

Q.P. CORPORATION

BRIEF NOTE OF THE ACCOUNT

(CONSOLIDATION)

FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2004

(Translation)

January 11, 2005

**BRIEF NOTE OF THE ACCOUNT (CONSOLIDATION)
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2004**

Listed corporate name:	KEWPIE KABUSHIKI-KAISHA
English corporate name:	Q.P. Corporation
Security code number:	2809
URL:	http://www.kewpie.co.jp/english/
Listed exchange:	Tokyo Stock Exchange
Location of head office:	4-13, Shibuya 1-chome, Shibuya-ku, Tokyo
Name and title of representative:	Yutaka Suzuki President and Representative Director
Contact for inquiries:	Katsuhiko Sasaki Director and General Manager of Administration Division Tel. (03)3486-3331
Board of directors for approval of the account:	January 11, 2005
Application of U S GAAP:	Non applied

1. Business results for the fiscal year ended November 30, 2004 (From December 1, 2003 to November 30, 2004):

(1) Operating results

	<u>Year ended November 30, 2004</u>	<u>Year ended November 30, 2003</u>
Net sales	¥ 423,727 million (-3.0%)	¥ 437,032 million (0.6%)
Operating income	¥ 15,662 million (-14.2%)	¥ 18,255 million (-1.8%)
Ordinary income	¥ 15,507 million (-11.6%)	¥ 17,532 million (-4.0%)
Net income	¥ 7,006 million (-19.2%)	¥ 8,675 million (-6.8%)
Net income per share-primary	¥ 45.18	¥ 56.08
Net income per share-diluted	¥ 41.63	¥ 51.53
Return on equity	5.7%	7.4%
Ordinary income to total assets	5.8%	6.5%
Ordinary income to net sales	3.7%	4.0%
(Notes)		
1. Equity income	¥ 268 million	¥ 152 million
2. Weighted average number of shares	153,154,908 shares	153,177,875 shares
3. Changes in accounting principles in the current fiscal year:	None	
4. The percentage (%) of Net sales, Operating income, Ordinary income and Net income is the ratio of increase or decrease compared with the previous year.		

(2) Financial conditions

	<u>Year ended November 30, 2004</u>	<u>Year ended November 30, 2003</u>
Total assets	¥ 262,122 million	¥ 269,559 million
Shareholders' equity	¥ 126,768 million	¥ 120,504 million
Equity ratio	48.4%	44.7%
Shareholders' equity per share	¥ 827.17	¥ 786.15
(Note)		
Number of outstanding shares	153,150,739 shares	153,175,696 shares

(3) Cash flows

	<u>Year ended</u> <u>November 30, 2004</u>	<u>Year ended</u> <u>November 30, 2003</u>
Net cash provided by operating activities	¥ 17,377 million	¥ 18,550 million
Net cash used in investing activities	¥ -12,806 million	¥ -13,419 million
Net cash used in financing activities	¥ -8,109 million	¥ -2,116 million
Cash and cash equivalents at end of the year	¥ 16,451 million	¥ 19,868 million

(4) Scope of consolidated companies and companies accounted for by the equity method

Number of consolidated subsidiaries	44
Number of non-consolidated subsidiaries accounted for by the equity method	0
Number of affiliated companies accounted for by the equity method	4

(5) Change in scope of consolidated companies and companies accounted for by the equity method

Number of newly consolidated companies	1
Number of companies excluded from consolidation	1
Number of companies newly accounted for by the equity method	0
Number of companies excluded from the application of the equity method	0

2. Estimate of operating results for the fiscal year ending November 30, 2005 (From December 1, 2004 to November 30, 2005):

	<u>Interim period</u>	<u>Yearly period</u>
Net sales	¥ 223,700 million	¥ 450,000 million
Ordinary income	¥ 6,600 million	¥ 16,300 million
Net income	¥ 2,800 million	¥ 7,800 million
(Reference) Estimate of yearly net income per share		¥ 50.36

(Notes)

(1) Figures of amounts are described by discarding fractions less than one million yen.

(2) The above estimate information is reported based on available information and uncertain factors which may have an effect on the future operating results, and the estimate of operating results may differ significantly from the actual operating results due to uncertain various factors.

Cash flow index

	November 30,2002	November 30,2003	November 30,2004
Equity ratio (%)	42.2	44.7	48.4
Equity ratio based on market price (%)	55.6	49.4	52.7
Debt service coverage (years)	2.2	2.7	2.5
Interest coverage ratio (times)	25.0	23.7	27.9

(Notes)

1. Each index is calculated based on consolidated financial figures.

2. Equity ratio = Shareholders' equity / Total assets

Equity ratio based on market price = Market value of total stock / Total assets 1

Debt service coverage = Interest-bearing debt / Operating cash flow 2, 3

Interest coverage ratio = Operating cash flow / Interest paid 3

1. Market value of total stock is calculated by multiplying the final market price by the number of outstanding shares of at the end of fiscal year (excluding treasury stock).

2. Interest-bearing debt includes all debts whose interest is paid in the consolidated balance sheet.

3. 'Operating cash flow' and 'Interest Paid' is the figure of Net cash provided by operating activities and Interest paid reported in the consolidated statements of cash flows, respectively.

