

Q.P. CORPORATION

BRIEFING OF THE ACCOUNT

(NON-CONSOLIDATION)

FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2004

(Translation)

January 11, 2005

**BRIEFING OF THE ACCOUNT (NON-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
Ordinary general meeting of shareholders:	February 22, 2005

The Company makes interim dividends.

The unit of shares for one vote is 100 shares.

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	¥ 230,110 million (-14.4%)	¥ 268,958 million (-0.8 %)
Operating income	¥ 7,273 million (-31.5%)	¥ 10,617 million (1.5%)
Ordinary income	¥ 7,663 million (-31.9%)	¥ 11,248 million (6.3%)
Net income	¥ 4,529 million (-33.4%)	¥ 6,805 million (12.9%)
Net income per share-primary	¥ 29.27	¥ 44.08
Net income per share-diluted	¥ 27.21	¥ 40.64
Return on equity	4.0%	6.3%
Ordinary income to total assets	4.0%	6.0%
Ordinary income to net sales	3.3%	4.2%
(Notes)		
1. Weighted average number of shares	153,204,360 shares	153,210,860 shares
2. Changes in accounting principles in the current fiscal year	None	
3. 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) Dividend policy

	<u>Year ended November 30, 2004</u>	<u>Year ended November 30, 2003</u>
Dividends per share	¥ 13.00	¥ 12.00
Interim	¥ 6.00	¥ 6.00
Year-ended	¥ 7.00	¥ 6.00
Total amount of yearly dividends	¥ 1,991 million	¥ 1,838 million
Dividend pay-out ratio	44.4%	27.2%
Dividend to shareholders' equity	1.7%	1.7%

including commemorative dividend per share ¥1.00

(3) Financial conditions

	<u>Year ended November 30, 2004</u>	<u>Year ended November 30, 2003</u>
Total assets	¥ 188,772 million	¥ 190,335 million
Shareholders' equity	¥ 115,012 million	¥ 111,395 million
Equity ratio	60.9%	58.5%
Shareholders' equity per share	¥ 750.44	¥ 726.74
(Notes)		
1. Number of outstanding shares	153,200,172 shares	153,208,682 shares
2. Number of treasury stock	2,264,343 shares	2,255,833 shares

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	¥ 118,000 million	¥ 234,800 million
Ordinary income	¥ 4,000 million	¥ 7,700 million
Net income	¥ 2,200 million	¥ 4,200 million
Dividends per share		
Interim	¥ 6.50	-
Yearly	-	¥ 6.50
(Reference) Estimate of yearly net income per share		¥ 27.12

(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.

Q.P. CORPORATION

Non-Consolidated Balance Sheets

NOVEMBER 30, 2004 AND 2003

(Millions of yen)

ASSETS	2004	2003
CURRENT ASSETS:		
Cash and deposits	10,832	16,460
Notes	663	1,097
Accounts receivable	35,395	43,505
Inventories	8,135	8,892
Short-term loans receivable	25,568	17,700
Deferred tax assets	660	901
Other	3,386	3,236
Allowance for doubtful accounts	(212)	(238)
Total current assets	84,430	91,555
FIXED ASSETS:		
Tangible fixed assets		
Buildings	24,630	24,991
Machinery and equipment	16,881	16,823
Land	15,822	15,822
Construction in progress	1,314	1,032
Other	2,600	2,640
Total tangible fixed assets	61,249	61,311
Intangible fixed assets	1,533	1,499
Investments and other assets		
Investment in securities	14,379	11,097
Stocks of subsidiaries and affiliated companies	19,258	19,636
Prepaid pension costs	3,834	956
Other	4,701	4,685
Allowance for doubtful accounts	(613)	(405)
Total investment and other assets	41,559	35,970
Total fixed assets	104,342	98,780
Total assets	188,772	190,335

