

**Q.P. CORPORATION**

**BRIEF NOTE OF THE ACCOUNT**

**FOR THE INTERIM PERIOD ENDED MAY 31, 2008**

(Translation)

July 9, 2008

**BRIEF NOTE OF THE ACCOUNT (CONSOLIDATION)  
FOR THE INTERIM PERIOD ENDED MAY 31, 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  |
| Location of head office:                | 4-13, Shibuya 1-chome, Shibuya-ku, Tokyo  |
| Name and title of representative:       | Yutaka Suzuki<br>President and Representative Director  |
| Contact for inquiries:                  | Katsuhiko Sasaki<br>Executive Managing Director and General Manager of<br>Administration Division<br>Tel. +81-3-3486-3331 |
| Schedule for filing semi-annual report: | August 25, 2008   |
| Schedule for dividend payment:          | August 11, 2008   |

1. Consolidated results for the interim period ended May 31, 2008 (From December 1, 2007 to May 31, 2008):

(1) Operating results - consolidated

|                                | Interim period ended<br><u>May 31, 2008</u> | Interim period ended<br><u>May 31, 2007</u> | Year ended<br><u>November 30, 2007</u> |
|--------------------------------|---|---|--|
| Net sales                      | ¥ 235,051 million<br>(1.1%)                 | ¥ 232,483 million<br>(3.3%)                 | ¥ 468,006 million                      |
| Operating income               | ¥ 6,671 million<br>(-10.4%)                 | ¥ 7,445 million<br>(-4.1%)                  | ¥ 15,824 million                       |
| Ordinary income                | ¥ 6,679 million<br>(-10.1%)                 | ¥ 7,427 million<br>(-5.0%)                  | ¥ 15,836 million                       |
| Net income                     | ¥ 3,113 million<br>(-12.1%)                 | ¥ 3,542 million<br>(10.9%)                  | ¥ 7,328 million                        |
| Net income per share -primary  | ¥ 20.42                                     | ¥ 23.18                                     | ¥ 47.96                                |
| Net income per share - diluted | -   | -   | -                                      |

(Notes)

1. Equity income ¥ 43 million ¥ 60 million ¥ 122 million

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

(2) Financial conditions - consolidated

|                      | Interim period ended<br><u>May 31, 2008</u> | Interim period ended<br><u>May 31, 2007</u> | Year ended<br><u>November 30, 2007</u> |
|----------------------|---|---|--|
| Total assets         | ¥ 303,089 million                           | ¥ 289,402 million                           | ¥ 292,823 million                      |
| Net assets           | ¥ 162,284 million                           | ¥ 159,776 million                           | ¥ 161,140 million                      |
| Equity ratio         | 46.7%                                       | 48.5%                                       | 48.3%                                  |
| Net assets per share | ¥ 933.72                                    | ¥ 918.76                                    | ¥ 925.46                               |

(Note)

Equity ¥ 141,686 million ¥ 140,378 million ¥ 141,398 million

(3) Cash flows - consolidated

|   | Interim period ended<br><u>May 31, 2008</u> | Interim period ended<br><u>May 31, 2007</u> | Year ended<br><u>November 30, 2007</u> |
|---|---|---|--|
| Net cash provided by operating activities                             | ¥ 6,906 million                             | ¥ 8,596 million                             | ¥ 22,331 million                       |
| Net cash used in investing activities                                 | - ¥ 5,783 million                           | - ¥ 6,525 million                           | - ¥ 11,166 million                     |
| Net cash used in financing activities                                 | - ¥ 1,994 million                           | - ¥ 1,403 million                           | - ¥ 2,757 million                      |
| Cash and cash equivalents at the end of<br>the interim period or year | ¥ 26,644 million                            | ¥ 19,973 million                            | ¥ 27,699 million                       |

## 2. Dividend status

|                           | Year ended<br>November 30,<br><u>2007 (Actual)</u> | Year ending<br>November 30,<br><u>2008 (Actual)</u> | Year ending<br>November 30,<br><u>2008 (Estimate)</u> |
|---------------------------|--|---|---|
| Dividend per share:       |  |   |   |
| Interim period            | ¥ 7.00   | ¥ 7.00  | -   |
| Year-end                  | ¥ 7.00   | -   | ¥ 7.00  |
| Annual Dividend per share | ¥ 14.00  | -   | ¥ 14.00   |

## 3. Estimate of consolidated operating results for the fiscal year ending November 30, 2008 (From December 1, 2007 to November 30, 2008):

|                      | Year ending<br>November 30, 2008 |
|----------------------|----------------------------------|
| Net sales            | ¥ 478,000 million<br>(2.1%)      |
| Operating income     | ¥ 15,000 million<br>(-5.2%)      |
| Ordinary income      | ¥ 14,800 million<br>(-6.5%)      |
| Net income           | ¥ 7,700 million<br>(5.1%)        |
| Net income per share | ¥ 50.63                          |

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

## 4. Other

(1) Changes of important subsidiaries during the interim period (Changes of specific subsidiaries due to change in scope of consolidation) No

(2) Changes in principle, procedures and presentation of accounting treatment in preparing consolidated financial statements in the current interim period

(i) Changes resulting from revisions to accounting standards: No

(ii) Changes other than (i): Yes

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

(3) Number of shares issued (common shares)

(i) Number of shares issued at the end of the period or year (including treasury stock):

As of May 31, 2008 155,464,515 shares

As of May 31, 2007 155,464,515 shares

As of November 30, 2007 155,464,515 shares

(ii) Number of treasury stock at the end of the period or year

As of May 31, 2008 3,721,248 shares

As of May 31, 2007 2,672,685 shares

As of November 30, 2007 2,676,952 shares

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

(Reference) BRIEFING OF THE ACCOUNT (NON-CONSOLIDATION)

1. Non-consolidated results for the interim period ended May 31, 2008 (From December 1, 2007 to May 31, 2008):

(1) Operating results – non-consolidated

|                      | Interim period ended<br><u>May 31, 2008</u> | Interim period ended<br><u>May 31, 2007</u> | Year ended<br><u>November 30, 2007</u> |
|----------------------|---|---|--|
| Net sales            | ¥ 116,883 million<br>(0.8%)                 | ¥ 115,989 million<br>(1.4%)                 | ¥ 232,426 million                      |
| Operating income     | ¥ 2,352 million<br>(-18.9%)                 | ¥ 2,901 million<br>(-24.2%)                 | ¥ 6,502 million                        |
| Ordinary income      | ¥ 3,186 million<br>(-2.6%)                  | ¥ 3,270 million<br>(-21.1%)                 | ¥ 7,030 million                        |
| Net income           | ¥ 1,831 million<br>(6.2%)                   | ¥ 1,724 million<br>(-17.9%)                 | ¥ 3,383 million                        |
| Net income per share | ¥ 12.01                                     | ¥ 11.28                                     | ¥ 22.14                                |

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

(2) Financial conditions – non-consolidated

|                      | Interim period ended<br><u>May 31, 2008</u> | Interim period ended<br><u>May 31, 2007</u> | Year ended<br><u>November 30, 2007</u> |
|----------------------|---|---|--|
| Total assets         | ¥ 209,216 million                           | ¥ 202,015 million                           | ¥ 204,262 million                      |
| Net assets           | ¥ 119,203 million                           | ¥ 120,993 million                           | ¥ 119,870 million                      |
| Equity ratio         | 57.0%                                       | 59.9%                                       | 58.7%                                  |
| Net assets per share | ¥ 785.31                                    | ¥ 791.63                                    | ¥ 784.30                               |
| (Note)<br>Equity     | ¥ 119,203 million                           | ¥ 120,993 million                           | ¥ 119,870 million                      |

2. Estimate of non-consolidated operating results for the fiscal year ending November 30, 2008  
(From December 1, 2007 to November 30, 2008):

|                      | Year ending<br>November 30, 2008 |
|----------------------|----------------------------------|
| Net sales            | ¥ 236,500 million<br>(1.8%)      |
| Operating income     | ¥ 5,700 million<br>(-12.3%)      |
| Ordinary income      | ¥ 6,600 million<br>(-6.1%)       |
| Net income           | ¥ 3,600 million<br>(6.4%)        |
| Net income per share | ¥ 23.66                          |

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

About a connection of the authority of period and the individual earnings forecast, took the results of the interphase and a future prospect into consideration and revised earnings forecast of the announcement on January 11, 2008.