Q.P. CORPORATION

Consolidated Balance Sheets
NOVEMBER 30, 2004 AND 2003

(Millions of yen)

ASSETS	2004	2003
CURRENT ASSETS:		
Cash and deposits	17,097	22,382
Notes and accounts receivable	65,665	75,920
Securities	27	32
Inventories	16,247	15,692
Deferred tax assets	1,967	2,297
Other	3,804	3,978
Allowance for doubtful accounts	(614)	(1,381)
Total current assets	104,195	118,922
FIXED ASSETS:		
Tangible fixed assets		
Buildings and structures	106,980	106,702
Machinery, equipment and transportation equipment	110,495	108,395
Land	38,750	38,382
Construction in progress	2,266	1,350
Other	7,794	6,977
Accumulated depreciation	(147,905)	(142,035)
Total tangible fixed assets	118,381	119,773
Intangible fixed assets		
Consolidation adjustment accounts	95	127
Other	2,959	2,728
Total intangible fixed assets	3,054	2,855
Investments and other assets		
Investment in securities	20,273	17,248
Deferred tax assets	1,338	2,008
Other	14,535	8,969
Allowance for doubtful accounts	(246)	(218)
Total investment and other assets	35,901	28,008
Total fixed assets	157,337	150,636
DEFERRED ASSETS:		
Business commence costs	587	-
Bond discounts	0	0
Total deferred assets	588	0
Total assets	262,122	269,559

**LIABILITIES, MINORITY INTERESTS AND
SHAREHOLDERS' EQUITY**

	2004	2003
CURRENT LIABILITIES:		
Notes and accounts payable	37,395	43,744
Short-term loans payable	11,380	17,985
Current portion of bonds	200	1,300
Current portion of convertible bonds	18,629	-
Accounts payable-other	20,471	24,384
Accrued income taxes	2,598	2,676
Reserve for sales rebates	968	1,127
Reserve for bonuses	1,637	1,870
Deferred tax liabilities	-	1
Other	5,747	4,530
Total current liabilities	99,028	97,619
LONG-TERM LIABILITIES:		
Bonds	-	200
Convertible bonds	-	18,629
Long-term loans payable	12,577	11,795
Deferred tax liabilities	1,723	19
Reserve for retirement benefits	2,423	3,683
Reserve for directors' and corporate auditors' retirement pay	1,609	1,620
Other	1,450	1,639
Total long-term liabilities	19,784	37,587
Total liabilities	118,812	135,207
MINORITY INTERESTS	16,541	13,847
SHAREHOLDERS' EQUITY:		
Capital stock	24,104	24,104
Capital surplus	29,418	29,418
Earned surplus	75,985	70,833
Unrealized valuation gain on other securities – net	1,830	793
Cumulative foreign currency translation adjustments	(2,263)	(2,349)
Treasury stock	(2,308)	(2,295)
Total shareholders' equity	126,768	120,504
Total liabilities, minority interests and shareholders' equity	262,122	269,559

Q.P. CORPORATION

Consolidated Statements of Income
FOR THE FISCAL YEARS ENDED NOVEMBER 30, 2004 AND 2003

(Millions of yen)

	2004	2003
NET SALES	423,727	437,032
COST OF SALES	315,628	325,878
Gross profit	108,099	111,154
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	92,437	92,898
Operating income	15,662	18,255
NON-OPERATING INCOME:		
Interest income and dividend receivable	527	512
Equity income	268	152
Other	594	456
NON-OPERATING EXPENSES:		
Interest expense	620	755
Other	924	1,089
Ordinary income	15,507	17,532
EXTRAORDINARY GAINS:		
Gain on sales of fixed assets	95	73
Gain on return of the entrusted government's portion of the welfare pension	610	-
Other	229	959
EXTRAORDINARY LOSSES:		
Loss on sales and disposal of fixed assets	441	373
Write-down of investment in securities	13	96
Other	1,102	895
Net income before income taxes and minority interests	14,883	17,199
Income taxes	5,175	5,735
Income taxes deferred	1,650	1,774
Minority interests	1,050	1,014
Net income	7,006	8,675

Q.P. CORPORATION

Consolidated Statements of Shareholders' Equity
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2004 AND 2003

(Millions of yen)

	<u>2004</u>	<u>2003</u>
CAPITAL SURPLUS		
CAPITAL SURPLUS AT BEGINNING OF THE YEAR	29,418	29,418
CAPITAL SURPLUS AT END OF THE YEAR	29,418	29,418
EARNED SURPLUS		
EARNED SURPLUS AT BEGINNING OF THE YEAR	70,833	64,088
INCREASE OF EARNED SURPLUS		
Net income	7,006	8,675
Gain resulting from merger of subsidiaries of each other	85	35
Increase of earned surplus	7,092	8,710
DECREASE OF EARNED SURPLUS		
Cash dividends	1,838	1,838
Directors' and corporate auditors' bonuses	100	125
Other	-	1
Decrease of earned surplus	1,939	1,966
EARNED SURPLUS AT END OF THE YEAR	75,985	70,833

Q.P. CORPORATION

Consolidated Statements of Cash Flows
FOR THE FISCAL YEARS ENDED NOVEMBER 30, 2004 AND 2003

