

**Q.P. CORPORATION**

**BRIEF NOTE OF THE ACCOUNT**

**FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2008**

(Translation)

January 13, 2009

**BRIEF NOTE OF THE ACCOUNT  
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2008**

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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
Name and title of representative:	Yutaka Suzuki President and Representative Director
Contact for inquiries:	Katsuhiko Sasaki Executive Managing Director and General Manager of Administration Division Tel. +81-3-3486-3331
Scheduled date for ordinary general meeting of shareholders:	February 20, 2009
Scheduled date for dividend payment:	February 23, 2009
Scheduled date for filing of annual report:	February 23, 2009

1. Consolidated business results for the fiscal year ended November 30, 2008 (From December 1, 2007 to November 30, 2008):

(1) Operating results - consolidated

	<u>Year ended November 30, 2008</u>	<u>Year ended November 30, 2007</u>
Net sales	¥ 473,951 million (1.3%)	¥ 468,006 million (2.6%)
Operating income	¥ 14,036 million (-11.3%)	¥ 15,824 million (11.8%)
Ordinary income	¥ 14,184 million (-10.4%)	¥ 15,836 million (11.0%)
Net income	¥ 7,721 million (5.4%)	¥ 7,328 million (20.7%)
Net income per share-primary	¥ 50.77	¥ 47.96
Net income per share-diluted	-	-
Return on equity	5.4%	5.3%
Ordinary income to total assets	4.9%	5.4%
Operating income to net sales	3.0%	3.4%
(Notes)		
1. Equity income	¥ 89 million	¥ 122 million
2. 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 - consolidated

	<u>Year ended November 30, 2008</u>	<u>Year ended November 30, 2007</u>
Total assets	¥ 291,792 million	¥ 292,823 million
Net assets	¥ 163,580 million	¥ 161,140 million
Equity ratio	49.0%	48.3%
Net assets per share	¥ 941.79	¥ 925.46
(Note)		
Equity	¥ 142,905 million	¥ 141,398 million

### (3) Cash flows - consolidated

	<u>Year ended November 30, 2008</u>	<u>Year ended November 30, 2007</u>
Net cash provided by operating activities	¥ 14,466 million	¥ 22,331 million
Net cash used in investing activities	- ¥ 9,687 million	- ¥ 11,166 million
Net cash used in financing activities	- ¥ 5,712 million	- ¥ 2,757 million
Cash and cash equivalents at the end of the year	¥ 26,705 million	¥ 27,699 million

### 2. Dividend status- consolidated:

	<u>Year ended November 30, 2008(Actual)</u>	<u>Year ending November 30, 2009 (Estimate)</u>	<u>Year ended November 30, 2007(Actual)</u>
Dividend per share:			
Second Quarter	¥ 7.00	¥ 7.50	¥ 7.00
Year-end	¥ 8.00	¥ 7.50	¥ 7.00
Annual Dividend per share	¥ 15.00	¥ 15.00	¥ 14.00
Total amount of annual dividends	¥ 2,276 million	-	¥ 2,139 million
Dividend pay-out ratio	29.5%	26.8%	29.2%
Dividend to Shareholders' equity	1.6%	-	1.5%

### 3. Estimate of consolidated operating results for the fiscal year ending November 30, 2009 (From December 1, 2008 to November 30, 2009):

	<u>Second quarter</u>	<u>Year-end</u>
Net sales	¥ 238,000 million (1.3%)	¥ 480,000 million (1.3%)
Operating income	¥ 6,000 million (-10.1%)	¥ 16,500 million (17.6%)
Ordinary income	¥ 6,000 million (-10.2%)	¥ 16,500 million (16.3%)
Net income	¥ 2,900 million (-6.8%)	¥ 8,500 million (10.1%)
Net income per share	¥ 19.11	¥ 56.02

(Notes)

The percentage (%) of "Net sales", "Operating income", "Ordinary income" and "Net income" is the ratio of increase or decrease compared with the previous year.

#### 4. Other:

- (1) Changes of important subsidiaries during the period (Changes of specific subsidiaries due to change in scope of consolidation): No
- (2) Changes in accounting principles and procedures, and disclosures for consolidated financial statements
  - a) Changes resulting from revision to accounting standards: No
  - b) Changes other than “a”: Yes

(Note)

For more details, please refer to “Changes in accounting policy on basis of presentations for consolidated financial statements.”

- (3) Number of share issued (common shares)

	Year ended <u>November 30, 2008</u>	Year ended <u>November 30, 2007</u>
Number of shares issued (including treasury stock)	155,464,515 shares	155,464,515 shares
Number of treasury stock	3,726,451 shares	2,676,952 shares

(Note)

For basis for calculating net income per share (consolidated), please refer to “per share data.”

#### Cash flow index

	Nov.2004	Nov.2005	Nov.2006	Nov.2007	Nov.2008
Equity ratio (%)	48.4	49.8	47.3	48.3	49.0
Equity ratio based on market price (%)	52.7	58.6	54.6	59.3	55.3
Debt service coverage (%)	2.5	2.4	2.0	1.9	2.8
Interest coverage ratio (times)	27.9	29.5	42.1	32.9	21.6

(Notes)

1. Each index is calculated based on consolidated financial figures.
2. “Equity ratio”=Shareholders' equity / Total assets \*1  
“Equity ratio based on market price”=Market value of total stock/ Total assets \*2  
“Debt service coverage”=Interest-bearing debt/ Cash flow \*3, \*4  
“Interest coverage ratio”=Cash flow / Interest paid \*4

\*1. “Shareholder's equity” is calculated by the following formula.

“Shareholder's equity”=Net assets – Stock subscription rights – Minority interests

\*2. “Market value of total stock” is calculated by multiplying the final market price by the number of outstanding shares at the end of the fiscal year (excluding treasury stock).

\*3. “Interest-bearing debt” includes all debts in the actually consolidated balance sheet, whose interest is paid.

