Calbee
Harvest the Power of Nature.

Consolidated Financial Statements for the First Half of the Fiscal Year Ending March 31, 2016

April 1, 2015 to September 30, 2015

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, 2016

Calbee, Inc.

November 4, 2015

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

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Scheduled date for submission of the first half financial report: November 11, 2015

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, 2015 to September 30, 2015) of the fiscal year ending March 31, 2016

(1) Consolidated Operating Results

Millions of yen, rounded down

	Six months ended September 30, 2015		Six months ended September 30, 2014	
		% change		% change
Net sales	120,942	13.8	106,270	11.1
Operating income	12,808	11.7	11,467	29.4
Ordinary income	12,333	0.9	12,218	30.7
Profit attributable to owners of parent	7,654	8.4	7,064	21.1
Earnings per share (¥)	57.36		52.95	
Earnings per share (diluted) (¥)	57.24		52.81	

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, 2015: ¥7,532 million (-14.8%)
Six months ended September 30, 2014: ¥8,838 million (38.4%)

(2) Consolidated Financial Position

Millions of yen, rounded down

	As of September 30, 2015	As of March 31, 2015
Total assets	164,766	161,968
Net assets	123,685	118,800
Shareholders' equity/total assets (%)	68.7	67.7

Shareholders' equity: As of September 30, 2015: ¥113,176 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 (¥)	118.36	

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)

	September 30, 2015:	March 31, 2015:
1. Number of outstanding shares (including treasury shares)	133,685,800 shares	133,629,800 shares
2. Number of treasury shares	193,452 shares	228,132 shares
	Six months to September 30, 2015:	Six months to September 30, 2014:
3. Average number of shares during the period	133,444,007 shares	133,421,217 shares

Note: Regarding Calbee stock held in trust as treasury stock within shareholders' equity, the number of treasury shares includes 192,620 of these shares in the six months to September 30, 2015 and 227,300 in the fiscal year ending March 31, 2015, and the average number of shares excludes 215,453 treasury shares in the six months to September 30, 2015, and 140,450 treasury shares in the six months to September 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 133,492,348 shares as the expected average number of shares for the period.

3. Calbee, Inc. has scheduled a conference for institutional investors and analysts for November 4, 2015. A video recording of the 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 six months of the previous fiscal year, unless stated otherwise.)

During the six-month period under review, the Japanese economy showed a gentle recovery supported by the effects of the government's economic strategy and quantitative easing policies. However, the recovery in consumer spending remained slow due to factors including higher prices caused by the weak yen and a sense of uncertainty in the outlook for the economy.

In the snack food market, sales increased year on year, although this outcome partly reflects the fact that 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 maintained our high 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. Due to continued weak business performance at our Chinese subsidiary, Calbee (Hangzhou) Foods Co., Ltd., we have dissolved our joint venture agreement and Calbee and Itochu Corporation will transfer all of our equity interests in the joint venture to Master Kong Instant Foods Investment (China) Co., Ltd.

In cost reduction, we have worked towards lowering our manufacturing cost ratio through production efficiencies, inventory reductions, and the efficient application of selling, general and administrative expenses.

Consolidated net sales for the six-month period under review increased 13.8% to ¥120,942 million on strong performance in the production and sale of snacks and other foods business. Operating income increased 11.7% to ¥12,808 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 0.9% to ¥12,333 million, including an outlay of ¥349 million for business commencement expenses and a loss on abandonment of inventories of ¥297 million on the postponed launch of fabricated potato chips. Profit attributable to owners of parent increased by 8.4% to ¥7,654 million.

Millions of yen, rounded down

	H1 FY ending March 31, 2016		H1 FY ended March 31, 2015		Growth in yen	Growth on local currency basis
	Amount	%	Amount	%		
Domestic sales	106,070	87.7	96,399	90.7	+ 10.0%	+ 10.0%
Overseas sales	14,871	12.3	9,870	9.3	+50.7%	+34.2%
Total	120,942	100.0	106,270	100.0	+13.8%	+12.3%

Results by business:

Production and sale of snacks and other foods business

Net sales increased by 13.9% to ¥119,204 million, driven by potato-based snacks and cereals as well as overseas business.

Snack foods:

Snack food sales increased 11.1% to ¥100,394 million.

