

**Q.P. CORPORATION**

**BRIEFING OF THE ACCOUNT**

**(NON-CONSOLIDATION)**

**FOR THE INTERIM PERIOD ENDED MAY 31, 2005**

(Translation)

July 11, 2005

**BRIEFING OF THE ACCOUNT (NON-CONSOLIDATED)  
FOR THE INTERIM PERIOD ENDED MAY 31, 2005**

Listed corporate name:	KEWPIE KABUSHIKI-KAISHA
English corporate name:	Q.P. Corporation
Security code number:	2809
URL:	<a href="http://www.kewpie.co.jp/english/">http://www.kewpie.co.jp/english/</a>
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 held for the interim closing:	July 11, 2005
The Company makes interim dividends.	
Beginning date on payment of interim dividend:	August 8, 2005
The unit of shares for one vote is 100 shares.	

1. Business results for the interim period ended May 31, 2005 (From December 1, 2004 to May 31, 2005):

(1) Operating results

	Interim period ended <u>May 31, 2005</u>	Interim period ended <u>May 31, 2004</u>	Year ended <u>November 30, 2004</u>
Net sales	¥ 115,830 million (-1.3%)	¥ 117,345 million (-13.2%)	¥ 230,110million
Operating income	¥ 3,416million (-26.0%)	¥ 4,619million (-22.7%)	¥ 7,273million
Ordinary income	¥ 3,639million (-25.9%)	¥ 4,913million (-26.2%)	¥ 7,663 million
Net income	¥ 2,084million (-22.2%)	¥ 2,679million (-20.3%)	¥ 4,529million
Net income per share	¥ 13.62	¥ 17.49	¥ 29.27

(Notes)

- Weighted average number of shares  
153,025,638 shares      153,206,187 shares      153,204,360shares
- Changes in accounting principles in the current interim period  
None
- The percentage (%) of Net sales, Operating income, Ordinary income and Net income is year to year percentage change.

(2) Dividend per share

	Interim period ended <u>May 31, 2005</u>	Interim period ended <u>May 31, 2004</u>	Year ended <u>November 30, 2004</u>
Interim dividend	¥ 6.50	¥ 6.00	-
Annual dividend	-	-	¥ 13.00

(3) Financial conditions

	Interim period ended <u>May 31, 2005</u>	Interim period ended <u>May 31, 2004</u>	Year ended <u>November 30, 2004</u>
Total assets	¥ 192,012 million	¥ 188,790 million	¥ 188,772 million
Shareholders' equity	¥ 116,331 million	¥ 114,202 million	¥ 115,012 million
Equity ratio	60.6%	60.5%	60.9%
Shareholders' equity per share	¥ 760.39	¥ 745.43	¥ 750.44
(Notes)			
1. Number of outstanding shares	152,989,863 shares	153,205,129 shares	153,200,172 shares
2. Number of treasury stock	2,474,652 shares	2,259,386 shares	2,264,343 shares

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

	<u>Year ending November 30, 2005</u>
Net sales	¥ 233,900 million
Ordinary income	¥ 6,860 million
Net income	¥ 3,820 million
Dividend per share for the year	¥ 6.50
(at end of the year)	¥ 13.00
(Reference) Estimate of yearly net income per share	¥ 24.97

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

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**

(Millions of yen)