\*4. “Cash flow” and “Interest paid” are 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, 2008 AND 2007**

(Millions of yen)

	<b>2008</b>	<b>2007</b>
<b>ASSETS:</b>		
<b>CURRENT ASSETS:</b>		
Cash and deposits	25,260	26,603
Notes and accounts receivable	71,476	70,120
Securities	5,000	5,000
Inventories	18,432	16,971
Deferred tax assets	1,595	1,768
Other	4,307	4,376
Allowance for doubtful accounts	(464)	(518)
Total current assets	125,607	124,321
<b>FIXED ASSETS:</b>		
Tangible fixed assets		
Buildings and structures	121,303	118,674
Machinery, equipment and transportation equipment	121,966	119,656
Land	40,305	40,243
Construction in progress	2,280	1,856
Other	8,178	8,198
Accumulated depreciation	(175,864)	(169,359)
Total tangible fixed assets	118,170	119,270
Intangible fixed assets	2,246	2,473
Investments and other assets		
Investment in securities	17,683	21,987
Prepaid pension costs	17,673	-
Deferred tax assets	596	489
Other	9,982	24,345
Allowance for doubtful accounts	(166)	(186)
Total investment and other assets	45,768	46,635
Total fixed assets	166,184	168,379
<b>DEFERRED ASSETS:</b>		
Business commence costs	-	122
Total deferred assets	-	122
Total assets	291,792	292,823

	2008	2007
<b>LIABILITIES:</b>		
<b>CURRENT LIABILITIES:</b>		
Notes and accounts payable	49,160	38,804
Short-term loans payable	16,067	14,979
Current portion of bonds payable	10,000	-
Accounts payable-other	15,022	22,630
Accrued income taxes	1,744	4,019
Deferred tax liabilities	16	5
Reserve for sales rebates	692	1,314
Reserve for bonuses	764	824
Reserve for directors' and corporate auditors' bonuses	53	60
Other	7,908	8,007
Total current liabilities	101,431	90,646
<b>LONG-TERM LIABILITIES:</b>		
Bonds	500	10,500
Long-term loans payable	13,977	17,695
Deferred tax liabilities	7,527	7,732
Reserve for retirement benefits	2,304	2,296
Reserve for directors' and corporate auditors' retirement pay	147	852
Other	2,322	1,959
Total long-term liabilities	26,779	41,036
Total liabilities	128,211	131,683
<b>NET ASSETS:</b>		
<b>Shareholders' equity:</b>		
Paid-in capital	24,104	24,104
Capital surplus	29,432	29,432
Earned surplus	94,480	88,786
Treasury stock	(3,804)	(2,655)
Total owners' equity	144,212	139,667
<b>Valuation and translation adjustments:</b>		
Unrealized holding gain on securities	1,288	3,416
Unrealized gain (or loss) from hedging instruments	(74)	105
Translation adjustments	(2,522)	(1,790)
Total valuation and translation adjustments	(1,307)	1,731
Minority interests	20,675	19,741
Total net assets	163,580	161,140
Total liabilities and net assets	291,792	292,823

Q.P. CORPORATION

**Consolidated Statements of Income**  
**FOR THE FISCAL YEARS ENDED NOVEMBER 30, 2008 AND 2007**

(Millions of yen)

	<b>2008</b>	<b>2007</b>
NET SALES	473,951	468,006
COST OF SALES	367,285	356,299
Gross profit	106,665	111,707
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	92,629	95,882
Operating income	14,036	15,824
NON-OPERATING INCOME:		
Interest income and dividend receivable	713	747
Equity income	89	122
Other	508	474
NON-OPERATING EXPENSES:		
Interest expense	685	698
Other	476	634
Ordinary income	14,184	15,836
EXTRAORDINARY GAINS:		
Gain on sales of fixed assets	230	26
Gain on sales of investment in securities	174	141
Gain on sales of subsidiary's shares	985	-
Subsidy received	-	373
Other	98	169
EXTRAORDINARY LOSSES:		
Loss on sales and disposal of fixed assets	774	768
Loss on revaluation of investment in securities	404	35
Principal facilities transfer expenses	260	-
Other	356	551
Net income before income taxes and minority interests	13,876	15,192
Income taxes	3,680	4,628
Income taxes deferred	1,607	2,413
Minority interests	867	822
Net income	7,721	7,328

Q.P. CORPORATION

**Consolidated Statement of Changes in Net Assets**

(Millions of yen)

Current fiscal year (From December 1, 2007 to November 30, 2008)

	Shareholders' equity					Valuation and translation adjustments				Minority interests	Total net assets
	Paid-in capital	Capital surplus	Earned surplus	Treasury stock	Total Shareholders' equity	Unrealized holding gains (or losses) on investment securities	Unrealized gains (or losses) on hedging instruments	Translation adjustments	Total valuation and translation adjustments		
Balance at November 30, 2007	24,104	29,432	88,786	(2,655)	139,667	3,416	105	(1,790)	1,731	19,741	161,140
Changes of items during the fiscal year											
Increase in earned surplus resulting from increased number of subsidiaries			104		104						104
Dividends from surplus			(2,132)		(2,132)						(2,132)
Net income			7,721		7,721						7,721
Repurchase of treasury stock				(1,148)	(1,148)						(1,148)
Net changes other than shareholders' equity						(2,127)	(179)	(731)	(3,038)	934	(2,104)
Total changes during the fiscal year	—	—	5,693	(1,148)	4,544	(2,127)	(179)	(731)	(3,038)	934	2,440
Balance at November 30, 2008	24,104	29,432	94,480	(3,804)	144,212	1,288	(74)	(2,522)	(1,307)	20,675	163,580

Previous fiscal year (From December 1, 2006 to November 30, 2007)