(Millions of yen)

	2004	2003
. CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income before income taxes and minority interests	14,883	17,199
Adjustment to reconcile net income before income taxes and minority interests to net cash provided by (used in) operating activities:		
Depreciation and amortization	12,614	13,053
Amortization of consolidation adjustment accounts	32	35
Equity income	(268)	(152)
Write-down of investment in securities	13	96
Write-down of golf course memberships	4	29
Decrease in reserve for retirement benefits	(4,242)	(2,224)
Decrease in reserve for directors' and corporate auditors' retirement pay	(11)	(1,082)
Decrease in reserve for sales rebates	(158)	(636)
Decrease in reserve for bonuses	(228)	(255)
Increase in allowance for doubtful accounts	42	269
Interest income and dividend receivable	(527)	(512)
Interest expense	620	755
Loss (Gain) on sales of investment in securities	3	(187)
Loss on sales and disposal of fixed assets	346	300
Decrease (increase) in notes and accounts receivable	5,758	(1,542)
Decrease (increase) in inventories	(769)	2,764
Decrease in notes and accounts payable	(1,782)	(3,016)
Decrease in accounts payable - other	(3,308)	-
Increase (decrease) in accrued consumption taxes	(771)	608
Directors' and corporate auditors' bonuses paid	(100)	(125)
Directors' and corporate auditors' bonuses payment charged to minority shareholders	(34)	(54)
Other	107	(478)
Sub total	22,223	24,845
Interest income and dividends received	1,032	313
Interest paid	(622)	(781)
Income taxes paid	(5,255)	(5,826)
Net cash provided by operating activities	17,377	18,550
. CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of securities	(27)	(27)
Sales of securities	42	27
Purchases of tangible fixed assets	(12,601)	(12,820)
Purchases of intangible fixed assets	(1,082)	(1,056)
Purchases of investment in securities	(2,157)	(1,221)
Sales of investment in securities	1,827	758
Loans receivable made	(799)	(941)
Collection of loans receivable	1,139	756
Disbursements for deposit to bank	(3,036)	(572)
Withdrawal of time deposits	2,690	886
Other	1,200	791
Net cash used in investing activities	(12,806)	(13,419)

	2004	2003
. CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowing on short-term loans	62,063	84,647
Repayment of short-term loans	(66,678)	(83,574)
Borrowing on long-term loans	4,663	4,137
Repayment of long-term loans	(5,868)	(5,382)
Redemption of bonds	(1,300)	-
Paid in from minority shareholders for increase of common stock of consolidated subsidiary	971	50
Cash dividends paid	(1,838)	(1,838)
Cash dividends paid to minority shareholders	(114)	(133)
Repurchase of treasury stock	(7)	(22)
Net cash used in financing activities	(8,109)	(2,116)
. EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		
	(6)	(114)
. INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(3,545)	2,900
. CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	19,868	16,950
. INCREASE IN CASH AND CASH EQUIVALENTS RESULTING FROM MERGER OF CONSOLIDATED SUBSIDIARY	128	17
. CASH AND CASH EQUIVALENTS AT END OF THE YEAR	16,451	19,868

1. BASIS OF PREPARATIONS FOR CONSOLIDATED FINANCIAL STATEMENTS

Figures of amounts are described by discarding fractions less than one million yen.

(1) CONSOLIDATED SUBSIDIARIES

The Company newly established Kitakami Delica Co., Ltd. as a consolidated subsidiary and sold shares of Nishifu Meat Co., Ltd.. Thereby, consolidated subsidiaries comprise forty-four companies in the current fiscal year.

The significant consolidated subsidiaries are K.R.S. Corporation, Q.P. Egg Corporation, Deria Foods Co., Ltd., Kanae Foods Co., Ltd. and Zenno Q.P. Egg Station Co., Ltd..

Non-consolidated subsidiaries comprise fifteen companies.

The significant non-consolidated subsidiaries are Kyuso Management Corporation and Osaka San-Ei Logistics Corporation. These companies are excluded from the consolidation, because their total amounts of assets, sales, net income (equal to the equity share), and earned surplus (equal to the equity share) do not have a significant effect on the total consolidated amounts of assets, sales, net income, and earned surplus.

(2) APPLICATION OF EQUITY METHOD

The equity method is applied to the investments in four affiliated companies. The significant companies are Aohata Corporation and Summit Oil Mill Co., Ltd.. The investments in fifteen non-consolidated subsidiaries including Kyuso Management Corporation and in nine affiliated companies including Thai Q.P. Co., Ltd. not to be accounted for by the equity method, are stated at cost, because the amounts calculated by the application of the equity method do not have a significant effect on the total consolidated net income and earned surplus.

(3) CLOSING DATE OF CONSOLIDATED SUBSIDIARIES

The closing date of the Company and K.R.S. Corporation is November 30, Beijing Q.P. Foods Co., Ltd. and Hangzhou Q.P. Foods Co., Ltd. is December 31, and the others is September 30. The subsidiaries with the closing date of December 31 are consolidated based on their temporary financial statements at November 30. The subsidiaries with the closing date of September 30 are consolidated based on the financial statements at their balance sheet date and significant transactions for the period from October 1 to November 30 are reflected in the consolidated financial statements.