<b>ASSETS</b>	<b>May 31, 2005</b>	<b>May 31, 2004</b>	<b>November 30, 2004</b>
<b>CURRENT ASSETS:</b>			
Cash and deposits	6,358	8,074	10,832
Notes	943	756	663
Accounts receivable	40,017	40,792	35,395
Inventories	9,578	8,108	8,135
Short-term loans receivable	26,740	25,369	25,568
Deferred tax assets	660	901	660
Other	2,460	2,091	3,386
Allowance for doubtful accounts	(224)	(215)	(212)
Total current assets	86,537	85,879	84,430
<b>FIXED ASSETS:</b>			
Tangible fixed assets			
Buildings	23,980	24,747	24,630
Machinery and equipment	16,220	16,190	16,881
Land	15,822	15,822	15,822
Construction in progress	1,071	2,326	1,314
Other	2,521	2,602	2,600
Total tangible fixed assets	59,617	61,689	61,249
Intangible fixed assets	1,402	1,453	1,533
Investments and other assets			
Investment in securities	15,350	13,904	14,379
Stocks of subsidiaries and affiliated companies	19,324	19,505	19,258
Prepaid pension costs	5,127	2,194	3,834
Other	5,331	4,673	4,701
Allowance for doubtful accounts	(677)	(508)	(613)
Total investments and other assets	44,456	39,768	41,559
Total fixed assets	105,475	102,911	104,342
Total assets	192,012	188,790	188,772

**LIABILITIES AND****SHAREHOLDERS' EQUITY**

	May 31, 2005	May 31, 2004	November 30, 2004
<b>CURRENT LIABILITIES:</b>			
Accounts payable	24,167	24,211	22,206
Short-term loans payable	6,027	5,199	4,905
Current portion of convertible bonds	18,629	-	18,629
Accounts payable-other	7,042	9,441	8,075
Accrued income taxes	1,451	1,819	474
Reserve for sales rebates	1,253	2,088	968
Reserve for bonuses	831	950	245
Other	2,860	1,999	3,942
<b>Total current liabilities</b>	<b>62,262</b>	<b>45,710</b>	<b>59,447</b>
<b>LONG-TERM LIABILITIES:</b>			
Convertible bonds	-	18,629	-
Long-term loans payable	4,444	1,708	4,576
Reserve for directors' and corporate auditors' retirement pay	399	882	948
Deferred tax liabilities	2,229	884	1,859
Other	6,345	6,773	6,929
<b>Total long-term liabilities</b>	<b>13,418</b>	<b>28,877</b>	<b>14,312</b>
<b>Total liabilities</b>	<b>75,681</b>	<b>74,587</b>	<b>73,760</b>
<b>SHAREHOLDERS' EQUITY:</b>			
Capital stock	24,104	24,104	24,104
Capital surplus	29,418	29,418	29,418
Capital surplus reserve	29,418	29,418	29,418
Earned surplus	63,266	61,369	62,299
Earned surplus reserve	3,115	3,115	3,115
Voluntary retained earnings	56,915	54,447	54,447
Unappropriated retained earnings	3,235	3,806	4,736
Unrealized valuation gain on other securities – net	2,024	1,600	1,484
Treasury stock	(2,483)	(2,290)	(2,294)
<b>Total shareholders' equity</b>	<b>116,331</b>	<b>114,202</b>	<b>115,012</b>
<b>Total liabilities and shareholders' equity</b>	<b>192,012</b>	<b>188,790</b>	<b>188,772</b>

Q.P. Corporation

**Non-Consolidated Statements of Income**

(Millions of yen)

	Interim period ended May 31, 2005	Interim period ended May 31, 2004	Year ended November 30, 2004
NET SALES	115,830	117,345	230,110
COST OF SALES	80,237	79,949	158,229
Gross profit	35,593	37,395	71,880
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	32,177	32,776	64,607
Operating income	3,416	4,619	7,273
NON-OPERATING INCOME:			
Interest income and dividend receivable	451	556	861
Other	117	88	224
NON-OPERATING EXPENSES:			
Interest expense	138	144	279
Other	207	206	416
Ordinary income	3,639	4,913	7,663
EXTRAORDINARY GAINS:			
Gain on sales of investment in securities	-	136	153
Gain on sales of stocks of subsidiaries and affiliated companies	-	19	409
Gain on the return of the entrusted government's portion of the welfare pension	-	-	412
Other	0	3	34
EXTRAORDINARY LOSSES:			
Loss on disposal of fixed assets	182	188	295
Loss on sales of stocks of subsidiaries and affiliated companies	-	152	152
Other	167	275	537
Net income before income taxes	3,290	4,457	7,689
Income taxes	1,206	1,777	1,805
Income taxes deferred	-	-	1,354
Net income	2,084	2,679	4,529
Retained earnings at beginning of the year	1,151	1,126	1,126
Interim dividends	-	-	919
Unappropriated retained earnings	3,235	3,806	4,736

