

Q.P. CORPORATION

BRIEFING OF THE ACCOUNT

(NON-CONSOLIDATION)

FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2005

(Translation)

January 11, 2006

**BRIEFING OF THE ACCOUNT (NON-CONSOLIDATION)
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2005**

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. +81-3-3486-3331
Board of directors for approval of the account:	January 11, 2006
Ordinary general meeting of shareholders:	February 22, 2006
Date of the dividend payment:	February 23, 2006

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, 2005 (From December 1, 2004 to November 30, 2005):

(1) Operating results

	<u>Year ended November 30, 2005</u>	<u>Year ended November 30, 2004</u>
Net sales	¥ 232,668 million (1.1%)	¥ 230,110 million (-14.4%)
Operating income	¥ 6,074 million (-16.5%)	¥ 7,273 million (-31.5%)
Ordinary income	¥ 6,453 million (-15.8%)	¥ 7,663 million (-31.9%)
Net income	¥ 3,769 million (-16.8%)	¥ 4,529 million (-33.4%)
Net income per share-primary	¥ 24.44	¥ 29.27
Net income per share-diluted	¥ 22.83	¥ 27.21
Return on equity	3.2%	4.0%
Ordinary income to total assets	3.4%	4.0%
Ordinary income to net sales	2.8%	3.3%
(Notes)		
1. Weighted average number of shares	153,006,803 shares	153,204,360 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, 2005</u>	<u>Year ended November 30, 2004</u>
Dividends per share	¥ 13.00	¥ 13.00
Interim	¥ 6.50	¥ 6.00
Year-ended	¥ 6.50	¥ 7.00
Total amount of yearly dividends	¥ 1,988 million	¥ 1,991 million
Dividend pay-out ratio	53.2%	44.4%
Dividend to shareholders' equity	1.7%	1.7%

(3) Financial conditions

	<u>Year ended</u> <u>November 30, 2005</u>	<u>Year ended</u> <u>November 30, 2004</u>
Total assets	¥ 189,865 million	¥ 188,772 million
Shareholders' equity	¥ 118,987 million	¥ 115,012 million
Equity ratio	62.7%	60.9%
Shareholders' equity per share	¥ 777.57	¥ 750.44
(Notes)		
1. Number of outstanding shares	152,986,058 shares	153,200,172 shares
2. Number of treasury stock	2,478,457 shares	2,264,343 shares

2. Estimate of operating results for the fiscal year ending November 30, 2006 (From December 1, 2005 to November 30, 2006):

	<u>Interim period</u>	<u>Yearly period</u>
Net sales	¥ 116,400 million	¥ 235,200 million
Ordinary income	¥ 4,000 million	¥ 7,000 million
Net income	¥ 2,100 million	¥ 3,650 million
Dividends per share		
Interim	¥ 6.50	-
Yearly	-	¥ 6.50
(Reference) Estimate of yearly net income per share	¥ 23.65	

(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, 2005 AND 2004

(Millions of yen)

ASSETS	2005	2004
CURRENT ASSETS:		
Cash and deposits	10,182	10,832
Notes	587	663
Accounts receivable	34,294	35,395
Inventories	7,832	8,135
Short-term loans receivable	25,301	25,568
Deferred tax assets	621	660
Other	2,796	3,386
Allowance for doubtful accounts	(208)	(212)
Total current assets	81,407	84,430
FIXED ASSETS:		
Tangible fixed assets		
Buildings	23,609	24,630
Machinery and equipment	16,325	16,881
Land	16,171	15,822
Construction in progress	1,369	1,314
Other	2,520	2,600
Total tangible fixed assets	59,996	61,249
Intangible fixed assets	1,511	1,533
Investments and other assets		
Investment in securities	16,501	14,379
Stocks of subsidiaries and affiliated companies	19,249	19,258
Prepaid pension costs	6,625	3,834
Other	5,178	4,701
Allowance for doubtful accounts	(603)	(613)
Total investment and other assets	46,951	41,559
Total fixed assets	108,458	104,342
Total assets	189,865	188,772