(4) SIGNIFICANT ACCOUNTING POLICIES

a. Valuation basis and valuation methods for significant assets

Securities

1. Held-to-maturity bonds are stated at amortized cost. Discounts and premiums are amortized by the straight-line method.
2. Other securities with fair value are stated at fair value based on market price at the closing date. Valuation differences comprise shareholders' equity as unrealized valuation gain (loss) on other securities. When sold, cost of sales is determined by the moving average method.
Other securities with no fair value are stated at moving average cost.

Derivative financial instruments

Derivative financial instruments are stated at fair value.

Hedge accounting is adopted for derivative financial instruments which conform to requirements of hedge accounting.

Inventories

Products, purchased goods, raw materials, supplies, and work in progress are principally stated at monthly moving average cost.

Some joint products are stated at retail periodic average cost.

b. Depreciation

Tangible fixed assets

Tangible fixed assets are depreciated by the declining balance method except for the following assets. Buildings (except for equipment fixed inside buildings) acquired on and after April 1, 1998, are depreciated by the straight-line method.

The same basis with the Corporation Tax Law is adopted for useful life and scrap value.

Intangible fixed assets

Intangible fixed assets are depreciated by the straight-line method.

The same basis with the Corporation Tax Law is adopted for useful life.

Computer software purchased for internal use is amortized as no scrap value by the straight-line method for five years based on the estimated useful life for internal use.

Long-term prepaid expenses

Long-term prepaid expenses are amortized by the straight-line method.

c. Accounting standards for significant reserves

Allowance for doubtful accounts

Allowance for doubtful accounts is provided for on the amounts calculated by an estimated uncollectible rate to general credits in consideration of the past actual bad debt losses, plus on the estimated uncollectible amounts in consideration of the possibility of collection to specific credits of apprehension credits of bad debt, etc.

Reserve for sales rebates

Reserve for sales rebates is based on the proportion to sales on an accrual basis.

Reserve for bonuses

Reserve for bonuses is based on the specific computation period.

Reserve for retirement benefits

Reserve for retirement benefits is provided for at the necessary amounts on an accrual basis based on the estimated retirement benefit obligations and pension fund assets at end of the current fiscal year.

As to the effects of the amendments on the application of the new accounting standards for retirement benefits, the consolidated subsidiary K.R.S. Corporation, which is registered on First Section of Tokyo Stock Exchange and Y.M. Kyuso Corporation amortize equally over five years and account for it as an extraordinary loss.

Prior service liabilities are amortized by the straight-line method over twelve years (except for from ten to thirteen years of K.R.S. Corporation) based on the average remaining employees' service years and their amortizations start in the respective accrual years.

Actuarial gains or losses are amortized by the straight-line method over twelve years (except for from ten to thirteen years of K.R.S. Corporation) based on the average remaining employees' service years, and their amortizations start in the next year of the respective accrual years.

Retirement benefits systems of the Company and subsidiaries consist of a defined benefit corporate pension plan (Fund-type and Contract-type) and a retirement lump-sum grants system.

(Additional information)

For the purpose of return of a role as an agent regarding the operations of welfare pension fund in accordance with the Defined Benefit Corporation Pension Law promulgated on June 15, 2001, the Company and some subsidiaries obtained the permission of return of the assets and of exemption of the related payment obligation from the Minister of Health, Labour and Welfare on September 14, 2004, and paid the returning amount, which is equal to ¥ 13,623 million of the minimum actuarial liability, on October 7, 2004.

As a result, the difference between the actual amount paid and the reported amount in the prior fiscal year is ¥ 610 million whose amount has an effect on the consolidated financial statements as an extraordinary gain.

Reserve for directors' and corporate auditors' retirement pay

The Company and consolidated subsidiaries provide a reserve for directors' and corporate auditors' retirement pay at 100% of estimated amounts payable at end of the current fiscal year according to each company's bylaw.

d. Deferred assets

Bond discounts and business commence costs are deferred and amortized by the straight-line method. The amortization period of bond discounts is seven years, and that of business commence costs is five years, maximum amortization period regulated by the Commercial Code Enforcement Regulation.

e. Accounting for significant lease transactions

Finance lease transactions other than those which are deemed to transfer the ownership of leased assets to lessees, are accounted for by the same method as that applied to ordinary operating leases.

f. Significant hedge accounting

1. Deferral hedge is adopted in the method of hedge accounting.

Designation transactions are applied to debts and credits in foreign currency which conform to the requirement of hedge accounting.

2. Hedge instruments are forward exchange contracts.

3. Hedge items are purchase transactions in foreign currencies.

4. The Company enters into forward exchange contracts to hedge risks from fluctuation in foreign exchange rate and never makes use of them for the purpose of speculative transactions.

5. Assessment of the effectiveness of hedge accounting

Control procedures of hedge transactions are executed according to each company's bylaw. The effectiveness of the hedge is measured by comparing movements in the fair value of hedge items with those of hedge instruments. Hedge transactions are strictly controlled, analyzed, and assessed.

g. Accounting for consumption taxes

Consumption taxes are recorded in separate accounts.