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

## Cash flow index

|  | November<br>30,2005 | November<br>30,2006 | November<br>30,2007 | May<br>31,2008 |
|--|---------------------|---------------------|---------------------|----------------|
| Equity ratio (%)                       | 49.8                | 47.3                | 48.3                | 46.7           |
| Equity ratio based on market price (%) | 58.6                | 54.6                | 59.3                | 49.0           |
| Debt service coverage (year)           | 2.4                 | 2.0                 | 1.9                 | 3.1            |
| Interest coverage ratio (times)        | 29.5                | 42.1                | 32.9                | 19.2           |

(Notes)

1. Each index is calculated based on consolidated financial figures.
2. Equity ratio = Equity / Total assets ※1  
Equity ratio based on market price = Market value of total stock / Total assets ※2  
Debt service coverage = Interest-bearing debt / Operating cash flow ※3  
Interest coverage ratio = Operating cash flow / Interest paid ※4

※1. Equity is calculated by the following formula.

$$\text{Equity} = \text{Net assets} - \text{Stock subscription rights} - \text{Minority interests}$$

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

※3. Interest-bearing debt includes all debts whose interest is paid in the ( interim ) consolidated balance sheet.

※4. 'Operating cash flow' and 'Interest paid' are the figure of Net cash provided by operating activities and Interest paid reported in the ( interim ) consolidated statements of cash flows, respectively.

Q.P. CORPORATION

**Consolidated Balance Sheets**

(Millions of yen)

|   | May 31, 2008 | May 31, 2007 | November 30, 2007 |
|---|--------------|--------------|-------------------|
| <b>ASSETS:</b>                                    |              |              |                   |
| <b>CURRENT ASSETS:</b>                            |              |              |                   |
| Cash and deposits                                 | 24,015       | 21,542       | 26,603            |
| Notes and accounts receivable                     | 79,140       | 73,055       | 70,120            |
| Securities  | 5,000        | -            | 5,000             |
| Inventories                                       | 18,469       | 15,948       | 16,971            |
| Deferred tax assets                               | 2,036        | 1,888        | 1,768             |
| Other   | 4,316        | 3,794        | 4,376             |
| Allowance for doubtful accounts                   | (499)        | (527)        | (518)             |
| Total current assets                              | 132,479      | 115,701      | 124,321           |
| <b>FIXED ASSETS:</b>                              |              |              |                   |
| Tangible fixed assets                             |              |              |                   |
| Buildings and structures                          | 119,761      | 117,495      | 118,674           |
| Machinery, equipment and transportation equipment | 120,363      | 117,562      | 119,656           |
| Land  | 40,349       | 40,313       | 40,243            |
| Construction in progress                          | 3,480        | 1,613        | 1,856             |
| Other   | 8,241        | 8,064        | 8,198             |
| Accumulated depreciation                          | (172,169)    | (165,360)    | (169,359)         |
| Total tangible fixed assets                       | 120,026      | 119,688      | 119,270           |
| Intangible fixed assets                           |              |              |                   |
| Goodwill  | -            | 15           | -                 |
| Other   | 2,345        | 2,491        | 2,473             |
| Total intangible fixed assets                     | 2,345        | 2,507        | 2,473             |
| Investments and other assets                      |              |              |                   |
| Investment in securities                          | 21,240       | 25,745       | 21,987            |
| Prepaid pension costs                             | 15,877       | -            | 14,107            |
| Deferred tax assets                               | 441          | 772          | 489               |
| Other   | 10,809       | 24,994       | 10,238            |
| Allowance for doubtful accounts                   | (179)        | (203)        | (186)             |
| Total investments and other assets                | 48,189       | 51,309       | 46,635            |
| Total fixed assets                                | 170,560      | 173,505      | 168,379           |
| <b>DEFERRED ASSETS:</b>                           |              |              |                   |
| Business commence costs                           | 48           | 195          | 122               |
| Total deferred assets                             | 48           | 195          | 122               |
| Total assets                                      | 303,089      | 289,402      | 292,823           |

|   | May 31, 2008 | May 31, 2007 | November 30, 2007 |
|---|--------------|--------------|-------------------|
| <b>LIABILITIES:</b>   |              |              |                   |
| <b>CURRENT LIABILITIES:</b>                                   |              |              |                   |
| Notes and accounts payable                                    | 56,481       | 40,145       | 38,804            |
| Short-term loans payable                                      | 14,804       | 14,864       | 14,979            |
| Accounts payable-other  | 15,838       | 21,350       | 22,630            |
| Accrued income taxes  | 3,286        | 3,268        | 4,019             |
| Deferred tax liabilities                                      | 13           | 8            | 5                 |
| Reserve for sales rebates                                     | 2,349        | 1,448        | 1,314             |
| Reserve for bonuses   | 1,923        | 2,046        | 824               |
| Reserve for directors' and corporate auditors' bonuses        | 42           | 49           | 60                |
| Other   | 5,444        | 5,142        | 8,007             |
| Total current liabilities                                     | 100,184      | 88,325       | 90,646            |
| <b>LONG-TERM LIABILITIES:</b>                                 |              |              |                   |
| Bonds   | 10,500       | 10,500       | 10,500            |
| Long-term loans payable                                       | 17,540       | 18,102       | 17,695            |
| Deferred tax liabilities                                      | 7,916        | 7,423        | 7,732             |
| Reserve for retirement benefits                               | 2,214        | 2,506        | 2,296             |
| Reserve for directors' and corporate auditors' retirement pay | 144          | 752          | 852               |
| Other   | 2,303        | 2,015        | 1,959             |
| Total long-term liabilities                                   | 40,620       | 41,301       | 41,036            |
| Total liabilities   | 140,804      | 129,626      | 131,683           |
| <b>NET ASSETS:</b>  |              |              |                   |
| <b>Owners' equity:</b>  |              |              |                   |
| Paid-in capital   | 24,104       | 24,104       | 24,104            |
| Capital surplus   | 29,432       | 29,432       | 29,432            |
| Earned surplus  | 90,934       | 86,070       | 88,786            |
| Treasury stock  | (3,799)      | (2,651)      | (2,655)           |
| Total owners' equity  | 140,672      | 136,955      | 139,667           |
| <b>Valuation and translation adjustments:</b>                 |              |              |                   |
| Valuation difference on available-for-sale securities         | 3,081        | 5,178        | 3,416             |
| Deferred gains or losses on hedges                            | 361          | 50           | 105               |
| Translation adjustments                                       | (2,428)      | (1,806)      | (1,790)           |
| Total valuation and translation adjustments                   | 1,013        | 3,422        | 1,731             |
| Minority interests  | 20,598       | 19,397       | 19,741            |
| Total net assets  | 162,284      | 159,776      | 161,140           |
| Total liabilities and net assets                              | 303,089      | 289,402      | 292,823           |

