilities decreased ¥2,029 million to ¥30,078 million. Primary contributing factors included an increase in notes and accounts payable-trade following a purchase of raw potato and despite a decrease in income taxes payable.

Net assets increased ¥5,536 million to ¥98,221 million. Primary contributing factors included the recording of quarterly net income leading to an increase in retained earnings, however dividend payments were also recorded.

As a result, the shareholders' equity ratio increased 1.3 percentage points from the end of the previous fiscal year to 71.5% and net assets per share were ¥695.34.

Cash flow

Cash and cash equivalents as of September 30, 2013 were ¥38,874 million, ¥13,542 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 ¥11,312 million, compared to an inflow of ¥7,868 million for the first six months of the previous fiscal year. Factors decreasing operating cash flow included ¥5,022 million in income taxes paid, while factors increasing operating cash flow included income before income taxes and minority interests of ¥9,669 million, depreciation and amortization of ¥2,890 million and decrease in notes and accounts receivable-trade of ¥4,587 million.

Cash flows from investing activities

Net cash used in investing activities during the period under review was inflow of ¥3,091 million, compared to an outflow of ¥9,523 million in the first six months of the previous fiscal year. The primary contributing factors were an outflow of ¥3,145 million in payments for acquisition of fixed assets and inflows of ¥3,000 million on redemption of securities and ¥3,010 million in proceeds from withdrawal of time deposits.

Cash flows from financing activities

Net cash used in financing activities during the period under review was an outflow of ¥916 million, compared to an inflow of ¥347 million of the first six months of the previous fiscal year. The primary

contributing factors were a ¥1,132 million inflow from proceeds from stock issuance to minority shareholders and a ¥2,051 outflow for cash dividends paid.

(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:

Newly consolidated:

In line with our global strategy, in July 2013 we established a joint venture company aiming to expand market share of Calbee products and grow sales of Calbee products in Indonesia, a promising snack foods market. The company, PT. CALBEE-WINGS FOOD was established with ITOCHU Corporation and PT. Mitrajaya Ekaprana of Wings Group, a company with strong brands and sales strength in Indonesia, and has been included in the scope of consolidation as of the second quarter of the current fiscal year.

Removed from consolidation:

On July 1, 2013, Oisia FOODS CO., LTD., a consolidated subsidiary as of the end of the previous consolidated fiscal year, was eliminated and absorbed by Calbee as the surviving company and removed from 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:

No applicable items.

3. Consolidated financial statements

(1) Consolidated balance sheets

Millions of yen, rounded down

	As of September 30, 2013	As of March 31, 2013
Assets		
Current assets		
Cash and deposits	13,982	17,342
Notes and accounts receivable-trade	15,287	19,787
Securities	24,997	13,999
Inventories	7,983	5,661
Other	4,308	5,983
Allowance for doubtful accounts	(4)	(3)
Total current assets	66,554	62,770
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	21,232	20,634
Machinery, equipment and vehicles, net	15,590	14,329
Land	10,860	10,790
Construction in progress	1,149	2,701
Other, net	951	996
Total property, plant and equipment	49,784	49,453
Intangible assets		
Goodwill	3,653	3,954
Other	1,331	1,343
Total intangible assets	4,985	5,297
Investments and other assets		
Investments and other assets, gross	7,078	7,374
Allowance for doubtful accounts	(103)	(103)
Total investments and other assets	6,975	7,270
Total noncurrent assets	61,745	62,022
Total assets	128,300	124,793