(5) VALUATION OF ASSETS AND LIABILITIES OF CONSOLIDATED SUBSIDIARIES

The Company adopts the full fair value method, which all their assets and liabilities including those of minority interests are valued at fair value when the Company acquired the control as subsidiaries.

(6) CONSOLIDATION ADJUSTMENT ACCOUNTS

Consolidation adjustment accounts are amortized by the straight-line method over five years and small amounts are charged to expense.

(7) STATEMENTS OF RETAINED EARNINGS

Retained earnings are based on the appropriation approved by the shareholders' meeting held during the current accounting period.

(8) CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash in hand, bank deposits which can be withdrawn freely and easily converted into money, and short-term investments which have an original maturity of three months or less and are not exposed to significant valuation risks.

2. NOTES TO CONSOLIDATED BALANCE SHEETS

	Millions of yen	
	<u>November 30, 2004</u>	<u>November 30, 2003</u>
(1) Contingent liabilities (guarantees)	1,072	1,276
(2) Treasury stock (Including treasury stock for stock option granted)	2,313,776 shares (1,111,000 shares)	2,288,818 shares (1,118,000 shares)
(3) Pledged assets and secured debts		
Pledged assets		
Time deposits	150	150
Accounts receivable and inventories	-	340
Tangible fixed assets	<u>12,757</u>	<u>14,540</u>
Total	<u>12,907</u>	<u>15,031</u>
Secured debts		
Accounts payable and accounts payable-other	34	34
Short-term loans payable	2,541	2,989
Long-term loans payable	3,837	5,711
Bonds	<u>200</u>	<u>300</u>
Total	<u>6,612</u>	<u>9,035</u>
(4) Investment in securities and Sundry investments of non-consolidated subsidiaries and affiliated companies		
Investment in securities	3,066	3,589
Sundry investments	85	50

3. NOTES TO CONSOLIDATED STATEMENTS OF INCOME

	Millions of yen	
	<u>November 30, 2004</u>	<u>November 30, 2003</u>
Research and development costs	2,755	2,753

Research and development cost is all included in general and administrative expense.

4. NOTES TO CONSOLIDATED STATEMENTS OF CASH FLOWS

Cash and cash equivalents comprise as follows:

	Millions of yen	
	<u>November 30, 2004</u>	<u>November 30, 2003</u>
Cash and deposits (Deduction)	17,097	22,382
Time deposits with maturity over three months	(646)	(2,513)
Cash and cash equivalents	<u>16,451</u>	<u>19,868</u>

5. LEASE TRANSACTIONS

- (1) Finance lease transactions other than those which are deemed to transfer the ownership of leased assets to lessees.

Year ended November 30, 2004

- a. Estimated acquisition cost, accumulated depreciation and estimated value of lease properties
(Millions of yen)

	Estimated acquisition cost	Accumulated depreciation	Estimated value
Machinery, equipment and transportation equipment	13,448	5,743	7,704
Tangible fixed assets – Other	8,851	4,279	4,572
Computer software	199	128	70
Total	22,498	10,151	12,347

- b. Future lease payments

Due within one year	¥ 4,003	million
Due over one year	¥ 8,923	million
Total	¥ 12,926	million

- c. Lease payments, depreciation and estimated interest expense

Lease payment	¥ 4,175	million
Depreciation expense	¥ 3,916	million
Estimated interest expense	¥ 255	million

- d. Method of depreciation

Depreciation expense is calculated by the straight-line method by considering lease period to be useful life and scrap value to be zero.

- e. Calculation method of estimated interest expense

Interest which is separated from the aggregate lease amounts, is calculated as the difference between the aggregate lease amounts on contracts and the presumed costs considered to be acquired by a lesser. Such calculated interest is allocated to the respective fiscal years by the interest-method.

Year ended November 30, 2003

a. Estimated acquisition cost, accumulated depreciation and estimated value of lease properties
(Millions of yen)

	Estimated acquisition cost	Accumulated depreciation	Estimated value
Machinery, equipment and transportation equipment	11,743	5,709	6,033
Tangible fixed assets – Other	8,237	4,872	3,365
Computer software	211	139	72
Total	20,192	10,720	9,472

b. Future lease payments

Due within one year	¥ 3,458	million
Due over one year	¥ 6,185	million
Total	¥ 9,644	million

c. Lease payments, depreciation and estimated interest expense

Lease payment	¥ 3,995	million
Depreciation expense	¥ 3,716	million
Estimated interest expense	¥ 275	million

d. Method of depreciation

Depreciation expense is calculated by the straight-line method by considering lease period to be useful life and scrap value to be zero.

e. Calculation method of estimated interest expense

Interest which is separated from the aggregate lease amounts, is calculated as the difference between the aggregate lease amounts on contracts and the presumed costs considered to be acquired by a lesser. Such calculated interest is allocated to the respective fiscal years by the interest-method.