Q.P. CORPORATION

**Consolidated Statements of Income**

(Millions of yen)

|   | Interim period ended<br>May 31, 2008 | Interim period ended<br>May 31, 2007 | Year ended<br>November 30, 2007 |
|---|--------------------------------------|--------------------------------------|---------------------------------|
| NET SALES   | 235,051                              | 232,483                              | 468,006                         |
| COST OF SALES   | 181,601                              | 176,598                              | 356,299                         |
| Gross profit  | 53,449                               | 55,885                               | 111,707                         |
| SELLING, GENERAL AND ADMINISTRATIVE EXPENSES          | 46,778                               | 48,439                               | 95,882                          |
| Operating income                                      | 6,671                                | 7,445                                | 15,824                          |
| NON-OPERATING INCOME:                                 |                                      |                                      |                                 |
| Interest income and dividend receivable               | 324                                  | 279                                  | 747                             |
| Equity income   | 43                                   | 60                                   | 122                             |
| Other   | 261                                  | 257                                  | 474                             |
| NON-OPERATING EXPENSES:                               |                                      |                                      |                                 |
| Interest expense                                      | 377                                  | 327                                  | 698                             |
| Other   | 243                                  | 287                                  | 634                             |
| Ordinary income                                       | 6,679                                | 7,427                                | 15,836                          |
| EXTRAORDINARY GAINS:                                  |                                      |                                      |                                 |
| Gain on sales of fixed assets                         | 215                                  | 7                                    | 26                              |
| Gain on sales of investment in securities             | —                                    | 26                                   | 141                             |
| Subsidy received                                      | —                                    | 373                                  | 373                             |
| Other   | 73                                   | 173                                  | 169                             |
| EXTRAORDINARY LOSSES:                                 |                                      |                                      |                                 |
| Loss on sales and disposal of fixed assets            | 381                                  | 449                                  | 768                             |
| Other   | 112                                  | 156                                  | 587                             |
| Net income before income taxes and minority interests | 6,473                                | 7,402                                | 15,192                          |
| Income taxes  | 3,080                                | 3,152                                | 4,628                           |
| Income taxes deferred                                 | (89)                                 | 285                                  | 2,413                           |
| Minority interests                                    | 369                                  | 421                                  | 822                             |
| Net income  | 3,113                                | 3,542                                | 7,328                           |

Q.P. CORPORATION

**Consolidated Statements of Changes in Net Assets**

(Millions of yen)

Interim period ended May 31, 2008

|   | Owners' equity  |                 |                |                |                      | Valuation and translation adjustments                 |                                    |                         |   |                    | Total net assets |
|---|-----------------|-----------------|----------------|----------------|----------------------|---|------------------------------------|-------------------------|---|--------------------|------------------|
|   | Paid-in capital | Capital surplus | Earned surplus | Treasury stock | Total owners' equity | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Translating adjustments | Total valuation and translation adjustments | Minority interests |                  |
| 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 interim period  |                 |                 |                |                |                      |   |                                    |                         |   |                    |                  |
| Increase in earned surplus resulting from change in fiscal year-end of certain subsidiaries |                 |                 | 104            |                | 104                  |   |                                    |                         |   |                    | 104              |
| Dividends from surplus  |                 |                 | (1,069)        |                | (1,069)              |   |                                    |                         |   |                    | (1,069)          |
| Net income  |                 |                 | 3,113          |                | 3,113                |   |                                    |                         |   |                    | 3,113            |
| Repurchase of treasury stock  |                 |                 |                | (1,143)        | (1,143)              |   |                                    |                         |   |                    | (1,143)          |
| Net changes of items other than owners' equity  |                 |                 |                |                |                      | (335)   | 255                                | (637)                   | (717)                                       | 857                | 139              |
| Total changes of items during the interim period  | —               | —               | 2,148          | (1,143)        | 1,004                | (335)   | 255                                | (637)                   | (717)                                       | 857                | 1,144            |
| Balance at May 31, 2008   | 24,104          | 29,432          | 90,934         | (3,799)        | 140,672              | 3,081   | 361                                | (2,428)                 | 1,013                                       | 20,598             | 162,284          |

Q.P. CORPORATION

**Consolidated Statements of Changes in Net Assets**

(Millions of yen)

Interim period ended May 31, 2007

|  | Owners' equity  |                 |                |                |                      | Valuation and translation adjustments                 |                                    |                         |   |                    |                  |
|--|-----------------|-----------------|----------------|----------------|----------------------|---|------------------------------------|-------------------------|---|--------------------|------------------|
|  | Paid-in capital | Capital surplus | Earned surplus | Treasury stock | Total owners' equity | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Translation adjustments | Total valuation and translation adjustments | Minority interests | Total net assets |
| 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 interim period       |                 |                 |                |                |                      |   |                                    |                         |   |                    |                  |
| Dividends from surplus                           |                 |                 | 370            |                | 370                  |   |                                    |                         |   |                    | 370              |
| Net income                                       |                 |                 | (1,149)        |                | (1,149)              |   |                                    |                         |   |                    | (1,149)          |
| Repurchase of treasury stock                     |                 |                 | 3,542          |                | 3,542                |   |                                    |                         |   |                    | 3,542            |
| Disposal of treasury stock                       |                 |                 |                | (382)          | (382)                |   |                                    |                         |   |                    | (382)            |
| Net changes of items other than owners' equity   |                 |                 |                |                |                      | 502   | 56                                 | 98                      | 657   | 519                | 1,176            |
| Total changes of items during the interim period | —               | —               | 2,764          | (382)          | 2,381                | 502   | 56                                 | 98                      | 657   | 519                | 3,558            |
| Balance at May 31, 2007                          | 24,104          | 29,432          | 86,070         | (2,651)        | 136,955              | 5,178   | 50                                 | (1,806)                 | 3,422                                       | 19,397             | 159,776          |

Q.P. CORPORATION

**Consolidated Statements of Changes in Net Assets**

(Millions of yen)

Year ended November 30, 2007

|  | Owners' equity  |                 |                |                | Valuation and translation adjustments |   |                                    |                         |   |                    |                  |
|--|-----------------|-----------------|----------------|----------------|---------------------------------------|---|------------------------------------|-------------------------|---|--------------------|------------------|
|  | Paid-in capital | Capital surplus | Earned surplus | Treasury stock | Total owners' equity                  | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Translation adjustments | Total valuation and translation adjustments | Minority interests | Total net assets |
| 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 interim period       |                 |                 |                |                |                                       |   |                                    |                         |   |                    |                  |
| Dividends from surplus                           |                 |                 | 370            |                | 370                                   |   |                                    |                         |   |                    | 370              |
| Net income                                       |                 |                 | (2,218)        |                | (2,218)                               |   |                                    |                         |   |                    | (2,218)          |
| Repurchase of treasury stock                     |                 |                 | 7,328          |                | 7,328                                 |   |                                    |                         |   |                    | 7,328            |
| Disposal of treasury stock                       |                 |                 |                | (387)          | (387)                                 |   |                                    |                         |   |                    | (387)            |
| Net changes of items other than owners' equity   |                 |                 |                |                |                                       | (1,259)   | 111                                | 114                     | (1,033)                                     | 862                | (170)            |
| Total changes of items during the interim period | —               | —               | 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**