	Shareholders' equity					Valuation and translation adjustments				Minority interests	Total net assets
	Paid-in capital	Capital surplus	Earned surplus	Treasury stock	Total Shareholders' equity	Unrealized holding gains (or losses) on investment securities	Unrealized gains (or losses) on hedging instruments	Translation adjustments	Total valuation and translation adjustments		
Balance at November 30, 2006	24,104	29,432	83,305	(2,268)	134,574	4,676	(5)	(1,905)	2,765	18,878	156,217
Changes of items during the fiscal year											
Increase in earned surplus resulting from increased number of subsidiaries			370		370						370
Dividends from surplus			(2,218)		(2,218)						(2,218)
Net income			7,328		7,328						7,328
Repurchase of treasury stock				(387)	(387)						(387)
Net changes other than shareholders' equity						(1,259)	111	114	(1,033)	862	(170)
Total changes during the fiscal year	—	—	5,480	(387)	5,093	(1,259)	111	114	(1,033)	862	4,922
Balance at November 30, 2007	24,104	29,432	88,786	(2,655)	139,667	3,416	105	(1,790)	1,731	19,741	161,140

Q.P. CORPORATION

**Consolidated Statements of Cash Flows**  
**FOR THE FISCAL YEARS ENDED NOVEMBER 30, 2008 AND 2007**

(Millions of yen)

	2008	2007
<b>I . CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income before income taxes and minority interests	13,876	15,192
Depreciation and amortization	13,408	12,388
Loss on impairment of fixed assets	-	227
Amortization of goodwill	25	31
Equity income	(89)	(122)
Loss on revaluation of investment in securities	404	35
Loss on revaluation of golf course memberships	45	0
Increase (decrease) in reserve for retirement benefits	8	(287)
Increase in prepaid pension cost	(3,565)	(3,514)
Decrease in reserve for directors' and corporate auditors' retirement pay	(705)	(374)
Increase (decrease) in reserve for sales rebates	(621)	76
Decrease in reserve for directors' and corporate auditors' bonuses	(8)	(24)
Increase (decrease) in reserve for bonuses	(59)	11
Decrease in allowance for doubtful accounts	(71)	(114)
Interest income and dividend receivable	(713)	(747)
Interest expense	685	698
Gain on sales of investment in securities	(160)	(138)
Gain on sales of subsidiary's shares	(985)	-
Loss on sales and disposal of fixed assets	544	741
Increase in notes and accounts receivable	(1,559)	(524)
Increase in inventories	(1,947)	(1,042)
Increase (decrease) in notes and accounts payable	10,000	(367)
Increase (decrease) in accounts payable – other	(6,821)	754
Increase (decrease) in accrued consumption taxes	(453)	840
Increase in long-term accounts payable	375	479
Other	(850)	734
Sub-total	20,762	24,953
Interest income and dividends received	1,039	585
Interest paid	(668)	(679)
Income taxes paid	(6,668)	(2,528)
Net cash provided by operating activities	14,466	22,331
<b>II . CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Gain on sales of securities	-	8
Purchases of tangible fixed assets	(12,170)	(10,195)
Purchases of intangible fixed assets	(562)	(659)
Purchases of investment in securities	(135)	(347)
Sales of investment in securities	338	1,073
Gain on sale of subsidiary's shares resulting from change of consolidation condition.	1,843	-
Acquire of subsidiary's shares without change of consolidated subsidiary condition.	(28)	-
Gain on sale of subsidiary's shares without change of consolidated subsidiary condition.	90	-
Loans receivable made	(515)	(668)
Collection of loans receivable	390	604
Disbursements for time deposit to bank	(1,468)	(328)
Withdrawal of time deposits	1,422	18
Other	1,107	(672)
Net cash used in investing activities	(9,687)	(11,166)

	2008	2007
<b>III. CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Borrowing on short-term loans	106,287	83,132
Repayment of short-term loans	(106,934)	(80,982)
Borrowing on long-term loans	1,200	1,950
Repayment of long-term loans	(2,953)	(4,101)
Paid in from minority shareholders for increase of common stock of consolidated subsidiary	179	-
Cash dividends paid	(2,132)	(2,218)
Cash dividends paid to minority shareholders	(211)	(146)
Repurchase of treasury stock	(1,148)	(387)
Net cash provided by (used in) financing activities	(5,712)	(2,757)
<b>IV. EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>		
	(87)	(10)
<b>V. INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		
	(1,021)	8,396
<b>VI. CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>		
	27,699	21,212
<b>VII. INCREASE IN CASH AND CASH EQUIVALENTS RESULTING FROM INCREASE OF SUBSIDIARIES</b>		
	27	-
<b>VIII. DECREASE IN CASH AND CASH EQUIVALENTS RESULTING FROM CHANGE IN FISCAL YEAR — END OF CERTAIN SUBSIDIARIES</b>		
	-	(1,909)
<b>IX. CASH AND CASH EQUIVALENTS at END of THE YEAR</b>		
	26,705	27,699

# 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 has forty-six consolidated subsidiaries 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.. Kyuso Services Corporation and K Logistics Corporation are newly added as a consolidated subsidiary. Henningsen Nederland B.V. is excluded from consolidation resulting from the entire sale of its shares. Non-consolidated subsidiaries are comprised nineteen companies. The principal non-consolidated subsidiaries are Kyuso L-Plan 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 THE EQUITY METHOD

The equity method is applied to the investments in six affiliated. The principal companies are Aohata Corporation and Summit Oil Mill Co., Ltd.. The investments in nineteen non-consolidated subsidiaries including Kyuso L-Plan Corporation and in seven 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 Beijing Q.P. Foods Co., Ltd. and Hangzhou Q.P. Foods Co., Ltd. is December 31, and that of Kifuki U.S.A. Co., Ltd., Q&B Foods Inc., Henningsen Foods, Inc., and Henningsen Foods, Netherland Inc. 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. Stocks of subsidiaries and affiliated companies excluded from application of the equity method are stated at moving average cost.
3. Other securities with fair value are stated at fair value based on market price at the closing date. Valuation differences comprise net assets as valuation difference on available-for-sale 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 computation of useful lives and residual value comply with the corporation tax requirement.