1. Potato-based snacks

   Net sales increased 8.3% to ¥61,272 million.

Potato Chips: Sales increased 11.3% to ¥37,182 million on strong sales of core products, on the 40th anniversary of their launch, and *Kata-Age Potato*.

Jagarico: Sales increased 2.7% to ¥17,436 million through higher sales of *Tarako Butter* flavor.

Jagabee: Sales increased 4.5% to ¥4,653 million on strong sales of limited-time products.

2. Flour-based snacks

Net sales increased 2.8% to ¥10,997 million on firm sales of *Osatsu (Sweet Potato) Snack* and other factors.

3. Corn-based snacks

Net sales increased 3.6% to ¥9,179 million on stronger sales of *Doritos* and on the opening of new *Garrett Popcorn Shops* stores.

4. Other snacks—domestic

Net sales decreased 6.8% to ¥4,073 million due to decreased sales of *Vegips* and other factors.

5. Overseas business

Net sales increased 50.7% to ¥14,871 million on strong sales in the North American and South Korean businesses. In North America, a new factory for *Harvest Snaps* began production in Mississippi in June.

Other food products (Cereals and processed bread)

Net sales increased 32.1% to ¥18,810 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 increased 6.2% to ¥1,737 million on a year-on-year increase of sales in the distribution business and of promotional tools.

(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 September 30, 2015 were ¥164,766 million, an increase of ¥2,797 million. Factors contributing to this outcome included increases in inventories and property, plant and equipment, partially offset by a decrease in securities. The increase in inventories was due to Hokkaido, our largest raw potato production area, having reached harvest time and the increases in property, plant and equipment were driven by the acquisition of production facilities in North America and for cereal products, an area where sales are continuing to grow. The decrease in securities resulted from the redemption of commercial paper.

Liabilities decreased ¥2,087 million to ¥41,080 million. Factors contributing to this outcome were decreases in income taxes payable and other current liabilities.

Net assets increased ¥4,885 million to ¥123,685 million. One factor contributing to this outcome was profit attributable to owners of parent.

The equity ratio increased 1.0 percentage points from the end of the previous fiscal year to 68.7% and net assets per share were ¥847.81.

2) Cash flow

Cash and cash equivalents as of September 30, 2015 were ¥44,629 million, ¥2,057 million higher 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 ¥9,370 million, an increase of ¥481 million compared to the first six months of the previous fiscal year.

Factors contributing to this outcome included a decrease in notes and accounts receivable – trade and an increase in depreciation 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 outflow of ¥4,188 million, an increase of ¥3,445 million. Factors contributing to this outcome included outflows from the acquisition of production facilities for cereal products and production facilities in North America.

Cash flows from financing activities

Financing activities during the period under review resulted in a net cash outflow of ¥2,869 million, an increase of ¥294 million. Factors contributing to this outcome included cash dividends paid, partially offset by an inflow from non-controlling interests.

(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. 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, 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 half 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 half 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 half 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 half period under review is minimal.

3. Consolidated financial statements

(1) Consolidated balance sheets

Millions of yen, rounded down

	As of September 30, 2015	As of March 31, 2015
Assets		
Current assets		
Cash and deposits	19,069	18,891
Notes and accounts receivable - trade	20,930	21,119
Securities	27,999	34,995
Inventories	11,076	8,037
Other	4,857	6,502
Allowance for doubtful accounts	(3)	(5)
Total current assets	83,928	89,541
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	23,469	20,369
Machinery, equipment and vehicles, net	21,253	17,159
Land	11,515	11,501
Construction in progress	9,605	9,387
Other, net	1,332	1,337
Total property, plant and equipment	67,177	59,754
Intangible assets		
Goodwill	2,591	2,719
Other	2,862	1,835
Total intangible assets	5,454	4,555
Investments and other assets		
Investments and other assets, gross	8,283	8,196
Allowance for doubtful accounts	(78)	(79)
Total investments and other assets	8,205	8,117
Total non-current assets	80,837	72,427
Total assets	164,766	161,968