LIABILITIES AND SHAREHOLDERS' EQUITY	2004	2003
CURRENT LIABILITIES:		
Accounts payable	22,206	26,937
Short-term loans payable	4,905	6,428
Current portion of convertible bonds	18,629	-
Accounts payable-other	8,075	10,313
Accrued income taxes	474	1,554
Reserve for sales rebates	968	1,127
Reserve for bonuses	245	298
Other	3,942	4,030
Total current liabilities	59,447	50,691
LONG-TERM LIABILITIES:		
Convertible bonds	-	18,629
Long-term loans payable	4,576	1,840
Reserve for directors' and corporate auditors' retirement pay	948	845
Deferred tax liabilities	1,859	86
Other	6,929	6,849
Total long-term liabilities	14,312	28,249
Total liabilities	73,760	78,940
SHAREHOLDERS' EQUITY:		
Capital stock	24,104	24,104
Capital surplus	29,418	29,418
Capital surplus reserve	29,418	29,418
Earned surplus	62,299	59,660
Earned surplus reserve	3,115	3,115
Voluntary retained earnings	54,447	49,590
Special depreciation reserve	61	63
Reserve for deduction entry of property replaced by purchase	2,126	2,127
Special account reserve for deduction entry of property replaced by purchase	59	-
General reserve	52,200	47,400
Unappropriated retained earnings	4,736	6,954
Unrealized valuation gain on other securities – net	1,484	498
Treasury stock	(2,294)	(2,287)
Total shareholders' equity	115,012	111,395
Total liabilities and shareholders' equity	188,772	190,335

Q.P. CORPORATION

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

(Millions of yen)

	2004	2003
NET SALES	230,110	268,958
COST OF SALES	158,229	185,156
Gross profit	71,880	83,801
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	64,607	73,184
Operating income	7,273	10,617
NON-OPERATING INCOME:		
Interest income and dividend receivable	861	1,259
Other	224	187
NON-OPERATING EXPENSES:		
Interest expense	279	302
Other	416	514
Ordinary income	7,663	11,248
EXTRAORDINARY GAINS:		
Gain on sales of stocks of subsidiaries and affiliated companies	409	-
Gain on sales of investment in securities	153	191
Gain on return of the entrusted government's portion of the welfare pension	412	-
Other	34	283
EXTRAORDINARY LOSSES:		
Loss on disposal of fixed assets	295	244
Loss on sales of stocks of subsidiaries and affiliated companies	152	-
Write-down of investment in securities	10	82
Other	526	172
Net income before income taxes	7,689	11,223
Income taxes	1,805	3,009
Income taxes deferred	1,354	1,407
Net income	4,529	6,805
Retained earnings at beginning of the year	1,126	1,068
Interim dividends	919	919
Unappropriated retained earnings	4,736	6,954

Q.P. CORPORATION

Proposal of Appropriated Retained Earnings

(Millions of yen)

	2004	2003
UNAPPROPRIATED RETAINED EARNINGS	4,736	6,954
REVERSAL OF VOLUNTARY RETAINED EARNINGS:		
Special depreciation reserve	18	19
Reserve for deduction entry of property replaced by purchase	20	1
	<u>38</u>	<u>20</u>
Total	<u>4,775</u>	<u>6,975</u>
APPROPRIATED RETAINED EARNINGS:		
Cash dividends	1,072	919
Directors' and corporate auditors' bonuses	44	52
Reserve for voluntary retained earnings		
Special depreciation reserve	6	16
Special account reserve for deduction entry of property replaced by purchase	-	59
General reserve	2,500	4,800
	<u>2,506</u>	<u>4,876</u>
	<u>3,623</u>	<u>5,848</u>
UNAPPROPRIATED RETAINED EARNINGS OF CARRY FORWARD TO NEXT YEAR	1,151	1,126

(Note) Special depreciation reserve, reserve for deduction entry of property replaced by purchase, and special account reserve for deduction entry of property replaced by purchase are accounted for in conformity with Corporation Income Tax Law and the Special Taxation Measures Law.

1. SIGNIFICANT ACCOUNTING POLICIES

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

a. Valuation basis and valuation methods for significant assets

Securities

1. Stocks of subsidiaries and affiliated companies are stated at moving average cost.
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 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.

Prior service liabilities are amortized by the straight-line method over twelve years based on the average remaining employees' service years and their amortization starts in the respective accrual years.

Actuarial gains or losses are amortized by the straight-line method over twelve years based on the average remaining employees' service years and their amortizations start in the next year of the respective accrual years.

As the pension fund assets exceeded retirement benefit obligations in the current fiscal year, its excess amounts were accounted for as prepaid pension costs in investments and other assets.

Retirement benefits systems of the Company consist of a defined benefit corporate pension plan (Fund-type and Contract-type).

(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 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 ¥ 9,212 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 ¥ 412 million whose amount has an effect on the financial statements as an extraordinary gain.

Reserve for directors' and corporate auditors' retirement pay

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

d. Accounting for 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.

e. 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 requirements 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 the 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.

f. Accounting for consumption tax

Consumption taxes are recorded in separate accounts.