###### (Additional information)

The company will continue to apply the depreciation method as defined under the previous Japanese Tax Code related to tangible fixed assets acquired on or prior to March 31, 2007 and the difference between the 5% of the acquisition cost and the nominal value of each in such group of assets will be evenly allocated to the period of five years commencing the year next to the year when the net book value of each in such group of assets reaches 5% of the original acquisition cost. As a result operating income has been decreased by ¥ 619 million and income before income taxes and minority

interests for the period has been decreased by ¥ 620 million. In addition, the influence to give segment information mentions it in the point concerned.

#### Intangible fixed assets

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

The computation of useful lives and residual value comply with the corporation tax requirement. 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 ratio, and estimated uncollectible amounts in consideration of the possibility of collection to specific bad apprehension credits are added.

#### 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 directors' and corporate auditors' bonuses

Reserve for directors' and corporate auditors' bonuses is provided for at the necessary amounts based on the estimated amounts payable at the end of current fiscal year.

#### 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 the end of the current fiscal year. Some consolidated subsidiaries adopt other method than the above.

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.

#### Reserve for directors' and corporate auditors' retirement pay

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

#### (Additional Information)

Q.P. Corporation, Q.P. Egg Corporation, Deria Foods Co., Ltd., K pack Co., Ltd., Salad Club. Co., Ltd. and Saika Co., Ltd. abolished the rule on the retirement pay to the directors and corporate auditors pursuant to the resolutions made at the fixed the board of directors of the companies held after November, 2007, decided that abolished the retirement bonus for special services system of the directors and corporate auditors with time of the ordinary general meeting of shareholder's end of the held companies in February, 2008 and decided what provided with the directors and corporate auditors retirement bonus for special services which accepted at the time of the retirement of a director and the directors and corporate auditors in the ordinary general meeting of shareholder's of the held companies in the term in office until the retirement bonus for special services system abolition day in February, 2008. Accrued ¥ 451million of retirement benefits to directors and corporate auditors were included in the "other" of "long term liabilities".

#### d. Significant deferred assets

The amortization period of business commence costs is five years.

#### 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 hedge accounting.

Designation transactions are applied to debts and credits in foreign currency which conform to the requirements of hedge accounting. The exceptional accounting method is adopted to the interest swap agreements which conform to the special regulated terms.

##### 2. Hedge instruments are forward exchange contracts, crude oil price swap agreements, crude oil price collar option contracts and interest swap contracts.

##### 3. Hedge items are purchase transactions in foreign currencies, planned purchase transactions of light and heavy oil, and interest of loans.

4. The Company and consolidated subsidiaries enters into forward exchange contracts to hedge risks from fluctuation in foreign exchange rate, crude oil price swap agreements and crude oil price collar option contracts to hedge risks from fluctuation in light and heavy oil price, and interest swap agreements to hedge risks from moving on fluctuation in interest rate.

In addition, the Company and consolidated subsidiaries 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 except for the following contracts 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.

Interest swap agreements conforming to the special regulated terms are omitted to measure their effectiveness .

g. Accounting for consumption taxes

Consumption taxes are recorded in separate accounts.

h. Reclassification

(Consolidated Balance Sheets)

Prepaid pension cost included in "other" of "Investments and other assets", in the previous fiscal year exceeded 5% of the total assets. As a result, the company changed to the reporting method as an independent account by reclassify "Prepaid pension cost". "Prepaid pension cost" was ¥14,107 million yen.

#### (5) VALUATION OF ASSETS AND LIABILITIES OF CONSOLIDATED SUBSIDIARIES

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

#### (6) AMORTIZATION OF GOODWILL AND NEGATIVE GOODWILL

Goodwill and negative goodwill are amortized over five years. Immaterial goodwill and negative goodwill are expensed as incurred.

#### (7) 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, 2008</u>	<u>November 30, 2007</u>
1 Contingent liabilities (guarantees)	807	730
2 Pledged assets as collateral and secured debts		
Pledged assets		
Tangible fixed assets	<u>8,991</u>	<u>8,676</u>
Total	<u>8,991</u>	<u>8,676</u>
Secured debts of above pledged assets		
Short-term loans payable	1,489	2,131
Long-term loans payable	<u>2,762</u>	<u>2,748</u>
Total	<u>4,252</u>	<u>4,880</u>
3 Investment in securities and sundry investments of non-consolidated subsidiaries and affiliated companies		
Investment in securities	3,980	4,081
Sundry investments	408	408

## 3. NOTES TO CONSOLIDATED STATEMENTS OF INCOME

### 1. Research and development costs

	Millions of yen	
	<u>November 30, 2008</u>	<u>November 30, 2007</u>
Research and development costs included in general and administrative expenses	3,218	3,229

### 2. Loss on impairment of fixed assets

#### Current fiscal year ended November 30, 2008

-

#### Previous fiscal year ended November 30, 2007

The Company and subsidiaries recognized loss on impairment for the following group of assets in the previous fiscal year.

Location	Use	Item	Loss on impairment (Millions of yen)
Tokyo	office	Land	143
		Buildings and structures, etc	83

The Company and subsidiaries classified in principle the fixed assets into groups by the type of respective operation and business place based on the management accounting units on which revenue and expenditure continuously are taken in.

In the previous fiscal year, the book value of the office was written down to the recoverable amount by ¥ 227 million, accounted for as an extraordinary loss, due to decline of profitability.

Recoverable amount is measured by net sales amounts based on the estimated sales amounts.