Consolidated balance sheets, continued

Millions of yen, rounded down

	As of September 30, 2013	As of March 31, 2013
Liabilities		
Current liabilities		
Notes and accounts payable-trade	9,086	6,671
Accounts payable-other	2,818	3,891
Income taxes payable	3,313	5,031
Provision for bonuses	2,731	3,644
Provision for directors' bonuses	108	192
Other	6,247	7,036
Total current liabilities	24,305	26,468
Noncurrent liabilities		
Long-term loans payable	—	7
Provision for retirement benefits	4,152	3,973
Provision for directors' retirement benefits	534	527
Asset retirement obligations	635	631
Other	450	499
Total noncurrent liabilities	5,773	5,639
Total liabilities	30,078	32,107
Net assets		
Shareholders' equity		
Capital stock	11,622	11,586
Capital surplus	11,190	11,154
Retained earnings	68,008	64,215
Total shareholders' equity	90,821	86,956
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	181	98
Foreign currency translation adjustment	728	500
Total accumulated other comprehensive income	910	598
Subscription rights to shares	47	50
Minority interests	6,441	5,079
Total net assets	98,221	92,685
Total liabilities and net assets	128,300	124,793

(2) Consolidated statements of income and comprehensive income
Six-month period ended September 30, 2013

Consolidated statements of income

Millions of yen, rounded down

	April 1, 2013 to September 30, 2013	April 1, 2012 to September 30, 2012
Net sales	95,668	86,075
Cost of sales	54,459	49,077
Gross profit	41,209	36,997
Selling, general and administrative expenses	32,345	30,290
Operating income	8,863	6,707
Non-operating income		
Interest income	28	15
Dividends income	13	46
Foreign exchange gains	316	—
Settlement of consignment money for recycling	47	44
Other	122	191
Total non-operating income	528	298
Non-operating expenses		
Interest expenses	3	1
Foreign exchange losses	—	417
Other	43	106
Total non-operating expenses	47	525
Ordinary income	9,345	6,481
Extraordinary income		
Gain on sales of noncurrent assets	1	114
Gain on sales of investment securities	375	5
Total extraordinary income	377	119
Extraordinary loss		
Loss on sales of noncurrent assets	0	49
Loss on retirement of noncurrent assets	41	106
Loss on valuation of investment securities	11	—
Other	0	0
Total extraordinary losses	53	155
Income before income taxes and minority interests	9,669	6,444
Income taxes-current	3,304	2,574
Income taxes-deferred	395	(65)
Total income taxes	3,699	2,509
Income before minority interests	5,969	3,935
Minority interests in income	135	152
Net income	5,834	3,782

Consolidated statements of comprehensive income

Millions of yen, rounded down

	April 1, 2013 to September 30, 2013	April 1, 2012 to September 30, 2012
Income before minority interests	5,969	3,935
Other comprehensive income		
Valuation difference on available-for-sale securities	83	(21)
Foreign currency translation adjustment	332	(381)
Total other comprehensive income	416	(402)
Comprehensive income	6,386	3,532
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	6,147	3,526
Comprehensive income attributable to minority interests	239	6

Three-month period ended September 30, 2013

Consolidated statements of income (second quarter)

Millions of yen, rounded down

	July 1, 2013 to September 30, 2013	July 1, 2012 to September 30, 2012
Net sales	48,117	42,779
Cost of sales	27,779	24,582
Gross profit	20,337	18,196
Selling, general and administrative expenses	16,043	15,274
Operating income	4,293	2,922
Non-operating income		
Interest income	14	9
Dividends income	1	1
Settlement of consignment money for recycling	47	44
Reversal of provision for loss on disaster	—	57
Other	56	53
Total non-operating income	119	166
Non-operating expenses		
Foreign exchange losses	61	148
Other	25	55
Total non-operating expenses	87	204
Ordinary income	4,326	2,884
Extraordinary income		
Gain on sales of noncurrent assets	1	106
Gain on sales of investment securities	1	5
Total extraordinary income	2	111
Extraordinary loss		
Loss on sales of noncurrent assets	—	0
Loss on retirement of noncurrent assets	24	89
Other	0	—
Total extraordinary losses	24	90
Income before income taxes and minority interests	4,304	2,905
Income taxes-current	1,498	1,102
Income taxes-deferred	137	(7)
Total income taxes	1,635	1,095
Income before minority interests	2,668	1,810
Minority interests in income	47	101
Net income	2,621	1,709