(Millions of yen)

|  | Interim period<br>ended May 31, 2008 | Interim period<br>ended May 31, 2007 | Year ended<br>November 30, 2007 |
|--|--------------------------------------|--------------------------------------|---------------------------------|
| <b>I . CASH FLOWS FROM OPERATING ACTIVITIES:</b>                             |                                      |                                      |                                 |
| Net income before income taxes and minority interests                        | 6,473                                | 7,402                                | 15,192                          |
| Depreciation and amortization  | 6,385                                | 5,913                                | 12,388                          |
| Loss on impairment of fixed assets   | -                                    | -                                    | 227                             |
| Amortization of goodwill   | 25                                   | 15                                   | 31                              |
| Equity income  | (43)                                 | (60)                                 | (122)                           |
| Write-down of investment in securities                                       | 19                                   | 5                                    | 35                              |
| Write-down of golf course memberships  | 6                                    | -                                    | 0                               |
| Decrease in reserve for retirement benefits                                  | (75)                                 | (82)                                 | (287)                           |
| Increase in prepaid pension cost   | (1,770)                              | (1,630)                              | (3,514)                         |
| Increase in reserve for directors' and corporate auditors'<br>retirement pay | (708)                                | (474)                                | (374)                           |
| Increase in reserve for sales rebates  | 1,034                                | 211                                  | 76                              |
| Decrease in reserve for directors' and corporate auditors'<br>bonuses        | (19)                                 | (24)                                 | (24)                            |
| Increase in reserve for bonuses  | 1,098                                | 1,233                                | 11                              |
| Decrease in allowance for doubtful accounts                                  | (23)                                 | (90)                                 | (114)                           |
| Interest income and dividend receivable                                      | (324)                                | (279)                                | (747)                           |
| Interest expense   | 377                                  | 327                                  | 698                             |
| Gain on sales of investment in securities                                    | (8)                                  | (26)                                 | (138)                           |
| Loss on sales and disposal of fixed assets                                   | 166                                  | 442                                  | 741                             |
| Decrease in notes and accounts receivable                                    | (9,073)                              | (3,435)                              | (524)                           |
| Increase (Decrease) in inventories   | (1,660)                              | 8                                    | (1,042)                         |
| Increase (Decrease) in notes and accounts payable                            | 17,483                               | 2,560                                | (367)                           |
| Increase (Decrease) in accounts payable-other                                | (6,337)                              | (694)                                | 754                             |
| Increase (Decrease) in accrued consumption taxes                             | (284)                                | 624                                  | 840                             |
| Increase in accrued expenses   | (2,613)                              | (3,142)                              | (200)                           |
| Decrease in long-term accounts payable                                       | 337                                  | 479                                  | 479                             |
| Other  | 414                                  | 815                                  | 934                             |
| Sub-total  | 10,880                               | 10,099                               | 24,953                          |
| Interest income and dividends received                                       | 326                                  | 516                                  | 585                             |
| Interest paid  | (360)                                | (320)                                | (679)                           |
| Income taxes paid  | (3,939)                              | (1,699)                              | (2,528)                         |
| Net cash provided by operating activities                                    | 6,906                                | 8,596                                | 22,331                          |

|   | Interim period<br>ended May 31, 2008 | Interim period<br>ended May 31, 2007 | Year ended<br>November 30, 2007 |
|---|--------------------------------------|--------------------------------------|---------------------------------|
| <b>II. CASH FLOWS FROM INVESTING ACTIVITIES:</b>  |                                      |                                      |                                 |
| Sales of securities   | -                                    | 8                                    | 8                               |
| Purchase of tangible fixed assets   | (7,040)                              | (5,259)                              | (10,195)                        |
| Purchase of intangible fixed assets   | (262)                                | (189)                                | (659)                           |
| Purchase of investment in securities  | (18)                                 | (231)                                | (347)                           |
| Sales of investment in securities   | 44                                   | 130                                  | 1,073                           |
| Expenditure by the acquisition of subsidiary stocks without the change of the connection range                      | (28)                                 | -                                    | -                               |
| An income by the sale of subsidiary stocks without the change of the connection range                               | 90                                   | -                                    | -                               |
| Loans receivable made   | (90)                                 | (638)                                | (668)                           |
| Collection of loans receivable  | 172                                  | 516                                  | 604                             |
| Disbursements for time deposits   | (9)                                  | (256)                                | (328)                           |
| Withdrawal of time deposits   | 1,124                                | 9                                    | 18                              |
| Other   | 236                                  | (614)                                | (672)                           |
| Net cash used in investing activities   | (5,783)                              | (6,525)                              | (11,166)                        |
| <b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>  |                                      |                                      |                                 |
| Borrowing on short-term loans   | 45,564                               | 41,000                               | 83,132                          |
| Repayment of short-term loans   | (44,469)                             | (39,920)                             | (80,982)                        |
| Borrowing on long-term loans  | 900                                  | 1,300                                | 1,950                           |
| Repayment of long-term loans  | (1,799)                              | (2,160)                              | (4,101)                         |
| Paid in from minority shareholders  | 179                                  | -                                    | -                               |
| Cash dividends paid   | (1,069)                              | (1,149)                              | (2,218)                         |
| Cash dividends paid to minority shareholders  | (155)                                | (90)                                 | (146)                           |
| Repurchase of treasury stock  | (1,143)                              | (382)                                | (387)                           |
| Net cash provided by (used in) financing activities   | (1,994)                              | (1,403)                              | (2,757)                         |
| <b>IV. EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>  |                                      |                                      |                                 |
|   | (211)                                | 3                                    | (10)                            |
| <b>V. INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>  |                                      |                                      |                                 |
|   | (1,082)                              | 670                                  | 8,396                           |
| <b>VI. CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>   |                                      |                                      |                                 |
|   | 27,699                               | 21,212                               | 21,212                          |
| <b>VII. CASH WITH THE NEW CONSOLIDATED SUBSIDIARY INCREASE AND THE ACCRUAL OF THE CASH EQUIVALENT</b>               |                                      |                                      |                                 |
|   | 27                                   | -                                    | -                               |
| <b>VIII. DECREASE IN CASH AND CASH EQUIVALENTS RESULTING FROM CHANGE IN FISCAL YEAR-END OF CERTAIN SUBSIDIARIES</b> |                                      |                                      |                                 |
|   | -                                    | (1,909)                              | (1,909)                         |
| <b>IX. CASH AND CASH EQUIVALENTS AT END OF THE INTERIM PERIOD OR YEAR</b>   |                                      |                                      |                                 |
|   | 26,644                               | 19,973                               | 27,699                          |

## **BASIS OF PREPARATIONS FOR INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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

### **(1) CONSOLIDATED SUBSIDIARIES**

Because importance increased, to include it in the connection range, Kyuso-service Corporation and K Logistics Corporation. Thereby, consolidated subsidiaries comprise forty-seven companies in the current fiscal year.

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

Non-consolidated subsidiaries comprise nineteen companies.

The significant 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 companies. The significant companies are Aohata Corporation and Summit Oil Mill Co., Ltd.. The investments in eighteen 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) INTERIM CLOSING DATE OF CONSOLIDATED SUBSIDIARIES**

The interim closing date of Beijing Q.P. Foods Co., Ltd. and Hangzhou Q.P. Foods Co., Ltd. is June 30, and that of KIFUKI U.S.A. Co., Ltd., Q&B Foods Inc., Henningsen Foods Inc., Henningsen Nederland B.V. and Henningsen Foods Netherland Inc. is March 31. The subsidiaries with the closing date of June 30 are consolidated based on their temporary financial statements at May 31. The subsidiaries with the closing date of March 31 are consolidated based on the financial statements at their balance sheet date and significant transactions for the period from April 1 to May 31 are reflected in the interim consolidated financial statements.

### **(4) 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 stocks of 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 shareholders' equity 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 the requirements of hedge accounting.

## Inventories

Products, purchased goods, raw materials, work in progress, and supplies are principally stated at monthly moving average cost and 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 mainly is adopted for useful life.

### (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 5 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 ¥313 million and income before income taxes and minority interests for the period has been decreased by ¥314 million.

In addition, the influence to give segment information mentions it in the point concerned.

### 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 directors' and corporate auditors' bonuses

Reserve for directors' and corporate auditors' bonuses is provided for at the necessary amounts on an accrual basis at the end of current interim period 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 at the end of current interim period based on the estimated retirement benefit obligations and pension fund assets at the end of 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 K.R.S Corporation, which is registered on First Section of Tokyo Stock Exchange (from ten to thirteen years), based on the average remaining employees' service year, 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 K.R.S Corporation (from ten to thirteen years) based on the average remaining employees' service years, and their amortizations will start in the next year of the respective accrual years.

Retirement benefits systems of the Company and subsidiaries consist of a defined benefit 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 consolidated subsidiaries provide a reserve for directors' and corporate auditors' retirement pay at 100% of estimated amounts payable at the end of current interim period according to each company's bylaw.