#### 4. NOTES TO CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Fiscal year ended November 30, 2008

##### 1. Total numbers and periodic changes of outstanding shares and treasury stock by class

	Outstanding shares by class	Treasury stock by class
	Common stock	Common stock
Number of shares at the end of previous fiscal year	155,464,515 shares	2,676,952 shares
Increase in number of shares	—	1,049,499 shares
Decrease in number of shares	—	—
Number of shares at the end of current fiscal year	155,464,515 shares	3,726,451 shares

(Notes)

Increase in number of common stock of treasury stock is due to acquisition of the odd stock of 7,399 shares and to acquisition of the stock of 1,042,100 in accordance with the Article 156 of corporate law, which is applied by the third paragraph of Article 165 of corporate law.

##### 2. Dividend

###### (1) Dividends from surplus

The resolution matter of the board of directors' meeting held at January 11, 2008 is as follows

- (1) Total amounts of dividend: ¥ 1,069 million
- (2) Dividend per share ¥ 7.00
- (3) Record date November 30, 2007
- (4) Effective date February 25, 2008

###### (2) The resolution matter of the board of directors' meeting held at July 9, 2008 is as follows

- (1) Total amounts of dividend: ¥ 1,062 million
- (2) Dividend per share ¥ 7.00
- (3) Record date May 31, 2008
- (4) Effective date August 11, 2008

###### (3) Dividends whose effective date is after the end of current fiscal year and record date is included in current fiscal year

The resolution matter of the board of directors' meeting held at January 13, 2009 is as follows

- (1) Total amounts of dividend: ¥ 1,214 million
- (2) Dividend resource Earned surplus
- (3) Dividend per share ¥ 8.00
- (4) Record date November 30, 2008
- (5) Effective date February 23, 2009

Fiscal year ended November 30, 2007

##### 1. Total numbers and periodic changes of outstanding shares and treasury stock by class

	Outstanding shares by class	Treasury stock by class
	Common stock	Common stock
Number of shares at the end of previous fiscal year	155,464,515 shares	2,302,148 shares
Increase in number of shares	—	374,804 shares
Decrease in number of shares	—	—
Number of shares at the end of current fiscal year	155,464,515 shares	2,676,952 shares

(Notes)

Increase in number of common stock of treasury stock is due to acquisition of the odd stock of 8,904 shares and to acquisition of the stock of 365,900 in accordance with the Article 156 of corporate law, which is applied by the third paragraph of Article 165 of corporate law.

## 2. Dividend

### (1) Dividends from surplus

The resolution matter of the 94th shareholders' meeting held at February 23, 2007 is as follows

(1) Total amounts of dividend:	¥ 1,149 million
(2) Dividend per share	¥ 7.50
(3) Record date	November 30, 2006
(4) Effective date	February 26, 2007

### (2) The resolution matter of the board of directors' meeting held at July 10, 2007 is as follows

(1) Total amounts of dividend:	¥ 1,069 million
(2) Dividend per share	¥ 7.00
(3) Record date	May 31, 2007
(4) Effective date	August 8, 2007

### (3) Dividends whose effective date is after the end of current fiscal year and record date is included in current fiscal year

The proposal matter of the board of directors' meeting held at January 11, 2008 is as follows

(1) Total amounts of dividend:	¥ 1,069 million
(2) Dividend resource	Earned surplus
(3) Dividend per share	¥ 7.00
(4) Record date	November 30, 2007
(5) Effective date	February 25, 2008

## 5. NOTES TO CONSOLIDATED STATEMENTS OF CASH FLOWS

### 1 Cash and cash equivalents comprise as follows:

	Millions of yen	
	<u>November 30, 2008</u>	<u>November 30, 2007</u>
Cash and deposits	25,260	26,603
Time deposits with maturity over three months	(3,554)	(3,903)
Negotiable certificate of deposit included in securities	5,000	5,000
Cash and cash equivalents	<u>26,705</u>	<u>27,699</u>

### 2 The assets and liabilities excluded due to the sale of subsidiary

The assets and liabilities of Henningsen Nederland B.V at the sale of its shares:

	Millions of yen
	<u>November 30, 2008</u>
Current assets	1,059
Fixed assets	452
Current liabilities	(205)
Translation adjustment	(274)
Gain on sale of subsidiary's shares	974
Selling price of shares	2,006
Cash and cash equivalents	(163)
Net gain resulting from changing subsidiary condition	<u>1,843</u>

## 6. SEGMENT INFORMATION

### (1) Segment information of business lines

Current fiscal year (From December 1, 2007 to November 30, 2008)

(Millions of yen)

	Foods	Distribution	Total	Elimination and/or addition	Consolidated
1.Sales and operating income Sales					
(1) Sales to customers	377,909	96,041	473,951	-	473,951
(2) Internal sales or transfers to/from segments	12	23,653	23,665	(23,665)	-
Total	377,922	119,695	497,617	(23,665)	473,951
Operating expenses	361,916	117,769	479,685	(19,770)	459,915
Operating income	16,005	1,925	17,931	(3,895)	14,036
2.Allocated assets, depreciation expense and capital expenditure					
Assets	193,296	66,262	259,558	32,233	291,792
Depreciation expense	10,677	2,608	13,286	121	13,408
Capital expenditure	9,780	3,151	12,932	158	13,091

Previous fiscal year (From December 1, 2006 to November 30, 2007)

(Millions of yen)

	Foods	Distribution	Total	Elimination and/or addition	Consolidated
1.Sales and operating income Sales					
(1) Sales to customers	375,841	92,164	468,006	-	468,006
(2) Internal sales or transfers to/from segments	14	24,152	24,166	(24,166)	-
Total	375,855	116,317	492,173	(24,166)	468,006
Operating expenses	358,186	114,128	472,314	(20,133)	452,181
Operating income	17,669	2,189	19,858	(4,033)	15,824
2.Allocated assets, depreciation expense, impairment of fixed assets and capital expenditure					
Assets	191,470	64,199	255,669	37,153	292,823
Depreciation expense	9,785	2,495	12,281	107	12,388
Impairment of fixed assets	227	-	227	-	227
Capital expenditure	8,906	2,234	11,140	122	11,263

(Notes) a. Methods classifying business segments

Business segments are classified based on business line.

b. Main products of each business segment

Business segment	Main Products
Foods	Condiments and Processed Foods, Health Function Products, Egg Products, Salads and Prepared Foods
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, and consolidated subsidiaries K. System Co., Ltd. and Kewpie Ai Co., Ltd..