LIABILITIES AND SHAREHOLDERS' EQUITY	2005	2004
CURRENT LIABILITIES:		
Accounts payable	21,114	22,206
Short-term loans payable	10,358	4,905
Current portion of convertible bonds	-	18,629
Accounts payable-other	8,388	8,075
Accrued income taxes	447	474
Reserve for sales rebates	726	968
Reserve for bonuses	258	245
Other	3,613	3,942
Total current liabilities	44,906	59,447
LONG-TERM LIABILITIES:		
Bonds	10,000	-
Long-term loans payable	4,312	4,576
Reserve for directors' and corporate auditors' retirement pay	455	948
Deferred tax liabilities	4,852	1,859
Other	6,352	6,929
Total long-term liabilities	25,971	14,312
Total liabilities	70,878	73,760
SHAREHOLDERS' EQUITY:		
Capital stock	24,104	24,104
Capital surplus	29,418	29,418
Capital surplus reserve	29,418	29,418
Earned surplus	63,957	62,299
Earned surplus reserve	3,115	3,115
Voluntary retained earnings	56,915	54,447
Special depreciation reserve	49	61
Reserve for deduction entry of property replaced by purchase	2,105	2,126
Special account reserve for deduction entry of property replaced by purchase	59	59
General reserve	54,700	52,200
Unappropriated retained earnings	3,927	4,736
Unrealized valuation gain on other securities – net	3,994	1,484
Treasury stock	(2,487)	(2,294)
Total shareholders' equity	118,987	115,012
Total liabilities and shareholders' equity	189,865	188,772

Q.P. CORPORATION

Non-Consolidated Statements of Income
FOR THE FISCAL YEARS ENDED NOVEMBER 30, 2005 AND 2004

(Millions of yen)

	2005	2004
NET SALES	232,668	230,110
COST OF SALES	160,486	158,229
Gross profit	72,181	71,880
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	66,106	64,607
Operating income	6,074	7,273
NON-OPERATING INCOME:		
Interest income and dividend receivable	745	861
Other	359	224
NON-OPERATING EXPENSES:		
Interest expense	283	279
Other	444	416
Ordinary income	6,453	7,663
EXTRAORDINARY GAINS:		
Gain on sales of investment in securities	139	153
Reversal of allowance for doubtful accounts	82	-
Gain on sales of stocks of subsidiaries and affiliated companies	-	409
Gain on return of the entrusted government's portion of the welfare pension	-	412
Other	0	34
EXTRAORDINARY LOSSES:		
Loss on disposal of fixed assets	363	295
Loss on sales of stocks of subsidiaries and affiliated companies	-	152
Write-down of investment in securities	6	10
Other	294	526
Net income before income taxes	6,011	7,689
Income taxes	930	1,805
Income taxes deferred	1,310	1,354
Net income	3,769	4,529
Retained earnings at beginning of the year	1,151	1,126
Interim dividends	994	919
Unappropriated retained earnings	3,927	4,736

Q.P. CORPORATION

Proposal of Appropriated Retained Earnings

(Millions of yen)

	2005	2004
UNAPPROPRIATED RETAINED EARNINGS	3,927	4,736
REVERSAL OF VOLUNTARY RETAINED EARNINGS:		
Special depreciation reserve	15	18
Reserve for deduction entry of property replaced by purchase	29	20
Special account reserve for deduction entry of property replaced by purchase	59	-
	105	38
Total	4,032	4,775
APPROPRIATED RETAINED EARNINGS:		
Cash dividends	994	1,072
Directors' and corporate auditors' bonuses	30	44
Reserve for voluntary retained earnings		
Special depreciation reserve	5	6
Reserve for deduction entry of property replaced by purchase	60	-
General reserve	1,800	2,500
	1,866	2,506
	2,891	3,623
UNAPPROPRIATED RETAINED EARNINGS OF CARRY FORWARD TO NEXT YEAR	1,141	1,151

(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. Deferred assets

Bond issue costs were amortized fully when incurred.

d. 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).