## 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 the 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 of fixed assets

#### 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 a 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 at end of the current interim period 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 a certain period twelve years within an average remaining service period of employees, 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 will start in the next year of the respective accrual years.

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

Retirement benefit systems of the Company consist of a defined benefit pension plan (Fund type and Bylaw 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 interim period 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 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.

g. Tax effect accounting

The Company adopts a tax effect accounting, a so called the simple method that the company used the effective tax rate gotten by dividing yearly estimated tax expenses by yearly estimated net income before taxes and calculated by multiplying interim net income before taxes by the above tax rate, as a result, tax adjustment amounts calculated like that are included in income taxes.

(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 2004) 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, tax levied on the external standard is included in selling, general and administrative expenses from the current interim 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).

As a result, selling, general and administrative expenses increased by ¥ 99 million and operating income, ordinary income and net income before income taxes decreased by the same amount.

## NOTES TO BALANCE SHEETS

	Millions of yen		
	May 31, 2005	May 31, 2004	November 30, 2004
(1) Accumulated depreciation of tangible fixed assets	93,682	88,673	91,594
(2) Contingent liabilities (guarantees)	2,904	2,763	2,907
(3) Treasury stock	2,483	2,290	2,294
(Including treasury stock for stock option granted)	(2,474,652 shares)	(2,259,386 shares)	(2,264,343 shares)

## NOTES TO STATEMENTS OF INCOME

	Millions of yen		
	Interim period ended May 31, 2005	Interim period ended May 31, 2004	Year ended November 30, 2004
Depreciation expense			
Tangible fixed assets	3,090	3,099	6,613
Intangible fixed assets	267	246	500
Long-term prepaid expenses	113	137	257

## LEASE TRANSACTIONS

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

Interim period ended May 31, 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	1,412	820	592
Auto and transportation equipment	737	449	288
Computer software	136	85	50
Machinery equipment	310	137	173
Total	2,597	1,492	1,104

- b. Future lease payments

Due within one year	¥ 550 million
Due over one year	¥ 569 million
Total	¥ 1,119 million

- c. Lease payments, depreciation and estimated interest expense

Lease payments	¥ 358 million
Depreciation expense	¥ 346 million
Estimated interest expense	¥ 11 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.

Interim period ended May 31, 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	1,419	846	573
Auto and transportation equipment	859	500	358
Computer software	158	92	66
Total	2,437	1,439	998

b. Future lease payments

Due within one year	¥ 523 million
Due over one year	¥ 486 million
Total	<u>¥ 1,009 million</u>

c. Lease payments, depreciation and estimated interest expense

Lease payments	¥ 343 million
Depreciation expense	¥ 333 million
Estimated interest expense	¥ 9 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.

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 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	¥ 1,131 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. 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.

## SECURITIES

Stocks of subsidiaries and affiliated companies with fair value

Interim period ended May 31, 2005

(Millions of yen)

Description	Book value	Fair value	Unrealized gain (loss)
Stocks of subsidiaries	3,472	8,845	5,372
Stocks of affiliated companies	290	1,511	1,220
Total	3,763	10,356	6,593

Interim period ended May 31, 2004

(Millions of yen)

Description	Book value	Fair value	Unrealized gain (loss)
Stocks of subsidiaries	3,719	12,249	8,529
Stocks of affiliated companies	290	1,305	1,015
Total	4,009	13,554	9,545

Year ended November 30, 2004

(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

## SIGNIFICANT SUBSEQUENT EVENT

None