#### (Additional information)

Q.P. Corporation, Q.P. Egg Corporation, K pack Co., Ltd and Salad Club. 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 a director and the inspector with time of the ordinary general meeting of shareholder's end of the held companies in February, 2008 and decided what provided with an officer retirement bonus for special services which accepted at the time of the retirement of a director and the inspector 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 446million of retirement benefits to directors and corporate auditors were included in the other of fixed liabilities.

#### d. Deferred assets

Business commence costs are deferred and amortized by the straight-line method and the amortization period of the costs is five years.

#### 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 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. The change of the indication method

(Intermediate consolidated balance sheet relations)

1. As the amount of Negotiable deposits included in Cash and deposits in the previous interim period year, accordance with the modification of the Regulations Concerning Consolidated Financial Statements, is presented in the Securities in the current interim period year. The amount of Negotiable deposits is ¥5,000 million in the current interim period year, and was 8,000 in the previous interim period year.

2. As the amount of Prepaid pension costs included in Other assets in the Investments and other assets component in the previous interim period year exceeded 5% of total assets, it is separately presented as an section account. The amount of Prepaid pension costs was ¥12,222 million in the previous interim period year.

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(Intermediate connection income statements relations)

3. As the amount of Gain on sales of investment in securities, separately presented in the previous interim period year, was ¥19 million in the current interim period. Since it is less than or equal to 10% of total special gain component, it was included and represented in Other special gain.

(5) OTHER

a. Accounting for consumption taxes

Consumption taxes are recorded in separate accounts.

b. Tax effect accounting

The Company and some consolidated subsidiaries adopt a tax effect accounting, a so called the simple method that those companies 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.

The consolidated subsidiaries excluding the above adopt the general rule which distinguish tax expenses for tax purpose and tax adjustment amounts.

(6) 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.

## NOTES TO CONSOLIDATED BALANCE SHEETS

|   | Millions of yen |                 |                      |
|---|-----------------|-----------------|----------------------|
|   | May 31,<br>2008 | May 31,<br>2007 | November 30,<br>2007 |
| (1) Contingent liabilities (guarantees) | 708             | 725             | 730                  |
| (2) Pledged assets and secured debts    |                 |                 |                      |
| Pledged assets                          |                 |                 |                      |
| Tangible fixed assets                   | 8,550           | 10,883          | 8,676                |
| Total                                   | 8,550           | 10,883          | 8,676                |
| Secured debts                           |                 |                 |                      |
| Short-term loans payable                | 1,820           | 2,851           | 2,131                |
| Long-term loans payable                 | 3,083           | 2,832           | 2,748                |
| Total                                   | 4,903           | 5,683           | 4,880                |

## NOTES TO CONSOLIDATED STATEMENTS OF INCOME

|   | Millions of yen |                 |                      |
|---|-----------------|-----------------|----------------------|
|   | May 31,<br>2008 | May 31,<br>2007 | November 30,<br>2007 |
| 1. Research and development costs<br>included in general and administrative<br>expenses | 1,515           | 1,541           | 3,229                |

### 2. Loss on impairment of fixed assets

#### Interim period ended May 31, 2008

None

#### Interim period ended May 31, 2007

None

#### Year ended November 30, 2007

The Company and subsidiaries recognized loss on impairment for the following group of assets in the current interim period.

| Location | Use    | Item                        | Loss on impairment<br>(Millions of yen) |
|----------|--------|-----------------------------|---|
|          |        | Land                        | 143                                     |
| Tokyo    | Office | Buildings and<br>structures | 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 current 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.

## NOTES TO CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

### Interim period ended May 31, 2008

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

|   | Issued shares by class | Treasury stock by class |
|---|------------------------|-------------------------|
|   | Common stock           | Common stock            |
| Number of shares at the end of the previous fiscal year   | 155,464,515 shares     | 2,676,952 shares        |
| Increase in number of shares                              | —                      | 1,044,296 shares        |
| Decrease in number of shares                              | —                      | —                       |
| Number of shares at the end of the current interim period | 155,464,515 shares     | 3,721,248 shares        |

(Note) Increase in number of common stock of treasury stock is due to acquisition of the odd stock of 2,196 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

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

##### (2) Dividends whose effective date is after the end of the current interim period and record date is included in the current interim period

The resolution matter of the board of directors' meeting held at July 9, 2008

|                                |                 |
|--------------------------------|-----------------|
| (1) Total amounts of dividend: | ¥ 1,062million  |
| (2) Dividend resource          | Earned surplus  |
| (3) Dividend per share         | ¥ 7.00          |
| (4) Record date                | May 31, 2008    |
| (5) Effective date             | August 11, 2008 |

Interim period ended May 31, 2007

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

|   | Issued shares by class | Treasury stock by class |
|---|------------------------|-------------------------|
|   | Common stock           | Common stock            |
| Number of shares at the end of the previous fiscal year   | 155,464,515 shares     | 2,302,148 shares        |
| Increase in number of shares                              | —                      | 370,537 shares          |
| Decrease in number of shares                              | —                      | —                       |
| Number of shares at the end of the current interim period | 155,464,515 shares     | 2,672,685 shares        |

(Note) Increase in number of common stock of treasury stock is due to acquisition of the odd stock of 4,637 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 93rd shareholders' meeting held at February 23, 2007

|                                |                   |
|--------------------------------|-------------------|
| (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) Dividends whose effective date is after the end of the current interim period and record date is included in the current interim period.

The resolution matter of the board of directors' meeting held at July 10, 2007

|                                |                 |
|--------------------------------|-----------------|
| (1) Total amounts of dividend: | ¥ 1,069 million |
| (2) Dividend resource          | Earned surplus  |
| (3) Dividend per share         | ¥ 7.00          |
| (4) Record date                | May 31, 2007    |
| (5) Effective date             | August 8, 2007  |

Year ended November 30, 2007

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

|   | Issued shares by class | Treasury stock by class |
|---|------------------------|-------------------------|
|   | Common stock           | Common stock            |
| Number of shares at the end of the 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 the current fiscal year  | 155,464,515 shares     | 2,676,952 shares        |

(Note) 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

|                                |                   |
|--------------------------------|-------------------|
| (1) Total amounts of dividend: | ¥ 1,149million    |
| (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

|                                |                |
|--------------------------------|----------------|
| (1) Total amounts of dividend: | ¥ 1,069million |
| (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 the current fiscal year and record date is included in the current fiscal year

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

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

## NOTES TO CONSOLIDATED STATEMENTS OF CASH FLOWS

Cash and cash equivalents comprise as follows:

|   | Millions of yen |                 |                      |
|---|-----------------|-----------------|----------------------|
|   | May 31,<br>2008 | May 31,<br>2007 | November 30,<br>2006 |
| Cash and deposits                             | 24,015          | 21,542          | 26,603               |
| (Deduction)                                   |                 |                 |                      |
| Time deposits with maturity over three months | (2,370)         | (1,568)         | (3,903)              |
| Certificate of deposit included in securities | 5,000           | -               | 5,000                |
| Cash and cash equivalents                     | 26,644          | 19,973          | 27,699               |

The Company reclassified “Other” of the cash flows from operating activities, which was presented in the first quarter statement as “DECREASE IN CASH AND CASH EQUIVALENTS RESULTING FROM CHANGE OF CLOSING DATE OF CONSOLIDATED SUBSIDIARY” from the current interim period.

As a result, the company prepared the consolidated statements of cash flow in the current interim period based on the above reclassification.