Consolidated balance sheets, continued

Millions of yen, rounded down

	As of September 30, 2015	As of March 31, 2015
Liabilities		
Current liabilities		
Notes and accounts payable - trade	12,506	9,387
Short-term loans payable	405	402
Accounts payable - other	4,283	5,165
Income taxes payable	3,735	5,174
Provision for bonuses	3,354	3,775
Provision for directors' bonuses	106	198
Provision for stocks payment	—	83
Other	7,922	10,041
Total current liabilities	32,314	34,227
Non-current liabilities		
Provision for directors' retirement benefits	509	573
Provision for management board incentive plan trust	121	132
Net defined benefit liability	6,973	7,076
Asset retirement obligations	641	637
Other	519	520
Total non-current liabilities	8,765	8,940
Total liabilities	41,080	43,168
Net assets		
Shareholders' equity		
Capital stock	11,988	11,975
Capital surplus	11,552	11,543
Retained earnings	88,869	84,956
Treasury shares	(609)	(699)
Total shareholders' equity	111,801	107,774
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	601	617
Foreign currency translation adjustment	1,819	2,377
Remeasurements of defined benefit plans	(1,045)	(1,116)
Total accumulated other comprehensive income	1,375	1,877
Subscription rights to shares	21	25
Non-controlling interests	10,488	9,122
Total net assets	123,685	118,800
Total liabilities and net assets	164,766	161,968

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

Consolidated statements of income

Millions of yen, rounded down

	April 1, 2015 to September 30, 2015	April 1, 2014 to September 30, 2014
Net sales	120,942	106,270
Cost of sales	69,355	59,499
Gross profit	51,587	46,770
Selling, general and administrative expenses	38,778	35,303
Operating income	12,808	11,467
Non-operating income		
Interest income	99	139
Dividend income	17	20
Foreign exchange gains	4	506
Other	178	185
Total non-operating income	300	851
Non-operating expenses		
Interest expenses	5	2
Business commencement expenses	349	49
Loss on abandonment of inventories	297	―
Other	122	48
Total non-operating expenses	775	100
Ordinary income	12,333	12,218
Extraordinary income		
Gain on sales of non-current assets	6	5
Gain on sales of investment securities	―	10
Gain on sales of golf memberships	2	―
Total extraordinary income	8	16
Extraordinary losses		
Loss on sales of non-current assets	2	2
Loss on retirement of non-current assets	89	89
Impairment loss	―	22
Product recall related costs	26	―
Other	0	0
Total extraordinary losses	119	114
Income before income taxes and non-controlling interests	12,222	12,120
Income taxes – current	3,787	3,752
Income taxes – deferred	(28)	706
Total income taxes	3,758	4,458
Profit	8,464	7,661
Profit attributable to non-controlling interests	809	596
Profit attributable to owners of parent	7,654	7,064

Consolidated statements of comprehensive income

Millions of yen, rounded down

	April 1, 2015 to September 30, 2015	April 1, 2014 to September 30, 2014
Profit	8,464	7,661
Other comprehensive income		
Valuation difference on available-for-sale securities	(15)	73
Foreign currency translation adjustment	(987)	1,016
Remeasurements of defined benefit plans, net of tax	71	86
Total other comprehensive income	(931)	1,176
Comprehensive income	7,532	8,838
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,152	7,810
Comprehensive income attributable to non-controlling interests	380	1,027

Three-month period ended September 30, 2015

Consolidated statements of income (second quarter)

Millions of yen, rounded down

	July 1, 2015 to September 30, 2015	July 1, 2014 to September 30, 2014
Net sales	61,111	54,000
Cost of sales	34,630	30,324
Gross profit	26,480	23,676
Selling, general and administrative expenses	19,770	18,076
Operating income	6,710	5,599
Non-operating income		
Interest income	37	60
Foreign exchange gains	—	631
Insurance premiums refunded cancellation	34	—
Other	81	96
Total non-operating income	153	788
Non-operating expenses		
Loss on abandonment of inventories	297	—
Foreign exchange losses	192	—
Business commencement expenses	41	36
Other	60	25
Total non-operating expenses	592	61
Ordinary income	6,271	6,326
Extraordinary income		
Gain on sales of noncurrent assets	5	4
Gain on sales of golf memberships	2	—
Total extraordinary income	8	4
Extraordinary losses		
Loss on retirement of non-current assets	75	45
Impairment loss	—	22
Other	2	0
Total extraordinary losses	78	68
Income before income taxes and non-controlling interests	6,201	6,263
Income taxes - current	2,142	2,282
Income taxes - deferred	(436)	(5)
Total income taxes	1,706	2,276
Profit	4,495	3,986
Profit attributable to non-controlling interests	323	299
Profit attributable to owners of parent	4,171	3,686