Consolidated statements of comprehensive income (second quarter)

Millions of yen, rounded down

	July 1, 2013 to September 30, 2013	July 1, 2012 to September 30, 2012
Income before minority interests	2,668	1,810
Other comprehensive income		
Valuation difference on available-for-sale securities	28	(14)
Foreign currency translation adjustment	(180)	(89)
Total other comprehensive income	(152)	(103)
Comprehensive income	2,516	1,706
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	2,561	1,639
Comprehensive income attributable to minority interests	(45)	67

(3) Consolidated statements of cash flows

Millions of yen, rounded down

	April 1, 2013 to September 30, 2013	April 1, 2012 to September 30, 2012
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	9,669	6,444
Depreciation and amortization	2,890	3,031
Amortization of goodwill	317	316
Increase (decrease) in allowance for doubtful accounts	1	(0)
Increase (decrease) in provision for bonuses	(913)	(656)
Increase (decrease) in provision for directors' bonuses	(84)	(108)
Increase (decrease) in provision for retirement benefits	172	66
Decrease (increase) in prepaid pension costs	35	72
Increase (decrease) in provision for directors' retirement benefits	6	(0)
Interest and dividends income	(41)	(62)
Interest expenses	3	1
Foreign exchange losses (gains)	(106)	374
Loss (gain) on sales of investment securities	(375)	(4)
Loss (gain) on valuation of investment securities	11	—
Loss (gain) on sales of noncurrent assets	(1)	(64)
Loss on retirement of noncurrent assets	41	106
Loss on disaster	—	(57)
Decrease (increase) in notes and accounts receivable-trade	4,587	1,546
Decrease (increase) in inventories	(2,283)	(1,824)
Increase (decrease) in notes and accounts payable-trade	2,372	3,799
Decrease (increase) in accounts receivable-other	177	(137)
Increase (decrease) in accounts payable-other	(775)	(246)
Increase (decrease) in accrued consumption taxes	(255)	(37)
Other, net	852	(983)
Subtotal	16,299	11,575
Interest and dividends income received	45	66
Interest expenses paid	(10)	(1)
Income taxes paid	(5,022)	(3,771)
Net cash provided by (used in) operating activities	11,312	7,868

Consolidated statements of cash flows, continued

Millions of yen, rounded down

	April 1, 2013 to September 30, 2013	April 1, 2012 to September 30, 2012
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(2,930)	(3,619)
Proceeds from sales of property, plant and equipment	6	274
Purchase of intangible assets	(215)	(247)
Purchase of securities	—	(3,000)
Proceeds from redemption of securities	3,000	—
Purchase of investment securities	(9)	(8)
Proceeds from sales of investment securities	381	37
Payments of loans receivable	(1)	(195)
Collection of loans receivable	44	81
Payments into time deposits	(105)	(3,010)
Proceeds from withdrawal of time deposits	3,010	—
Payments for guarantee deposits	(179)	(33)
Proceeds from collection of guarantee deposits	152	192
Other, net	(60)	5
Net cash provided by (used in) investing activities	3,091	(9,523)
Net cash provided by (used in) financing activities		
Repayment of long-term loans payable	(7)	—
Proceeds from exercise of stock option	69	212
Proceeds from stock issuance to minority shareholders	1,132	1,594
Cash dividends paid	(2,042)	(1,366)
Cash dividends paid to minority shareholders	(9)	(33)
Repayments of lease obligations	(58)	(59)
Net cash provided by (used in) financing activities	(916)	347
Effect of exchange rate change on cash and cash equivalents	53	(175)
Net increase (decrease) in cash and cash equivalents	13,542	(1,484)
Cash and cash equivalents at beginning of period	25,331	19,448
Cash and cash equivalents at end of period	38,874	17,964

(4) Notes to consolidated financial statements

(Notes related to going concern assumption)
No applicable items.

(Notes on occurrence of significant changes to shareholders' equity)
No applicable items.