## SEGMENT INFORMATION

### (1) Segment information of business line

(Millions of yen)

|   | Foodstuffs | Distribution | Total   | Elimination<br>and/or addition | Consolidated |
|---|------------|--------------|---------|--------------------------------|--------------|
| Interim period ended<br>May 31, 2008                |            |              |         |                                |              |
| Sales   |            |              |         |                                |              |
| (1) Sales to customers                              | 188,091    | 46,959       | 235,051 | —                              | 235,051      |
| (2) Internal sales or transfers<br>to/from segments | 5          | 11,814       | 11,819  | (11,819)                       | —            |
| Total   | 188,097    | 58,774       | 246,871 | (11,819)                       | 235,051      |
| Operating expenses                                  | 180,009    | 58,171       | 238,181 | (9,801)                        | 228,380      |
| Operating income                                    | 8,087      | 602          | 8,689   | (2,018)                        | 6,671        |

(Millions of yen)

|   | Foodstuffs | Distribution | Total   | Elimination<br>and/or addition | Consolidated |
|---|------------|--------------|---------|--------------------------------|--------------|
| Interim period ended<br>May 31, 2007                |            |              |         |                                |              |
| Sales   |            |              |         |                                |              |
| (1) Sales to customers                              | 187,473    | 45,010       | 232,483 | —                              | 232,483      |
| (2) Internal sales or transfers<br>to/from segments | 7          | 12,062       | 12,069  | (12,069)                       | —            |
| Total   | 187,481    | 57,072       | 244,553 | (12,069)                       | 232,483      |
| Operating expenses                                  | 179,058    | 55,982       | 235,040 | (10,002)                       | 225,038      |
| Operating income                                    | 8,423      | 1,089        | 9,512   | (2,067)                        | 7,445        |

(Millions of yen)

|   | Foodstuffs | Distribution | Total   | Elimination<br>and/or addition | Consolidated |
|---|------------|--------------|---------|--------------------------------|--------------|
| Year ended<br>November 30, 2007                     |            |              |         |                                |              |
| Sales   |            |              |         |                                |              |
| (1) Sales to customers                              | 375,841    | 92,164       | 468,006 | —                              | 468,006      |
| (2) Internal sales or transfers<br>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       |

(Notes)

#### a. Methods determining business segments

Business segments are classified based on business line.

b. Main products of each business segment

| Business segment | Main Products  |
|------------------|--|
| Foodstuffs       | Condiments and Processed Foods, Health Function Products, Egg Products, Salads and Prepared Food |
| Distribution     | Storage and transportation   |

c. Operating expenses unable to be allocated to segments, mainly belong to 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 ¥ 2,100 million, and ¥ 2,058 million for the interim period ended May 31, 2008 and 2007 and for the year ended November 30, 2007, respectively.

d. Additional information

As described in Significant Items for the Preparation of Consolidated Interim Financial Statements, (4) b , with respect to tangible fixed assets acquired on or before March 31, 2007, in line with the revision to the Corporation Tax Law, from the interim consolidated accounting period under review , the fiscal year following the fiscal year in which the remaining value of the assets reaches 5% of the acquisition price through application of the method of depreciation based on the Corporation Tax Law before the revision, have depreciated the difference between an amount equivalent to 5% of the acquisition price and the memorandum price evenly over a period of five years and include the amounts in depreciation expenses. As a result, operating expenses increased ¥241 million in Foodstuffs, ¥47 million in Distribution, and operating expenses included under Corporate and Eliminations increased ¥24 million. Operating income decreased by the same amounts in Foodstuffs and Distribution.

(2) Geographical business

Segment information of the geographical business is not disclosed since the proportion of domestic sales in the interim period ended May 31, 2007 and 2006 and for the year ended November 30, 2006, exceeds 90% to the total amount of segment sales, respectively.

(3) Overseas sales amounts

Segment information of overseas sales amounts is not disclosed since the overseas sales amounts in the interim period ended May 31, 2008 and 2007 and for the year ended November 30, 2007, are less than 10% of consolidated sales, respectively.

## CONSOLIDATED PER SHARE DATA

|                              | Interim period ended<br>May 31, 2008 | Interim period ended<br>May 31, 2007 | Year ended<br>November 30, 2007 |
|------------------------------|--------------------------------------|--------------------------------------|---------------------------------|
| Net assets per share         | ¥ 933.72                             | ¥ 918.76                             | ¥ 925.46                        |
| Net income per share-primary | ¥ 20.42                              | ¥ 23.18                              | ¥ 47.96                         |
| Net income per share-diluted | -                                    | -                                    | -                               |

(Note)

1. Net income per share-diluted in the interim period ended May 31, 2008 is not presented because of no issue of potential stocks.
2. Calculation Basis of net income per share and net income per share-diluted is as follows.

|   | (Millions of yen)                    |                                      |                                 |
|---|--------------------------------------|--------------------------------------|---------------------------------|
|   | Interim period ended<br>May 31, 2008 | Interim period ended<br>May 31, 2007 | Year ended<br>November 30, 2007 |
| Net income per share                                      |                                      |                                      |                                 |
| Net income  | 3,113                                | 3,542                                | 7,328                           |
| Amounts not attributable to common share                  | -                                    | -                                    | -                               |
| Net income attributable to common share                   | 3,113                                | 3,542                                | 7,328                           |
| Weighted average number of common share (thousand shares) | 152,439                              | 152,854                              | 152,822                         |

3. The basics in the calculation of net assets per one stock are as follows.

|   | (Millions of yen)                    |                                      |                                 |
|---|--------------------------------------|--------------------------------------|---------------------------------|
|   | Interim period ended<br>May 31, 2008 | Interim period ended<br>May 31, 2007 | Year ended<br>November 30, 2007 |
| The net total of the department of net assets   | 162,284                              | 159,776                              | 161,140                         |
| Amount of money to subtract from the net total of the department of net assets                      | 20,598                               | 19,397                               | 19,741                          |
| Minority stockholders share   | (20,598)                             | (19,397)                             | (19,741)                        |
| Equity of the intermediate end of a term (the end of a term) to modify a common stock               | 141,686                              | 140,378                              | 141,398                         |
| The number of common stocks of the intermediate end of a term (the end of a term) (thousand shares) | 151,743                              | 152,791                              | 152,787                         |

(Omission of disclosure)

The disclosure of “Lease Transactions”, “Securities” and “Derivative Financial Transactions” is omitted, because it is considered not to be so necessary to disclose in this brief note of the account.

## SIGNIFICANT SUBSEQUENT EVENTS

Interim period (From December 1, 2007 to May 31, 2008)

(1) The sale of shares of our principal subsidiary.

At its board of directors' meeting held on April 4, 2008, Q.P. Corporation resolved to sell all the shares of its consolidated subsidiary, Henningsen Nederland B.V. and Q.P. Corporation concluded a contract for its sale on June 10, 2008. Henningsen Nederland B.V. is hereby excluded from our consolidated group.

a. Reason of the shares sale

Business reorganization of an overseas subsidiary

b. Sale

Henningsen Nederland Holding B.V.

c. Sale of the schedule

June 10, 2008

d. Overview of Henningsen Nederland B.V.

|   |                           |                           |
|---|---------------------------|---------------------------|
| 1 | Name                      | Henningsen Nederland B.V. |
| 2 | Main business             | Jerky production and sale |
| 3 | Business contents with us | —                         |

e. Contents of the subsidiary shares sale concerned

|   |                                |                            |
|---|--------------------------------|----------------------------|
| 1 | The number of the sale stocks  | 792shares                  |
| 2 | Sale charge                    | 13,000 thousands Euro      |
| 3 | Sale gain                      | About 3,800 thousands Euro |
| 4 | The share ratio after the sale | —%                         |