Consolidated statements of comprehensive income (second quarter)

Millions of yen, rounded down

	July 1, 2015 to September 30, 2015	July 1, 2014 to September 30, 2014
Profit	4,495	3,986
Other comprehensive income		
Valuation difference on available-for-sale securities	(28)	17
Foreign currency translation adjustment	(1,406)	1,239
Remeasurements of defined benefit plans, net of tax	36	43
Total other comprehensive income	(1,398)	1,300
Comprehensive income	3,097	5,286
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,337	4,452
Comprehensive income attributable to non-controlling interests	(240)	834

(3) Consolidated statements of cash flows

Millions of yen, rounded down

	April 1, 2015 to September 30, 2015	April 1, 2014 to September 30, 2014
Cash flows from operating activities		
Income before income taxes and non-controlling interests	12,222	12,120
Depreciation	3,463	2,924
Impairment loss	—	22
Amortization of goodwill	348	322
Increase (decrease) in allowance for doubtful accounts	(3)	0
Increase (decrease) in provision for bonuses	(417)	(662)
Increase (decrease) in provision for directors' bonuses	(92)	(106)
Increase (decrease) in provision for stocks payment	(4)	(13)
Increase (decrease) in net defined benefit liability	55	(17)
Decrease (increase) in net defined benefit assets	(39)	(22)
Increase (decrease) in provision for directors' retirement Benefits	(63)	(66)
Interest and dividend income	(117)	(159)
Interest expenses	5	2
Foreign exchange losses (gains)	303	(232)
Loss (gain) on sales of investment securities	—	(10)
Loss (gain) on sales of non-current assets	(3)	(3)
Loss on retirement of non-current assets	89	89
Decrease (increase) in notes and accounts receivable - trade	142	(974)
Decrease (increase) in inventories	(3,092)	(3,059)
Increase (decrease) in notes and accounts payable - trade	3,132	3,236
Decrease (increase) in accounts receivable - other	(224)	4
Increase (decrease) in accounts payable - other	(470)	(319)
Increase (decrease) in accrued consumption taxes	(1,852)	793
Other, net	1,117	148
Subtotal	14,498	14,016
Interest and dividend income received	115	151
Interest expenses paid	(3)	(0)
Income taxes paid	(5,240)	(5,279)
Net cash provided by (used in) operating activities	9,370	8,888

Consolidated statements of cash flows, continued

Millions of yen, rounded down

	April 1, 2015 to September 30, 2015	April 1, 2014 to September 30, 2014
Cash flows from investing activities		
Purchase of property, plant and equipment	(11,772)	(4,618)
Proceeds from sales of property, plant and equipment	25	12
Purchase of intangible assets	(1,365)	(304)
Purchase of securities	(1,999)	(13,997)
Proceeds from redemption of securities	11,000	13,000
Purchase of investment securities	(7)	(7)
Proceeds from sales of investment securities	—	18
Payments of loans receivable	(150)	(60)
Collection of loans receivable	195	98
Payments into time deposits	(455)	(173)
Proceeds from withdrawal of time deposits	320	5,270
Payments for guarantee deposits	(111)	(55)
Proceeds from collection of guarantee deposits	211	76
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(92)	—
Other, net	14	(1)
Net cash provided by (used in) investing activities	(4,188)	(743)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	—	129
Purchase of treasury shares	—	(449)
Proceeds from exercise of stock options	22	24
Proceeds from share issuance to non-controlling shareholders	1,298	761
Cash dividends paid	(3,737)	(2,937)
Dividends paid to non-controlling interests	(423)	(58)
Repayments of lease obligations	(30)	(44)
Net cash provided by (used in) financing activities	(2,869)	(2,575)
Effect of exchange rate change on cash and cash equivalents	(254)	311
Net increase (decrease) in cash and cash equivalents	2,057	5,880
Cash and cash equivalents at beginning of period	42,572	31,592
Cash and cash equivalents at end of period	44,629	37,473

(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.