SUMMARY OF FINANCIAL STATEMENTS (consolidated)

First Quarter Results for the Fiscal Year Ending March 31, 2016

Calbee, Inc. **August 3, 2015**

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

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Scheduled date for submission of the first quarter financial report: August 11, 2015

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 three months (April 1, 2015 to June 30, 2015) of the fiscal year ending March 31, 2016

(1) Consolidated Operating Results

Millions of yen, rounded down

	Three months ended June 30, 2015		Three months ended June 30, 2014	
		% change		% change
Net sales	59,831	14.5	52,269	9.9
Operating income	6,098	3.9	5,867	28.4
Ordinary income	6,061	2.9	5,891	17.4
Profit attributable to owners of parent	3,482	3.1	3,378	5.1
Earnings per share (¥)	26.11		25.31	
Earnings per share (diluted) (¥)	26.05		25.25	

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, 2015: ¥4,435 million (24.9%)
Three months ended June 30, 2014: ¥3,551 million (-8.2%)

(2) Consolidated Financial Position

Millions of yen, rounded down

	As of June 30, 2015	As of March 31, 2015
Total assets	158,241	161,968
Net assets	119,611	118,800
Shareholders' equity/total assets (%)	69.4	67.7

Shareholders' equity: As of June 30, 2015: ¥109,742 million
As of March 31, 2015: ¥109,652 million

2) Dividends per share

Yen

	FY ended March 31, 2015	FY ending March 31, 2016 (forecast)
Interim period	0.00	0.00
Year-end	28.00	33.00
Annual	28.00	33.00

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

3) Consolidated forecasts for the fiscal year ending March 31, 2016 (April 1, 2015 to March 31, 2016)

Millions of yen

	Fiscal year ending March 31, 2016	
		% change
Net sales	240,000	8.0
Operating income	28,800	19.1
Ordinary income	28,000	9.3
Profit attributable to owners of parent	15,800	11.9
Earnings per share (¥)	118.41	

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 specified 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: None
4. Restatements: None

Note: For further details, please see page 8, 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, 2015:	March 31, 2015:
1. Number of outstanding shares (including treasury shares)	133,665,800 shares	133,629,800 shares
2. Number of treasury shares	228,132 shares	228,132 shares
	Three months to June 30, 2015:	Three months to June 30, 2014:
3. Average number of shares during the period	133,419,119 shares	133,453,019 shares

Note: Regarding Calbee stock held in trust as treasury stock within shareholders' equity, the number of treasury shares includes 227,300 of these shares in the three months to June 30, 2015 and in the year to March 31, 2015, and the average number of shares excludes 227,300 treasury shares in the three months to June 30, 2015, and 103,400 treasury shares in the three months to June 30, 2014.

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 details of forecasts please see Page 7, 1. Operating Results (3) Consolidated forecasts for the fiscal year ending March 31, 2016.

2. The earnings per share forecast for the fiscal year ending March 31, 2016 is calculated using 133,437,668 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 3, 2015. An audio recording of the telephone 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 three months of the previous fiscal year, unless stated otherwise.)

During the three-month period under review, the Japanese economy showed a recovery based on factors such as improvements in corporate earnings and the employment environment, supported by the effects of the government's economic and quantitative easing policies. However, the recovery in consumer spending slowed due to a decrease in real income caused by last year's consumption tax increase and higher prices.

In the snack food market, sales increased year-on-year, although last year saw a temporary decline in demand due to the consumption tax increase.

In this environment, Calbee Group (hereafter "Calbee") continued initiatives to actively promote the twin pillars of innovation (growth strategies) and cost reduction. In domestic business, due to strong sales of potato-based snacks and cereal product *Frugra* (*Fruits Granola*), we expanded our market share. In overseas business, sales of *Harvest Snaps* in North America and *Honey Butter Chip* in South Korea remained strong, contributing to profit growth. Having made our distributor in Singapore a subsidiary in April 2015, we are also aiming to increase sales and market share in Singapore with the aim of further expansion of overseas business.

In cost reduction, we have continued to work towards lowering our manufacturing cost ratio through improving factory utilization ratios and production efficiency, and the efficient application of selling, general and administrative expenses.

Consolidated net sales for the three-month period under review increased 14.5% to ¥59,831 million on strong performance in the production and sale of snacks and other foods business. Operating income increased 3.9% to ¥6,098 million due to increased sales despite a higher cost of sales ratio arising from higher raw material prices caused by the weak yen and higher depreciation expenses. Ordinary income increased 2.9% to ¥6,061 million, including a ¥197 million gain from foreign exchange accompanying the weaker yen and an outlay of ¥308 million for business commencement expenses. Profit attributable to owners of parent increased by 3.1% to ¥3,482 million.