Q.P. CORPORATION

**Non-Consolidated Balance Sheets**

(Millions of yen)

|   | May 31, 2008 | May 31, 2007 | November 30, 2007 |
|---|--------------|--------------|-------------------|
| <b>ASSETS:</b>                                  |              |              |                   |
| <b>CURRENT ASSETS:</b>                          |              |              |                   |
| Cash and deposits                               | 18,359       | 16,932       | 20,331            |
| Notes   | 431          | 323          | 346               |
| Accounts receivable                             | 43,611       | 40,826       | 38,260            |
| Securities                                      | 5,000        | —            | 5,000             |
| Inventories                                     | 9,191        | 8,280        | 8,585             |
| Short-term loans receivable                     | 16,114       | 19,604       | 16,660            |
| Deferred tax assets                             | 947          | 1,053        | 949               |
| Other   | 2,602        | 1,615        | 2,732             |
| Allowance for doubtful accounts                 | (1,720)      | (1,307)      | (1,572)           |
| Total current assets                            | 94,537       | 87,326       | 91,293            |
| <b>FIXED ASSETS:</b>                            |              |              |                   |
| Tangible fixed assets                           |              |              |                   |
| Buildings                                       | 24,889       | 24,863       | 24,901            |
| Machinery and equipment                         | 14,257       | 14,972       | 14,951            |
| Land  | 17,301       | 17,195       | 17,179            |
| Construction in progress                        | 3,051        | 1,161        | 1,531             |
| Other   | 2,517        | 2,633        | 2,562             |
| Total tangible fixed assets                     | 62,018       | 60,826       | 61,126            |
| Intangible fixed assets                         | 1,151        | 1,229        | 1,275             |
| Investments and other assets                    |              |              |                   |
| Investment in securities                        | 14,384       | 18,343       | 14,993            |
| Stocks of subsidiaries and affiliated companies | 19,244       | 19,273       | 19,241            |
| Prepaid pension costs                           | 12,509       | 9,926        | 11,277            |
| Other   | 5,435        | 5,154        | 5,119             |
| Allowance for doubtful accounts                 | (64)         | (64)         | (64)              |
| Total investments and other assets              | 51,509       | 52,632       | 50,567            |
| Total fixed assets                              | 114,678      | 114,688      | 112,968           |
| Total assets                                    | 209,216      | 202,015      | 204,262           |

LIABILITIES:

CURRENT LIABILITIES:

|  |        |        |        |
|--|--------|--------|--------|
| Accounts payable                                       | 29,687 | 24,582 | 23,936 |
| Short-term loans payable                               | 8,038  | 6,243  | 7,717  |
| Accounts payable-other                                 | 10,390 | 8,024  | 9,723  |
| Accrued income taxes                                   | 1,264  | 1,372  | 988    |
| Reserve for sales rebates                              | 2,349  | 1,448  | 1,314  |
| Reserve for bonuses                                    | 950    | 1,026  | 337    |
| Reserve for directors' and corporate auditors' bonuses | 20     | 15     | 40     |
| Other  | 1,851  | 1,794  | 3,942  |
| Total current liabilities                              | 54,553 | 44,508 | 47,999 |

LONG-TERM LIABILITIES:

|   |        |        |        |
|---|--------|--------|--------|
| Bonds   | 10,000 | 10,000 | 10,000 |
| Long-term loans payable                                       | 13,652 | 13,916 | 13,784 |
| Deferred tax liabilities                                      | 6,404  | 6,713  | 6,613  |
| Reserve for directors' and corporate auditors' retirement pay | —      | 591    | 676    |
| Other   | 5,402  | 5,291  | 5,317  |
| Total long-term liabilities                                   | 35,459 | 36,512 | 36,392 |
| Total liabilities   | 90,012 | 81,021 | 84,392 |

NET ASSETS:

|  |         |         |         |
|--|---------|---------|---------|
| Owners' equity   |         |         |         |
| Paid-in capital  | 24,104  | 24,104  | 24,104  |
| Capital surplus  |         |         |         |
| Capital legal reserve  | 29,418  | 29,418  | 29,418  |
| Other capital surplus  | 14      | 14      | 14      |
| Total capital surplus  | 29,432  | 29,432  | 29,432  |
| Earned surplus   |         |         |         |
| Earned legal reserve   | 3,115   | 3,115   | 3,115   |
| Other earned surplus   | 63,631  | 62,280  | 62,869  |
| Special depreciation reserve                                 | 26      | 33      | 26      |
| Reserve for deduction entry of property replaced by purchase | 2,257   | 2,108   | 2,257   |
| General reserve  | 58,400  | 57,300  | 57,300  |
| Earned surplus brought forward                               | 2,946   | 2,838   | 3,285   |
| Total earned surplus   | 66,746  | 65,395  | 65,985  |
| Treasury Stock   | (3,786) | (2,638) | (2,642) |
| Total owners' equity   | 116,497 | 116,294 | 116,879 |
| Valuation and translation adjustments                        |         |         |         |
| Valuation difference on available-for-sale securities        | 2,700   | 4,699   | 3,019   |
| Deferred gains or losses on hedges                           | 5       | —       | (28)    |
| Total valuation and translation adjustments                  | 2,706   | 4,699   | 2,991   |
| Total net assets   | 119,203 | 120,993 | 119,870 |
| Total liabilities and net assets                             | 209,216 | 202,015 | 204,262 |

Q.P. CORPORATION

**Non-Consolidated Statements of Income**

(Millions of yen)

|   | Interim period<br>ended May 31, 2008 | Interim period<br>ended May 31, 2007 | Year ended<br>November 30, 2007 |
|---|--------------------------------------|--------------------------------------|---------------------------------|
| NET SALES                                       | 116,883                              | 115,989                              | 232,426                         |
| COST OF SALES                                   | 82,788                               | 79,701                               | 160,348                         |
| Gross profit                                    | 34,094                               | 36,288                               | 72,078                          |
| SELLING, GENERAL AND ADMINISTRATIVE<br>EXPENSES | 31,742                               | 33,386                               | 65,575                          |
| Operating income                                | 2,352                                | 2,901                                | 6,502                           |
| NON-OPERATING INCOME:                           |                                      |                                      |                                 |
| Interest income and dividend receivable         | 1,004                                | 515                                  | 900                             |
| Other   | 139                                  | 130                                  | 257                             |
| NON-OPERATING EXPENSES:                         |                                      |                                      |                                 |
| Interest expense                                | 197                                  | 144                                  | 325                             |
| Other   | 111                                  | 132                                  | 304                             |
| Ordinary income                                 | 3,186                                | 3,270                                | 7,030                           |
| EXTRAORDINARY GAINS:                            |                                      |                                      |                                 |
| Reversal of allowance for doubtful accounts     | 29                                   | 38                                   | 43                              |
| Subsidy received                                | —                                    | 373                                  | 373                             |
| Gain on sales of fixed assets                   | 206                                  | —                                    | —                               |
| Other   | 75                                   | 34                                   | 102                             |
| EXTRAORDINARY LOSSES:                           |                                      |                                      |                                 |
| Loss on disposal of fixed assets                | 314                                  | 334                                  | 503                             |
| Allowance for doubtful accounts                 | 178                                  | 205                                  | 475                             |
| Other   | 48                                   | 135                                  | 306                             |
| Net income before income taxes                  | 2,956                                | 3,043                                | 6,265                           |
| Income taxes                                    | 1,125                                | 1,318                                | 1,473                           |
| Income taxes deferred                           | —                                    | —                                    | 1,408                           |
| Net income                                      | 1,831                                | 1,724                                | 3,383                           |