Those amounts included in “Elimination and/or addition” on the column of the above table, are ¥ 3,977 million and ¥ 4,098 million for the fiscal years ended November 30, 2008 and 2007, 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, and consolidated subsidiaries K. System Co., Ltd and Kewpie Ai Co., Ltd.

Those amounts included in “Elimination and/or addition” on the column of the above table, are ¥ 39,489 million and ¥ 44,550 million for the fiscal years ended November 30, 2008 and 2007, respectively.

e. “Depreciation” and “Capital expenditure” include Long-term prepaid expenses and their depreciation expenses.

f. Additional information (current consolidated fiscal year)

As already described in “Significant accounting policies” (4)b. the company will continue to apply the depreciation method as defined under the previous Japanese Tax Code related to tangible fixed assets acquired on or prior to March 31, 2007 and the difference between the 5% of the acquisition cost and the nominal value of each in such group of assets will be evenly allocated to the period of five years commencing the year next to the year when the net book value of each in such group of assets reaches 5% of the original acquisition cost. As a result, depreciation cost of “Food” business is increased ¥475 million, “Distribution” is increased ¥118 million and “Elimination and/or addition” is increased ¥25 million. “Operation expenses” of “Foods” business is increased ¥475 million, “Distribution” is increased ¥118 million and “Elimination and/or addition” is increased ¥25 million and “Operating income” is decreased accordingly.

(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, 2008 and 2007 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, 2008 and 2007, are less than 10% of consolidated sales, respectively.

## 7. Related Party Transactions

Previous fiscal year (From December 1, 2006 to November 30, 2007)

### (1) Parent company, principal corporate shareholders, and other

(Millions of yen)

Attribution	Corporate name	Address	Capital stock/ equity investment	Principal business	Percentage of voting right	Relationship		Transaction	Trading amount	Account	End of year	
						Interlocking directors and corporate auditors	On business					
Principal corporate shareholders and other affiliated companies	Nakashimato Co., Ltd.	Shibuya-ku, Tokyo	50	Sales of processed foodstuffs	Direct 17.3%	Director 4 persons	Purchase of products	Operating	Purchase of products	41,366	Notes and accounts payable-trade	7,268
					Indirect 3.2%							

#### Transaction's term and policy

Purchase prices of products are determined in accordance with the general transaction's term in consideration of the market prices.

(Note) In the above figures, the figure for "Amount" does not include consumption taxes, while the figure for "End of year" includes consumption taxes.

### (2) Directors, principal individual shareholders, and other

(Millions of yen)

Attribution	Corporate name	Address	Capital stock/ equity investment	Principal business	Percentage of voting right	Relationship		Transaction	Trading amount	Account	End of year
						Interlocking directors and corporate auditors	On business				
The companies which director and the close relative own the majority of the voting right (including the subsidiary of the company)	Touka Co., Ltd. (*1)	Shibuya-ku, Tokyo	1,800	Business of renting property/Leasing business	3.2% owned, directly	Director 1 person	Rent of the office	Rental expense	486	Investments and other assets (Other) Accounts payable-other	408 4
The companies which director and the close relative own the majority of the voting right (including the subsidiary of the company)	Tou Kewpie Co., Ltd. (*2)	Shibuya-ku, Tokyo	10	Mail-order business	40.0% owning, directly	Director 2 persons Employee 1 person	Sales of products and expense transaction	Sales of products Expense	1,091 6,695	Notes and accounts receivable-trade Accounts payable-other	199 885
The companies which director and the close relative own the majority of the voting right (including the subsidiary of the company)	To Ad Kewpie Co., Ltd. (*1)	Shibuya-ku, Tokyo	4	Service business	None	Employee 1 person	Expense transaction and sales of products	Expense Sales of products	1,140 3	Accounts payable-other Notes and accounts receivable-trade	1,092 3
The companies which director and the close relative own the majority of the voting right (including the subsidiary of the company)	Minato Shokai Co., Ltd. (*1)	Minato-ku, Tokyo	10	Wholesale of liquor and food	None	Director 1 person	Sales of products, purchase of raw material and expense transaction	Sales of products Purchase of raw material Expense	139 2 3	Notes and accounts receivable-trade Notes and accounts payable-trade Accounts payable-other	25 0 2
The companies which director and the close relative own the majority of the voting right (including the subsidiary of the company)	To Solutions Co., Ltd. (*3)	Shinjyuku-ku, Tokyo	90	Plan, development, sale, maintenance and operation support of the computer system	20.0% owning, directly	Director 2 persons	Expense transaction	Expense	1,762	Accounts payable-other	217

Attribution	Corporate name	Address	Capital stock/ equity investment	Principal business	Percentage of voting right	Relationship		Transaction	Trading amount	Account	End of year
						Interlocking directors and corporate auditors	On business				
The companies which director and the close relative own the majority of the voting right (including the subsidiary of the company)	Yu Shokai Co., Ltd. (*4)	Shibuya-ku, Tokyo	10	Insurance agent	None	None	Rent of the office and expense transaction	Rental expense	96	Investments and other assets (Other)	102
								Expense	144	Accounts payable-other	0
The companies which director and the close relative own the majority of the voting right (including the subsidiary of the company)	T&A Co., Ltd. (*5)	Shibuya-ku, Tokyo	100	Business of renting property	1.3% owned, directly	Director 1 person	Rent of the dormitory	Welfare expense	65	Accounts payable-other	-

#### Transaction's term and policy

All transaction prices are determined in accordance with the general transaction's term in consideration of the market prices.