2. NOTES TO BALANCE SHEETS

	Millions of yen	
	<u>November 30, 2004</u>	<u>November 30, 2003</u>
(1) Accumulated depreciation of tangible fixed assets	91,594	86,775
(2) Contingent liabilities (guarantees)	2,907	3,352
(3) Treasury stock	2,294	2,287
(Including treasury stock for stock option granted)	(2,264,343 shares)	(2,255,833 shares)

3. NOTES TO STATEMENTS OF INCOME

	Millions of yen	
	<u>November 30, 2004</u>	<u>November 30, 2003</u>
(1) Detail of extraordinary losses – other		
Allowance for doubtful accounts	208	-
(2) Research and development costs included in selling, general and administrative expenses	2,159	2,479

(Notes) Research and development cost is all included in general and administrative expenses.

4. 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
Tools, furniture and fixtures	1,668	1,137	530
Auto and transportation equipment	1,071	644	427
Computer software	162	106	55
Machinery and equipment	213	111	101
Total	3,115	2,000	1,115

- b. Future lease payments

Due within one year	¥ 571	million
Due over one year	¥ 559	million
Total	<u>¥ 1,131</u>	million

- c. Lease payments, depreciation and estimated interest expense

Lease payment	¥ 736	million
Depreciation expense	¥ 710	million
Estimated interest expense	¥ 23	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
Tools, furniture and fixtures	2,337	1,743	594
Auto and transportation equipment	1,057	677	380
Computer software	156	101	54
Total	3,552	2,522	1,029

- b. Future lease payments

Due within one year	¥ 550	million
Due over one year	¥ 491	million
Total	<u>¥ 1,042</u>	million

- c. Lease payments, depreciation and estimated interest expense

Lease payments	¥ 802	million
Depreciation expense	¥ 775	million
Estimated interest expense	¥ 20	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. The 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 lesser. Such calculated interest is allocated to the respective fiscal years by the interest-method.

5. SECURITIES

Securities (except for stocks of subsidiaries and affiliated companies with fair value) in the previous and current consolidation fiscal year are presented on Notes to the consolidated financial statements.

Current fiscal year (as of November 30, 2004)

Securities

Stocks of subsidiaries and affiliated companies with fair value

(Millions of yen)

Description	Book value	Fair value	Unrealized gain(loss)
Stocks of subsidiaries	3,472	8,467	4,995
Stocks of affiliated companies	290	1,338	1,047
Total	3,763	9,806	6,043

6. TAX-EFFECT ACCOUNTING

(Millions of yen)

	Current fiscal year (As of November 30, 2004)	Previous fiscal year (As of November 30, 2003)
The principal details of deferred tax assets and liabilities are as follows:		
Deferred tax assets		
Current assets		
Reserve for sales rebates	394	473
Accrued enterprise taxes	38	155
Other	227	272
Total	660	901
Fixed assets		
Trust to cover retirement benefit obligations	1,442	1,442
Reserve for directors' and corporate auditors' retirement pay	385	343
Other	475	354
Sub Total	2,303	2,139
Valuation reserve	(62)	-
Total	2,241	2,139
Total deferred tax assets	2,902	3,040
Deferred tax liabilities		
Long-term liabilities		
Prepaid pension costs	(1,560)	(344)
Reserve for deduction entry of property replaced by purchase	(1,486)	(1,478)
Special depreciation reserve	(34)	(42)
Unrealized valuation gain on other securities – net	(1,019)	(360)
Total	(4,100)	(2,225)
Total deferred tax liabilities	(4,100)	(2,225)
Net deferred tax assets (liabilities)	(1,198)	815

7. SIGNIFICANT SUBSEQUENT EVENT

None

Detail of Sales

(Millions of yen)

	Year ended November 30, 2004		Year ended November 30, 2003	
	Amount	Component ratio	Amount	Component ratio
Mayonnaise and dressings	98,542	42.82%	100,240	37.27%
Fruit applications and cooked foods	47,485	20.64	50,597	18.81
Egg products	43,715	19.00	77,042	28.64
Healthcare products	14,291	6.21	14,471	5.38
Vegetables and salads	22,518	9.79	23,279	8.66
Rental of facilities	3,557	1.55	3,326	1.24
Total	230,110	100.00	268,958	100.00

(Notes) The sales of egg products decreased mainly because the company separated the sales department of Egg materials (liquids, frozen, dried eggs) and transferred its department to the consolidated subsidiary (QP egg corporation) on October 1, 2003.