(2) Operating lease transactions

Year ended November 30, 2004

Future lease payments

Due within one year	¥ 101	million
Due over one year	¥ 315	million
Total	¥ 417	million

Year ended November 30, 2003

Future lease payments

Due within one year	¥ 212	million
Due over one year	¥ 458	million
Total	¥ 671	million

6. SECURITIES

Current consolidation fiscal year (as of November 30, 2004)

Securities

1. Held-to-maturity bonds with fair value

(Millions of yen)

	Description	Book value	Fair value	Unrealized gain (loss)
Bonds whose fair value exceeds their book value	(1)Stocks	-	-	-
	(2)Bonds	-	-	-
	(3)Other	-	-	-
	Sub-total	-	-	-
Bonds whose book value exceeds their fair value	(1)Stocks	-	-	-
	(2)Bonds	-	-	-
	(3)Other	2,000	1,904	(95)
	Sub-total	2,000	1,904	(95)
Total		2,000	1,904	(95)

2. Other securities with fair value

(Millions of yen)

	Description	Acquisition cost	Book value	Unrealized gain (loss)
Securities whose book value exceeds their acquisition cost	(1)Stocks	4,178	7,581	3,403
	(2)Bonds			
	(a)Other	388	397	8
	(3)Other	12	16	4
	Sub-total	4,579	7,995	3,416
Securities whose acquisition cost exceeds their book value	(1)Stocks	4,404	4,086	(317)
	(2)Bonds			
	(a)Other	-	-	-
	(3)Other	30	28	(2)
	Sub-total	4,434	4,115	(319)
Total		9,014	12,110	3,096

(Note) The Company wrote down by ¥13 million against securities with a remarkable decline in the value of investment.

3.Sales of other securities in the current fiscal year

(Millions of yen)

Aggregate sales amount	Gain	Loss
952	156	0

4.Principal securities with no fair value

(Millions of yen)

	Book value	Remarks
(1)Held-to-maturity bonds Domestic bonds of private placement	27	
(2)Other securities Unlisted stocks (except for over-the-counter securities)	3,095	

5.Redemption schedule of securities with maturity and held-to-maturity bonds of other securities

(Millions of yen)

	Within one year	Over one year within five years	Over five years within ten years	Over ten years
1.Bonds				
(1)Other	27	-	-	2,000
Total	27	-	-	2,000

Previous consolidation fiscal year (as of November 30, 2003)

Securities

1. Other securities with fair value

(Millions of yen)

	Description	Acquisition cost	Book value	Unrealized gain (loss)
Securities whose book value exceeds their acquisition cost	(1)Stocks	4,081	6,347	2,265
	(2)Bonds	-	-	-
	(a)Other	-	-	-
	(3)Other	11	13	1
	Sub-total	4,093	6,360	2,267
Securities whose acquisition cost exceeds their book value	(1)Stocks	5,047	4,148	(898)
	(2)Bonds	-	-	-
	(a)Other	-	-	-
	(3)Other	31	28	(3)
	Sub-total	5,078	4,177	(901)
Total		9,171	10,537	1,366

(Note) The Company wrote down by ¥96 million against securities with a remarkable decline in the value of investment.

2. Sales of other securities in the current fiscal year

(Millions of yen)

Aggregate sales amount	Gain	Loss
776	192	4

3. Principal securities with no fair value

(Millions of yen)

	Book value	Remarks
(1)Held-to-maturity bonds Domestic bonds of private placement	40	
(2)Other securities Unlisted stocks (except for over-the-counter securities)	3,093	
Other	19	

4. Redemption schedule of securities with maturity and held-to-maturity bonds of other securities

(Millions of yen)

	Within one year	Over one year within five years	Over five years within ten years	Over ten years
1. Bonds				
(1)Debentures	5	10	-	-
(2)Other	27	-	-	-
Total	32	10	-	-

7. DERIVATIVE FINANCIAL TRANSACTIONS

1. Forward exchange contracts, option contracts and currency swap agreements

(Millions of yen)

Classification	Description	November 30, 2004			November 30, 2003		
		Contract amount	Fair Value	Unrealized gain(loss)	Contract amount	Fair value	Unrealized gain(loss)
Non-market transactions	Forward exchange contracts Purchase USD	-	-	-	2,400	2,424	24
	Option contracts Sell Put USD	-	-	-	3,980	(208)	(208)
	Purchase Call USD	-	-	-	1,326	67	67
	Currency swap agreements Purchase USD	-	-	-	5,853	3	3
Total		-	-	-	13,561	2,286	(113)

(Notes)

1. Basis of fair value

- (1) Fair value of forward exchange contracts is based on the future rate quoted by Financial Institutions.
- (2) Fair value of option contracts is based on the price quoted by Financial Institutions.
- (3) Fair value of currency swaps is based on the price quoted by Financial Institutions.

2. Derivative financial transactions, for which hedge accounting is applied, are excluded from the above table.

2. Interest rate swap agreements

(Millions of yen)

Classification	Description	November 30, 2004			November 30, 2003		
		Contract amount	Fair value	Unrealized gain(loss)	Contract amount	Fair value	Unrealized gain(loss)
Non-market transactions	Interest rate swap Floating rate receipt, fixed rate payment	100	(1)	(1)	1,400	(20)	(20)
Total		100	(1)	(1)	1,400	(20)	(20)

(Notes)

1. Fair value is based on the price quoted by Financial Institutions.
2. Derivative financial transactions, for which the hedge accounting is applied, are excluded from the above table.