(Notes) In the above figures, the figures for "Amount" do not include consumption taxes, while the figures for "End of year" include consumption taxes.

- \*1 The company which Amane Nakashima, Executive Managing Director of our company and the close relative own the majority of the voting right own 100.0% of the voting right directly.
- \*2 The company which Amane Nakashima, Executive Managing Director of our company and the close relative own the majority of the voting right own 60.0% of the voting right directly.
- \*3 The company which Amane Nakashima, Executive Managing Director of our company and the close relatives own the majority of the voting right own 80.0% of the voting right directly.
- \*4 Amane Nakashima, Executive Managing Director of our company and the close relative own 100.0% of the voting right directly.
- \*5 Amane Nakashima, Executive Managing Director of our company and the close relative own 89.5% of the voting right directly.

Current fiscal year (From December 1, 2007 to November 30, 2008)

Directors, principal individual shareholders, and other

(Millions of yen)

Attribution	Corporate name	Address	Capital stock/ equity investment	Principal business	Percentage of voting right	Relationship		Transaction	Trading amount	Account	End of year
						Interlocking directors and corporate auditors	On business				
The companies which director and the close relative own the majority of the voting right (including the subsidiary of the company)	Nakashimato Co., Ltd. (*3)	Shibuya-ku, Tokyo	50	Sales of processed foodstuffs	11.6% owning, directly 17.4% owned, directly 3.2% owned, indirectly	Director 4 persons	Purchase of products	Purchase of products	21,744	Notes and accounts payable-trade	152
								Sales of products	180	Notes and accounts receivable-trade	47
								Expense	424	Current assets (Other)	55
										Accounts payable-other	24
The companies which director and the close relative own the majority of the voting right (including the subsidiary of the company)	Touka Co., Ltd. (*4)	Shibuya-ku, Tokyo	1,800	Business of renting property/Leasing business	3.2% owned, directly	Director 1 person	Rent of the office	Rental expense	488	Investments and other assets (Other)	408
										Accounts payable-other	4
										Long-term liabilities (Other)	1
The companies which director and the close relative own the majority of the voting right (including the subsidiary of the company)	Tou Kewpie Co., Ltd. (*5)	Shibuya-ku, Tokyo	10	Mail-order business	40.0% owning, directly	Director 2 persons Employee 1 person	Sales of products and expense transaction	Sales of products	1,025	Notes and accounts receivable-trade	185
								Expense	6	Current assets (Other)	5
										Accounts payable-other	1
The companies which director and the close relative own the majority of the voting right (including the subsidiary of the company)	To Ad Kewpie Co., Ltd. (*4)	Shibuya-ku, Tokyo	4	Service business	None	Employee 1 person	Expense transaction and sales of products	Expense	7,966	Current assets (Other)	2
								Sales of products	59	Accounts payable-other	1,604
										Notes and accounts receivable-trade	15
The companies which director and the close relative own the majority of the voting right (including the subsidiary of the company)	Minato Shokai Co., Ltd. (*4)	Minato-ku, Tokyo	10	Wholesale of liquor and food	None	Director 1 person	Sales of products, purchase of raw material and expense transaction	Sales of products	135	Notes and accounts receivable-trade	27
								Purchase of raw material	2	Notes and accounts payable-trade	0
								Expense	2	Accounts payable-other	1
The companies which director and the close relative own the majority of the voting right (including the subsidiary of the company)	To Solutions Co., Ltd. (*6)	Shinjyuku-ku, Tokyo	90	Plan, development, sale, maintenance and operation support of the computer system	20.0% owning, directly	Director 2 persons	Consignment of computing work, etc.	Expense	2,216	Accounts payable-other	172
										Long-term liabilities (Other)	3
The companies which director and the close relative own the majority of the voting right (including the subsidiary of the company)	Yu Shokai Co., Ltd. (*7)	Shibuya-ku, Tokyo	10	Insurance agent	None	None	Rent of the office and expense transaction	Rental expense	99	Investments and other assets (Other)	108
								Expense	134	Accounts payable-other	0

Attribution	Corporate name	Address	Capital stock/ equity investment	Principal business	Percentage of voting right	Relationship		Transaction	Trading amount	Account	End of year
						Interlocking directors and corporate auditors	On business				
The companies which director and the close relative own the majority of the voting right (including the subsidiary of the company)	T&A Co., Ltd. (*8)	Shibuya-ku, Tokyo	100	Business of renting property	1.3% owned, directly	Director 1 person	Rent of the dormitory	Welfare expense	65	Accounts payable-other	-

#### Transaction's term and policy

(Notes) \*1 All transaction prices are determined in accordance with the general transaction's term in consideration of the market prices.

\*2 In the above figures, the figures for "Amount" do not include consumption taxes, while the figures for "End of year" include consumption taxes.

\*3 Amane Nakashima, Executive Managing Director of our company and the close relative, and the company which they own the majority of the voting right own 82.9% of the voting right directly.

\*4 The company which Amane Nakashima, Executive Managing Director of our company and the close relative own the majority of the voting right own 100.0% of the voting right directly.

\*5 The company which Amane Nakashima, Executive Managing Director of our company and the close relative own the majority of the voting right own 60.0% of the voting right directly.

\*6 The company which Amane Nakashima, Executive Managing Director of our company and the close relative own the majority of the voting right own 80.0% of the voting right directly.

\*7 Amane Nakashima, Executive Managing Director of our company and the close relative own 100.0% of the voting right directly.

\*8 Amane Nakashima, Executive Managing Director of our company and the close relative own 89.5% of the voting right directly.