Millions of yen, rounded down

	Q1 FY ending March 31, 2016		Q1 FY ended March 31, 2015		Growth in yen	Growth on local currency basis
	Amount	%	Amount	%		
Domestic sales	51,965	86.9	47,649	91.2	+ 9.1%	+ 9.1%
Overseas sales	7,866	13.1	4,619	8.8	+70.3%	+47.9%
Total	59,831	100.0	52,269	100.0	+14.5%	+12.5%

Result by business:

Production and sale of snacks and other foods business

Net sales increased by 14.7% to ¥58,921 million, driven by potato-based snacks and cereals as well as overseas business.

Snack foods:

Snack food sales increased 13.0% to ¥49,782 million.

1. Potato-based snacks

Net sales increased 9.2% to ¥29,874 million.

Potato Chips: Sales increased 13.7% to ¥18,379 million on strong sales of core products (including a "40th anniversary increased volume campaign"), *Kata-Age Potato* and contract production of private brands for client firms.

Jagarico: Sales increased 3.0% to ¥8,417 million through higher sales of *Tarako Butter* flavor and other factors.

Jagabee: Sales decreased 0.9% to ¥2,193 million with an increase in sales of limited-time products unable to fully compensate for a decline in sales of core products.

2. Flour-based snacks

Net sales decreased 0.8% to ¥5,421 million on lower year-on-year sales of *Kappa Ebisen* and *Sapporo Potato*.

3. Corn-based snacks

Net sales increased 1.8% to ¥4,582 million on firm sales at *Garrett Popcorn Shops* and sales of *Doritos*.

4. Other snacks—domestic

Net sales decreased 4.5% to ¥2,037 million due to decreased sales of *Vegips* and other factors.

5. Overseas business

Net sales increased 70.3% to ¥7,866 million on strong sales in the North American and South Korean businesses. A new factory for *Harvest Snaps* began operation in North America in June.

Other food products (Cereals and processed bread)

Net sales increased 25.5% to ¥9,139 million due to large growth in sales of cereal product *Frugra* (*Fruits Granola)*, the production capacity of which was expanded in May.

Other businesses

Net sales decreased 0.8% to ¥909 million on a year-on-year decrease in sales of sales promotional tools, partially offset by sales growth in the distribution business.

(2) Analysis of financial position

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

1) Assets, liabilities and net assets

Total assets as of June 30, 2015 were ¥158,241 million, a decrease of ¥3,726 million. Factors contributing to this outcome included a decrease in securities, partially offset by an increase in property, plant and equipment. The increases in property, plant and equipment were driven by the acquisition of production facilities in North America and for cereal products, the sales of which are continuing to grow. The decrease in securities resulted from the redemption of commercial paper.

Liabilities decreased ¥4,537 million to ¥38,630 million. Factors contributing to this outcome were decreases in income taxes payable and provision for bonuses.

Net assets increased ¥810 million to ¥119,611 million. A factor contributing to this outcome was an increase in non-controlling interests.

The equity ratio increased 1.7 percentage points from the end of the previous fiscal year to 69.4% and net assets per share were ¥822.43.

2) Cash flow

Cash and cash equivalents as of June 30, 2015 were ¥42,019 million, ¥553 million lower than at the end of the previous fiscal year. The main contributing factors are detailed below.

Cash flows from operating activities

Operating activities during the period under review resulted in a net cash inflow of ¥1,932 million, a decrease of ¥533 million compared to the first three months of the previous fiscal year.

Factors contributing to this outcome included inflows from income before income taxes and non-controlling interests, depreciation, a decrease in notes and accounts receivable – trade, and increase in notes and accounts payable – trade, partially offset by a decrease in accrued consumption taxes.

Cash flows from investing activities

Investing activities during the period under review resulted in a net cash inflow of ¥958 million, an increase ¥2,588 million compared to the first three months of the previous fiscal year. Factors contributing to this outcome included inflow from the proceeds from redemption of securities, partially offset by the acquisition of production facilities in North America and for cereal products.

Cash flows from financing activities

Financing activities during the period under review resulted in a net cash outflow of ¥3,664 million, an increase ¥1,614 million compared to the first three months of the previous fiscal year. This was primarily due to cash dividends paid.

(3) Consolidated forecasts for the fiscal year ending March 31, 2016

Business is proceeding largely in line with plans, and there are no changes to the consolidated full-year forecasts issued on May 12, 2015.