Q.P.CORPORATION

**Non-Consolidated Statements of Changes in Net Assets**  
(Millions of yen)

Interim period ended May 31, 2008

|  | Owners' equity  |                       |                       |                      |                              |  |                 |                                |
|--|-----------------|-----------------------|-----------------------|----------------------|------------------------------|--|-----------------|--------------------------------|
|  | Paid-in capital | Capital surplus       |                       |                      | Earned surplus               |  |                 |                                |
|  |                 | Capital legal reserve | Other capital surplus | Earned legal reserve | Other earned surplus         |  |                 |                                |
|  |                 |                       |                       |                      | Special depreciation reserve | Reserve for deduction entry of property replaced by purchase | General reserve | Earned surplus brought forward |
| Balance at November 30, 2007                     | 24,104          | 29,418                | 14                    | 3,115                | 26                           | 2,257  | 57,300          | 3,285                          |
| Changes of items during the interim period       |                 |                       |                       |                      |                              |  |                 |                                |
| Dividends from surplus                           |                 |                       |                       |                      |                              |  |                 | (1,069)                        |
| Net income                                       |                 |                       |                       |                      |                              |  |                 | 1,831                          |
| Repurchase of treasury stock                     |                 |                       |                       |                      |                              |  |                 |                                |
| Transfer to reserve                              |                 |                       |                       |                      |                              |  | 1,100           | (1,100)                        |
| Net changes of items other than owners' equity   |                 |                       |                       |                      |                              |  |                 |                                |
| Total changes of items during the interim period | —               | —                     | —                     | —                    | —                            | —  | 1,100           | (338)                          |
| Balance at May 31, 2008                          | 24,104          | 29,418                | 14                    | 3,115                | 26                           | 2,257  | 58,400          | 2,946                          |

|  | Owners' equity |                      | Valuation and translation adjustments                 |                                    |   |                  |
|--|----------------|----------------------|---|------------------------------------|---|------------------|
|  | Treasury stock | Total owners' equity | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Total valuation and translation adjustments | Total net assets |
| Balance at November 30, 2007                     | (2,642)        | 116,879              | 3,019   | (28)                               | 2,991                                       | 119,870          |
| Changes of items during the interim period       |                |                      |   |                                    |   |                  |
| Dividends from surplus                           |                | (1,069)              |   |                                    |   | (1,069)          |
| Net income                                       |                | 1,831                |   |                                    |   | 1,831            |
| Repurchase of treasury stock                     | (1,143)        | (1,143)              |   |                                    |   | (1,143)          |
| Transfer to reserve                              |                | —                    |   |                                    |   | —                |
| Net changes of items other than owners' equity   |                | —                    | (319)   | 34                                 | (284)                                       | (284)            |
| Total changes of items during the interim period | (1,143)        | (382)                | (319)   | 34                                 | (284)                                       | (666)            |
| Balance at May 31, 2008                          | (3,786)        | 116,497              | 2,700   | 5                                  | 2,706                                       | 119,203          |

Q.P.CORPORATION

**Non-Consolidated Statements of Changes in Net Assets**  
(Millions of yen)

Interim period ended May 31, 2007

|  | Owners' equity  |                       |                       |                      |                              |  |                 |                                |
|--|-----------------|-----------------------|-----------------------|----------------------|------------------------------|--|-----------------|--------------------------------|
|  | Paid-in capital | Capital surplus       |                       |                      | Earned surplus               |  |                 |                                |
|  |                 | Capital legal reserve | Other capital surplus | Earned legal reserve | Other earned surplus         |  |                 |                                |
|  |                 |                       |                       |                      | Special depreciation reserve | Reserve for deduction entry of property replaced by purchase | General reserve | Earned surplus brought forward |
| Balance at November 30, 2006                     | 24,104          | 29,418                | 14                    | 3,115                | 33                           | 2,108  | 56,500          | 3,063                          |
| Changes of items during the interim period       |                 |                       |                       |                      |                              |  |                 |                                |
| Dividends from surplus                           |                 |                       |                       |                      |                              |  |                 | (1,149)                        |
| Net income                                       |                 |                       |                       |                      |                              |  |                 | 1,724                          |
| Repurchase of treasury stock                     |                 |                       |                       |                      |                              |  |                 |                                |
| Transfer to reserve                              |                 |                       |                       |                      |                              |  | 800             | (800)                          |
| Net changes of items other than owners' equity   |                 |                       |                       |                      |                              |  |                 |                                |
| Total changes of items during the interim period | —               | —                     | —                     | —                    | —                            | —  | 800             | (224)                          |
| Balance at May 31, 2007                          | 24,104          | 29,418                | 14                    | 3,115                | 33                           | 2,108  | 57,300          | 2,838                          |

|  | Owners' equity |                      | Valuation and translation adjustments                 |   | Total net assets |
|--|----------------|----------------------|---|---|------------------|
|  | Treasury stock | Total owners' equity | Valuation difference on available-for-sale securities | Total valuation and translation adjustments |                  |
|  |                |                      |   |   |                  |
| Changes of items during the interim period       |                |                      |   |   |                  |
| Dividends from surplus                           |                | (1,149)              |   |   | (1,149)          |
| Net income                                       |                | 1,724                |   |   | 1,724            |
| Repurchase of treasury stock                     | (382)          | (382)                |   |   | (382)            |
| Transfer to reserve                              |                | —                    |   |   | —                |
| Net changes of items other than owners' equity   |                |                      | 476   | 476   | 476              |
| Total changes of items during the interim period | (382)          | 192                  | 476   | 476   | 668              |
| Balance at May 31, 2007                          | (2,638)        | 116,294              | 4,699   | 4,699                                       | 120,993          |

Q.P.CORPORATION

**Non-Consolidated Statement of Changes in Net Assets**  
(Millions of yen)

Year ended November 30, 2007

|  | Owners' equity  |                       |                       |                              |  |                 |                                |         |
|--|-----------------|-----------------------|-----------------------|------------------------------|--|-----------------|--------------------------------|---------|
|  | Paid-in capital | Capital surplus       |                       |                              | Earned surplus   |                 |                                |         |
|  |                 | Capital legal reserve | Other capital surplus | Earned legal reserve         | Other earned surplus   |                 |                                |         |
|  |                 |                       |                       | Special depreciation reserve | Reserve for deduction entry of property replaced by purchase | General reserve | Earned surplus brought forward |         |
| Balance at November 30, 2006                     | 24,104          | 29,418                | 14                    | 3,115                        | 33   | 2,108           | 56,500                         | 3,063   |
| Changes of items during the interim period       |                 |                       |                       |                              |  |                 |                                |         |
| Dividends from surplus                           |                 |                       |                       |                              |  |                 |                                | (2,218) |
| Net income                                       |                 |                       |                       |                              |  |                 |                                | 3,383   |
| Repurchase of treasury stock                     |                 |                       |                       |                              |  |                 |                                |         |
| Transfer to reserve                              |                 |                       |                       |                              | 6  | 211             | 800                            | (1,018) |
| Transfer from reserve                            |                 |                       |                       |                              | (13)   | (63)            |                                | 76      |
| Net changes of items other than owners' equity   |                 |                       |                       |                              |  |                 |                                |         |
| Total changes of items during the interim period | —               | —                     | —                     | —                            | (6)  | 148             | 800                            | 222     |
| Balance at November 30, 2007                     | 24,104          | 29,418                | 14                    | 3,115                        | 26   | 2,257           | 57,300                         | 3,285   |

|  | Owners' equity |                      | Valuation and translation adjustments                 |                                    |   | Total net assets |
|--|----------------|----------------------|---|------------------------------------|---|------------------|
|  | Treasury stock | Total owners' equity | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Total valuation and translation adjustments |                  |
| Balance at November 30, 2006                     | (2,255)        | 116,101              | 4,223   | —                                  | 4,223                                       | 120,325          |
| Changes of items during the interim period       |                |                      |   |                                    |   |                  |
| Dividends from surplus                           |                | (2,218)              |   |                                    |   | (2,218)          |
| Net income                                       |                | 3,383                |   |                                    |   | 3,383            |
| Repurchase of treasury stock                     | (387)          | (387)                |   |                                    |   | (387)            |
| Transfer to reserve                              |                | —                    |   |                                    |   | —                |
| Transfer from reserve                            |                | —                    |   |                                    |   | —                |
| Net changes of items other than owners' equity   |                |                      | (1,203)   | (28)                               | (1,232)                                     | (1,232)          |
| Total changes of items during the interim period | (387)          | 777                  | (1,203)   | (28)                               | (1,232)                                     | (454)            |
| Balance at November 30, 2007                     | (2,642)        | 116,879              | 3,019   | (28)                               | 2,991                                       | 119,870          |