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.

e. 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.

f. 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.

g. Accounting for consumption tax

Consumption taxes are recorded in separate accounts.

(Additional information)

Representation on the statement of income regarding an external tax (say the external standard taxation) levied on added value amounts and capital amounts composing corporate enterprise tax

The law for revision of a part of the local tax law (law No 9 of 2003) was promulgated on March 31, 2003, and the external standard taxation system levied on the external of enterprise was enforced from the fiscal year beginning April 1, 2004.

Thereby, a tax levied on the external standard is included in selling, general and administrative expenses from the current fiscal year in accordance with "Practical guidance for representation on statement of income regarding a tax levied on the external standard"(Practical report No 12 issued by Accounting Standards Board of Japan on February 13, 2004).

As a result, selling, general and administrative expenses increased by ¥ 216 million and operating income, ordinary income and net income before income taxes decreased by the same amount respectively.

2. NOTES TO BALANCE SHEETS

	Millions of yen	
	<u>November 30, 2005</u>	<u>November 30, 2004</u>
(1) Accumulated depreciation of tangible fixed assets	95,899	91,594
(2) Contingent liabilities (guarantees)	3,290	2,907
(3) Treasury stock	2,487	2,294
(Including treasury stock for stock option granted)	(2,478,457 shares)	(2,264,343 shares)

3. NOTES TO STATEMENTS OF INCOME

	Millions of yen	
	<u>November 30, 2005</u>	<u>November 30, 2004</u>
(1) Detail of extraordinary losses – other		
Allowance for doubtful accounts	19	208
(2) Research and development costs included in selling, general and administrative expenses	2,271	2,159

(Notes) Research and development costs are 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, 2005

- 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	1,131	532	599
Auto and transportation equipment	739	337	401
Machinery and equipment	190	118	71
Computer software	90	53	37
Total	2,152	1,041	1,110

- b. Future lease payments

Due within one year	¥ 538	million
Due over one year	¥ 586	million
Total	<u>¥ 1,124</u>	million

- c. Lease payments, depreciation and estimated interest expense

Lease payment	¥ 663	million
Depreciation expense	¥ 640	million
Estimated interest expense	¥ 21	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, 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
Machinery and equipment	213	111	101
Computer software	162	106	55
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 payments	¥ 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 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.

Securities

Stocks of subsidiaries and affiliated companies with fair value

(Millions of yen)

Description	November 30, 2005			November 30, 2004		
	Book value	Fair value	Unrealized gain (loss)	Book value	Fair value	Unrealized gain (loss)
Stocks of subsidiaries	3,472	9,921	6,448	3,472	8,467	4,995
Stocks of affiliated companies	290	1,871	1,580	290	1,338	1,047
Total	3,763	11,792	8,029	3,763	9,806	6,043

6. TAX-EFFECT ACCOUNTING

(Millions of yen)

	Current fiscal year (As of November 30, 2005)	Previous fiscal year (As of November 30, 2004)
The principal details of deferred tax assets and liabilities are as follows:		
Deferred tax assets		
Current assets		
Reserve for sales rebates	295	394
Accrued enterprise taxes	83	38
Other	243	227
Total	621	660
Fixed assets		
Trust to cover retirement benefit obligations	1,442	1,442
Reserve for directors' and corporate auditors' retirement pay	185	385
Other	512	475
Sub Total	2,140	2,303
Valuation reserve	(61)	(62)
Total	2,078	2,241
Total deferred tax assets	2,700	2,902
Deferred tax liabilities		
Long-term liabilities		
Prepaid pension costs	(2,696)	(1,560)
Reserve for deduction entry of property replaced by purchase	(1,466)	(1,486)
Special depreciation reserve	(27)	(34)
Unrealized valuation gain on other securities – net	(2,741)	(1,019)
Total	(6,931)	(4,100)
Total deferred tax liabilities	(6,931)	(4,100)
Net deferred tax assets (liabilities)	(4,230)	(1,198)

7. SIGNIFICANT SUBSEQUENT EVENT

None