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)

The Accounting Standard for Business Combinations (Accounting Standards Board of Japan (ASBJ) Statement No.21) of September 13, 2013, the Accounting Standard for Consolidated Financial Statements (ASBJ Statement No.22) of September 13, 2013, and the Accounting Standard for Business Divestitures (ASBJ Statement No.7) of September 13, 2013, have been applied from the first quarter period under review. Differences arising from changes in holdings of subsidiaries in cases where the parent company continues to have control are now recorded in capital surplus, and acquisition expenses for business combinations are now treated as expenses in the consolidated financial statements for the year in which they arise. For business combinations which occur after the beginning of the first quarter period under review, any changes to the allocation of the acquisition price arising from settlement of the provisional accounting treatment shall be reflected in the quarterly consolidated financial statements for the quarter in which the business combination occurred. Additionally, a change in presentation has been made to Net income, and the previous accounting standard category of Minority interests has changed to Non-controlling interests. To reflect these changes in presentation, the consolidated financial statements for the first quarter of the previous consolidated fiscal year, and the previous consolidated fiscal year, have been restated.

In the consolidated statements of cash flows for the first quarter period under review, cash flows arising from acquisition-related expenses incurred from expenses related to the acquisition of shares of subsidiaries who undergo changes in the scope of consolidation, or the acquisition or sale of shares of subsidiaries who do not undergo changes in the scope of consolidation, are recorded under Cash flows from operating activities.

Calbee has adopted these accounting standards from the beginning of the first quarter period under review, in accordance with transitional treatment based on Article 58-2 (4) of the Accounting Standard for Business Combinations, Article 44-5 (4) of the Accounting standard for Consolidated Financial Statements, and Article 57-4 (4) of the Accounting Standard for Business Divestitures.

The impact on operating income, ordinary income and income before income taxes and non-controlling interests in the first quarter period under review is minimal.

3. Consolidated financial statements

(1) Consolidated balance sheets

Millions of yen, rounded down

	As of June 30, 2015	As of March 31, 2015
Assets		
Current assets		
Cash and deposits	18,424	18,891
Notes and accounts receivable - trade	20,715	21,119
Securities	26,999	34,995
Inventories	9,036	8,037
Other	5,062	6,502
Allowance for doubtful accounts	(5)	(5)
Total current assets	80,233	89,541
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	24,205	20,369
Machinery, equipment and vehicles, net	22,875	17,159
Land	11,704	11,501
Construction in progress	4,412	9,387
Other, net	1,379	1,337
Total property, plant and equipment	64,576	59,754
Intangible assets		
Goodwill	2,789	2,719
Other	2,446	1,835
Total intangible assets	5,235	4,555
Investments and other assets		
Investments and other assets, gross	8,275	8,196
Allowance for doubtful accounts	(80)	(79)
Total investments and other assets	8,195	8,117
Total non-current assets	78,008	72,427
Total assets	158,241	161,968

Consolidated balance sheets, continued

Millions of yen, rounded down

	As of June 30, 2015	As of March 31, 2015
Liabilities		
Current liabilities		
Notes and accounts payable - trade	10,457	9,387
Short-term loans payable	410	402
Accounts payable - other	5,295	5,165
Income taxes payable	1,681	5,174
Provision for bonuses	1,670	3,775
Provision for directors' bonuses	53	198
Provision for stocks payment	83	83
Other	10,299	10,041
Total current liabilities	29,951	34,227
Non-current liabilities		
Provision for directors' retirement benefits	480	573
Provision for management board incentive plan trust	132	132
Net defined benefit liability	6,892	7,076
Asset retirement obligations	639	637
Other	535	520
Total non-current liabilities	8,679	8,940
Total liabilities	38,630	43,168
Net assets		
Shareholders' equity		
Capital stock	11,983	11,975
Capital surplus	11,551	11,543
Retained earnings	84,697	84,956
Treasury shares	(699)	(699)
Total shareholders' equity	107,533	107,774
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	630	617
Foreign currency translation adjustment	2,661	2,377
Remeasurements of defined benefit plans	(1,082)	(1,116)
Total accumulated other comprehensive income	2,209	1,877
Subscription rights to shares	22	25
Non-controlling interests	9,845	9,122
Total net assets	119,611	118,800
Total liabilities and net assets	158,241	161,968

(2) Consolidated statements of income and comprehensive income
Three-month period ended June 30, 2015