8. Retirement Benefits

1. Retirement benefit obligations

	(Millions of yen)	
	Current fiscal year (As of November 30, 2004)	Previous fiscal year (As of November 30, 2003)
(1) Retirement benefit obligations	(56,893)	(58,823)
(2) Pension fund assets	51,171	45,085
(3) Unrecognized retirement benefit obligations	(5,722)	(13,737)
(4) Unrecognized effects of the amendments on the application of the new accounting standards for retirement benefits	382	764
(5) Unrecognized actuarial losses	16,565	18,067
(6) Unrecognized prior service liabilities	(10,024)	(8,777)
(7) Gain on the return of the entrusted government's portion of the welfare pension	(610)	-
(8) Net retirement benefit obligation recognized in the consolidated balance sheet	590	(3,683)
(9) Reserve for retirement benefits	(2,423)	(3,683)
(10) Prepaid pension cost	3,014	-

2. Retirement benefit costs

	(Millions of yen)	
	Current fiscal year (From December 1, 2003 to November 30, 2004)	Previous fiscal year (From December 1, 2002 to November 30, 2003)
(1) Service costs (Note)	2,137	2,667
(2) Interest costs	1,181	1,270
(3) Expected return on pension fund assets	(1,484)	(1,518)
(4) Recognition of prior service liabilities	(919)	(801)
(5) Amortization of actuarial losses	1,655	1,963
(6) Amortization of effects of the amendments on the application of the new accounting standards for retirement benefits	382	382
Retirement benefit costs	2,952	3,963

(Note) The costs which the companies to which employees are on loan, and employees themselves should bear, are excluded from service costs.

3. Calculation basis of retirement benefit obligations

	Current fiscal year (As of November 30, 2004)	Previous fiscal year (As of November 30, 2003)
(1) Discount rate	2.3%	2.3%
(2) Expected return rate on pension fund assets	4.0%	4.0%
(3) Recognition method of the projected retirement benefit obligations	Straight-line method	Straight-line method
(4) Recognition term of prior service liabilities	Twelve years except for K.R.S. Corporation (from ten to thirteen years)	Twelve years except for K.R.S. Corporation (from ten to thirteen years)
(5) Amortization term of actuarial gains or losses	Twelve years except for K.R.S. Corporation (from ten to thirteen years) Actuarial gains or losses are amortized by the straight-line method over a certain period within an average remaining service period of employees from the next year of the respective accrual years.	Twelve years except for K.R.S. Corporation (from ten to thirteen years) Actuarial gains or losses are amortized by the straight-line method over a certain period within an average remaining service period of employees from the next year of the respective accrual years.
(6) Amortization term of effects of the amendments on the application of the new accounting standards for retirement benefits	- (The effects of K.R.S. Corporation and Y.M. Kyuso Corporation are amortized by the straight-line method over five years.)	- (The effects of K.R.S. Corporation and Y.M. Kyuso Corporation are amortized by the straight-line method over five years.)

9.TAX-EFFECT ACCOUNTING

	(Millions of yen)	
	Current fiscal year (As of November 30, 2004)	Previous fiscal year (As of November 30, 2003)
1. The principal details of deferred tax assets and liabilities are as follows:		
Deferred tax assets		
Unrealized gains	1,265	1,275
Reserve for sales rebates	425	474
Reserve for bonuses	948	838
Accrued enterprise taxes	219	238
Reserve for directors' and corporate auditors' retirement pay	664	671
Reserve for retirement benefits	1,237	1,668
Trust to cover retirement benefit obligations	1,442	1,442
Allowance for doubtful accounts	116	440
Write-down of golf course memberships	363	368
Other	315	413
Sub-total deferred tax assets	6,997	7,831
Valuation reserve	(115)	(203)
Total deferred tax assets	6,881	7,627
Deferred tax liabilities		
Prepaid pension costs	(1,560)	(344)
Valuation difference of fixed assets	(965)	(965)
Reserve for deduction entry of property by purchase	(1,576)	(1,570)
Unrealized gain on other securities	(1,141)	(394)
Other	(53)	(67)
Total deferred tax liabilities	(5,299)	(3,341)
Net deferred tax assets	1,582	4,285
Net deferred tax assets included in the consolidated balance sheets are as follows:		
Current assets-Deferred tax assets	1,967	2,297
Fixed assets-Deferred tax assets	1,338	2,008
Current liabilities		
-Deferred tax liabilities	-	(1)
Long-term liabilities		
-Deferred tax liabilities	(1,723)	(19)
2. The principal details of the material differences between the statutory effective tax rate and the actual burden tax rate after application of tax-effect accounting		
The statutory effective tax rate (Adjustments)	42.0%	42.0%
Loss carry forward of consolidated subsidiaries not to have recognized tax-effect	1.6%	(0.1%)
Permanent exclusion from expenses	1.3%	1.1%
Tax free income	(0.5%)	(0.2%)
Capita levy on inhabitant tax	1.2%	1.0%
Reduction adjustment on deferred tax assets resulting from change in the statutory effective tax rate	-	0.5%
Other	0.3%	(0.6%)
Actual burden tax rate after application of tax effect accounting	45.9%	43.7%

10. SEGMENT INFORMATION

(1) Segment information of business lines

Current fiscal year (From December 1, 2003 to November 30, 2004)

(Millions of yen)