## 8. CONSOLIDATED PER SHARE DATA

	Year ended November 30, 2008	Year ended November 30, 2007
Net assets per share	¥ 941.79	¥ 925.46
Net income per share-primary	¥ 50.77	¥ 47.96
Net income per share-diluted	-	-

(Note)

1. There is no of potential share to issue.
2. Calculation of net income per share and net income per share-diluted is as follows.

	(Millions of yen)	
	Year ended November 30, 2008	Year ended November 30, 2007
Net income per share		
Net income	7,721	7,328
Amounts not attributable to common share	-	-
Net income attributable to common share	7,721	7,328
Weighted average number of common share (thousand shares)	152,089	152,822

3. Calculation of net assets per one stock is as follows.

	(Millions of yen)	
	Year ended November 30, 2008	Year ended November 30, 2007
Net total of net assets	163,580	161,140
Subtracted amount from net total of net assets	20,675	19,741
Minority stockholders share	(20,675)	(19,741)
Equity of common stock at the end of term	142,905	141,398
The number of common stocks at the end of term (thousand shares)	151,738	152,787

### (Omission of disclosure)

The disclosure of “Lease Transactions”, “Securities”, “Derivative Financial Transactions”, “Retirement Benefits” and “Tax-effect accounting” are omitted, because it is considerably not so critical.

Q.P. CORPORATION

**Non-Consolidated Balance Sheets**

**NOVEMBER 30, 2008 AND 2007**

(Millions of yen)

	2008	2007
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and deposits	19,224	20,331
Notes	576	346
Accounts receivable	40,717	38,260
Securities	5,000	5,000
Inventories	9,366	8,585
Short-term loans receivable	15,463	16,660
Deferred tax assets	698	949
Other	3,101	2,732
Allowance for doubtful accounts	(1,784)	(1,572)
Total current assets	92,365	91,293
<b>FIXED ASSETS:</b>		
Tangible fixed assets		
Buildings	25,690	24,901
Machinery and equipment	13,603	14,951
Land	17,301	17,179
Construction in progress	2,235	1,531
Other	2,436	2,562
Total tangible fixed assets	61,268	61,126
Intangible fixed assets		
	1,170	1,275
Investments and other assets		
Investment in securities	11,290	14,993
Stocks of subsidiaries and affiliated companies	19,244	19,241
Prepaid pension costs	13,768	11,277
Other	5,506	5,119
Allowance for doubtful accounts	(65)	(64)
Total investment and other assets	49,745	50,567
Total fixed assets	112,184	112,968
Total assets	204,549	204,262

	2008	2007
<b>LIABILITIES:</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	28,002	23,936
Short-term loans payable	11,430	7,717
Current portion of bonds	10,000	-
Accounts payable-other	9,945	9,723
Accrued income taxes	18	988
Reserve for sales rebates	692	1,314
Reserve for bonuses	315	337
Reserve for directors' and corporate auditors' bonuses	37	40
Other	3,924	3,942
<b>Total current liabilities</b>	<b>64,366</b>	<b>47,999</b>
<b>LONG-TERM LIABILITIES:</b>		
Bonds	-	10,000
Long-term loans payable	10,520	13,784
Deferred tax liabilities	6,176	6,613
Reserve for directors' and corporate auditors' retirement pay	-	676
Other	5,366	5,317
<b>Total long-term liabilities</b>	<b>22,063</b>	<b>36,392</b>
<b>Total liabilities</b>	<b>86,429</b>	<b>84,392</b>
<b>NET ASSETS:</b>		
<b>Shareholders' equity</b>		
Paid-in capital	24,104	24,104
Capital surplus		
Capital legal reserve	29,418	29,418
Other capital surplus	14	14
<b>Total capital surplus</b>	<b>29,432</b>	<b>29,432</b>
<b>Earned surplus</b>		
Earned legal reserve	3,115	3,115
Other earned surplus	64,297	62,869
Special depreciation reserve	20	26
Reserve for deduction entry of property replaced by purchase	2,300	2,257
General reserve	58,400	57,300
Earned surplus brought forward	3,576	3,285
<b>Total earned surplus</b>	<b>67,412</b>	<b>65,985</b>
Treasury Stock	(3,791)	(2,642)
<b>Total shareholders' equity</b>	<b>117,158</b>	<b>116,879</b>
<b>Valuation and translation adjustments</b>		
Unrealized holding gain (or loss) on securities	1,019	3,019
Unrealized gain (or loss) from hedging instruments	(57)	(28)
<b>Total valuation and translation adjustments</b>	<b>961</b>	<b>2,991</b>
<b>Total net assets</b>	<b>118,120</b>	<b>119,870</b>
<b>Total liabilities and net assets</b>	<b>204,549</b>	<b>204,262</b>

Q.P. CORPORATION

**Non-Consolidated Statements of Income**  
**FOR THE FISCAL YEARS ENDED NOVEMBER 30, 2008 AND 2007**

(Millions of yen)

	<b>2008</b>	<b>2007</b>
NET SALES	235,383	232,426
COST OF SALES	167,604	160,348
Gross profit	67,779	72,078
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	62,355	65,575
Operating income	5,424	6,502
NON-OPERATING INCOME:		
Interest income and dividend receivable	1,361	900
Other	404	257
NON-OPERATING EXPENSES:		
Interest expense	316	243
Other	388	386
Ordinary income	6,485	7,030
EXTRAORDINARY GAINS:		
Reversal of allowance for doubtful accounts	-	43
Gain on sales of investment in securities	-	93
Subsidy received	-	373
Gain on sales of fixed assets	206	-
Gain on sales of subsidiary's shares	64	-
Other	50	8
EXTRAORDINARY LOSSES:		
Loss on disposal of fixed assets	655	503
Cost of allowance for doubtful	240	475
Loss on revaluation of investment in securities	355	35
Principal facilities transfer expenses	260	-
Other	101	271
Net income before income taxes	5,193	6,265
Income taxes	417	1,473
Income taxes deferred	1,216	1,408
Net income	3,560	3,383