Consolidated statements of income

Millions of yen, rounded down

	April 1, 2015 to June 30, 2015	April 1, 2014 to June 30, 2014
Net sales	59,831	52,269
Cost of sales	34,725	29,174
Gross profit	25,106	23,094
Selling, general and administrative expenses	19,008	17,226
Operating income	6,098	5,867
Non-operating income		
Interest income	62	78
Dividend income	16	18
Foreign exchange gains	197	―
Other	63	90
Total non-operating income	339	187
Non-operating expenses		
Interest expenses	2	1
Business commencement expenses	308	13
Foreign exchange losses	―	125
Other	65	24
Total non-operating expenses	375	163
Ordinary income	6,061	5,891
Extraordinary income		
Gain on sales of non-current assets	0	1
Gain on sales of investment securities	―	10
Total extraordinary income	0	11
Extraordinary losses		
Loss on sales of non-current assets	0	2
Loss on retirement of non-current assets	14	43
Product recall related costs	26	―
Other	―	0
Total extraordinary losses	41	46
Income before income taxes and non-controlling interests	6,020	5,857
Income taxes - current	1,644	1,470
Income taxes - deferred	407	711
Total income taxes	2,052	2,182
Profit	3,968	3,675
Profit attributable to non-controlling interests	485	296
Profit attributable to owners of parent	3,482	3,378

Consolidated statements of comprehensive income

Millions of yen, rounded down

	April 1, 2015 to June 30, 2015	April 1, 2014 to June 30, 2014
Profit	3,968	3,675
Other comprehensive income		
Valuation difference on available-for-sale securities	13	55
Foreign currency translation adjustment	419	(222)
Remeasurements of defined benefit plans, net of tax	34	43
Total other comprehensive income	466	(123)
Comprehensive income	4,435	3,551
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,814	3,358
Comprehensive income attributable to non-controlling interests	620	193

(3) Consolidated statements of cash flows

Millions of yen, rounded down

	April 1, 2015 to June 30, 2015	April 1, 2014 to June 30, 2014
Cash flows from operating activities		
Income before income taxes and non-controlling interests	6,020	5,857
Depreciation	1,719	1,421
Amortization of goodwill	176	160
Increase (decrease) in allowance for doubtful accounts	0	0
Increase (decrease) in provision for bonuses	(2,105)	(2,176)
Increase (decrease) in provision for directors' bonuses	(145)	(171)
Increase (decrease) in provision for stocks payment	—	(1)
Increase (decrease) in net defined benefit liability	(114)	(230)
Decrease (increase) in net defined benefit assets	(27)	(6)
Increase (decrease) in provision for directors' retirement benefits	(93)	(101)
Interest and dividend income	(78)	(97)
Interest expenses	2	1
Foreign exchange (gains) losses	(61)	254
Loss (gain) on sales of investment securities	—	(10)
Loss (gain) on sales of non-current assets	(0)	1
Loss on retirement of non-current assets	14	43
Decrease (increase) in notes and accounts receivable - trade	611	241
Decrease (increase) in inventories	(960)	(785)
Increase (decrease) in notes and accounts payable - trade	960	501
Decrease (increase) in accounts receivable - other	56	86
Increase (decrease) in accounts payable - other	24	26
Increase (decrease) in accrued expenses	1,076	1,373
Increase (decrease) in accrued consumption taxes	(1,378)	447
Other, net	1,221	791
Subtotal	6,918	7,628
Interest and dividend income received	77	88
Interest expenses paid	(3)	(0)
Income taxes paid	(5,059)	(5,250)
Net cash provided by (used in) operating activities	1,932	2,465

Consolidated statements of cash flows, continued

Millions of yen, rounded down

	April 1, 2015 to June 30, 2015	April 1, 2014 to June 30, 2014
Cash flows from investing activities		
Purchase of property, plant and equipment	(6,197)	(2,569)
Proceeds from sales of property, plant and equipment	0	5
Purchase of intangible assets	(716)	(92)
Purchase of securities	—	(4,000)
Proceeds from redemption of securities	8,000	5,000
Purchase of investment securities	(4)	(4)
Proceeds from sales of investment securities	—	18
Payments of loans receivable	(150)	(60)
Collection of loans receivable	195	97
Payments into time deposits	(284)	(173)
Proceeds from withdrawal of time deposits	205	109
Payments for guarantee deposits	(72)	(29)
Proceeds from collection of guarantee deposits	66	69
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(92)	—
Other, net	8	(1)
Net cash provided by (used in) investing activities	958	(1,629)
Cash flows from financing activities		
Net increase in short-term loans payable	—	128
Proceeds from exercise of stock options	14	20
Proceeds from share issuance to non-controlling shareholders	—	761
Cash dividends paid	(3,660)	(2,937)
Cash dividends paid to non-controlling interests	(3)	(2)
Repayments of lease obligations	(14)	(19)
Net cash provided by (used in) financing activities	(3,664)	(2,049)
Effect of exchange rate change on cash and cash equivalents	219	(199)
Net decrease in cash and cash equivalents	(553)	(1,412)
Cash and cash equivalents at beginning of period	42,572	31,592
Cash and cash equivalents at end of period	42,019	30,180

(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.