	Foodstuffs	Distribution	Total	Elimination and/or addition	Consolidated
1.Sales and operating income					
Sales					
(1) Sales to customers	340,713	83,014	423,727	-	423,727
(2) Internal sales or transfers to/from segments	15	23,915	23,930	(23,930)	-
Total	340,728	106,929	447,658	(23,930)	423,727
Operating expenses	324,034	102,529	426,564	(18,498)	408,065
Operating income	16,694	4,399	21,094	(5,431)	15,662
2.Allocated assets, depreciation expense and capital expenditure					
Assets	178,352	61,606	239,958	22,163	262,122
Depreciation expense	10,316	2,212	12,528	86	12,614
Capital expenditure	11,121	2,611	13,733	44	13,778

Previous fiscal year (From December 1, 2002 to November 30, 2003)

(Millions of yen)

	Foodstuffs	Distribution	Total	Elimination and/or addition	Consolidated
1.Sales and operating income					
Sales					
(1) Sales to customers	357,030	80,002	437,032	-	437,032
(2) Internal sales or transfers to/from segments	8	24,233	24,242	(24,242)	-
Total	357,039	104,235	461,275	(24,242)	437,032
Operating expenses	337,372	100,001	437,374	(18,597)	418,776
Operating income	19,666	4,233	23,900	(5,644)	18,255
2.Allocated assets, depreciation expense and capital expenditure					
Assets	179,454	66,589	246,043	23,515	269,559
Depreciation expense	10,663	2,303	12,966	86	13,053
Capital expenditure	11,675	1,766	13,441	63	13,504

(Notes) a. Methods determining business segments

Business segments are classified based on business line.

b. Main products of each business segment

Business segment	Main Products
Foodstuffs	Mayonnaise and dressings, Fruit applications and cooked foods, Egg products, Healthcare products, Vegetables and salads
Distribution	Storage and transportation

c. Operating expenses unable to allocate to segments, mainly belong to the general control division in the head office of the Company.

Those amounts included in Elimination and/or addition on the column of the above table, are ¥ 5,673 million and ¥ 5,839 million for the fiscal years ended November 30, 2004 and 2003, respectively.

d. Assets unable to allocate to segments, are mainly spare working fund and investment capital (cash, deposits, securities and investment in securities) and belong to the general control division in the head office of the Company.

Those amounts included in Elimination and/or addition on the column of the above table, are ¥ 30,957 million and ¥ 33,136 million for the fiscal years ended November 30, 2004 and 2003, respectively.

e. Long-term prepaid expenses are included in capital expenditure, and their depreciation in depreciation expense.

(2) Geographical business

Segment information of geographical business is not disclosed since the proportion of domestic sales and assets in the fiscal years ended November 30, 2004 and 2003, exceed 90% to the total amount of all segment sales and all segment assets, respectively.

(3) Overseas sales amounts

Segment information of overseas sales amounts is not disclosed since the overseas sales amounts in the fiscal years ended November 30, 2004 and 2003, are less than 10% of consolidated sales, respectively.

11. RELATED PARTIES' TRANSACTIONS

Current fiscal year (From December 1, 2003 to November 30, 2004)

Parent company, principal corporate shareholders, and other

(Millions of yen)

Attribution	Corporate name	Address	Capital stock	Principal business	Percentage of voting right	Relationship		Transaction	Amount	Account	Ending of year	
						Number of interlocking directors and corporate auditors	On business					
Principal corporate shareholders and other affiliated companies	Nakashimoto Co., Ltd.	Shibuya-ku, Tokyo	119	Sales of processed foodstuffs	Direct 17.2% Indirect 3.1%	3 persons	Purchase of products	Operating	Purchase of products	40,178	Accounts payable-trade	6,662
								Non-operating	Consignment of calculation office work	2,113	Accounts payable-other	290

Transaction's term and policy

Purchase prices of products and charges of consignment of calculation office work are determined in accordance with the general transaction's term in consideration of the market prices.

(Note) Amounts in Ending of year include consumption taxes and those of Transactions exclude them.

DESCRIPTION OF PRODUCTION, PRODUCTION BUSINESS UNDER CONTRACT RECEIVED AND SALES

1. Production results

(Millions of yen)

Business segment	Year ended November 30, 2004	
		Percentage to the previous fiscal year
Foodstuffs	201,350	100.9 %
Total	201,350	100.9 %

(Note) Production activity is not conducted in Distribution business.

2. Purchasing results

(Millions of yen)

Business segment	Year ended November 30, 2004	
		Percentage to the previous fiscal year
Foodstuffs	53,408	88.0 %
Distribution	5,813	90.9 %
Total	59,222	88.3 %

3. Production business under contract received

The Company and subsidiaries do not conduct production business under contract received.

4. Sales results

(Millions of yen)

Business segment	Line of Products	Year ended November 30, 2004	Year ended November 30, 2003
Foodstuffs	Mayonnaise and dressings	111,558	111,434
	Fruit applications and cooked foods	50,675	51,619
	Egg products	76,214	82,248
	Healthcare products	14,291	14,471
	Vegetables and salads	87,974	97,256
	Sub-total	340,713	357,030
Distribution	Storage and transportation	83,014	80,002
Total		423,727	437,032