(Translation)

Matters to be disclosed on the Internet
pursuant to laws and ordinances and the Articles of Incorporation

Systems to Secure the Properness of Business Activities

(Fundamental Policy to Establish its Internal Control Systems)

Fundamental Policy on Control of Joint-Stock Corporation

Consolidated Statements of Changes in Net Assets

Notes to Consolidated Financial Statements

Non-Consolidated Statements of Changes in Net Assets

Notes to Non-Consolidated Financial Statements

For the Fiscal Year 2015
(December 1, 2014 to November 30, 2015)

Kewpie Corporation

These matters are made available by publication on the Internet website of the Company pursuant to laws and ordinances and its Articles of Incorporation. (http://www.kewpie.co.jp/company/ir/stocks_information03.html)

* The contents of the consolidated statements of changes in net assets, the notes to consolidated financial statements, the non-consolidated statements of changes in net assets, and the notes to non-consolidated financial statements are those audited by the account auditors by January 21, 2016.

Kewpie Corporation

1-4-13 Shibuya, Shibuya-ku, Tokyo 150-0002, Japan Tel:03-3486-3331

Systems to Secure the Properness of Business Activities (as of November 30, 2015):

The Company has adopted a resolution with regard to its "Fundamental Policy to Establish its Internal Control Systems", as described below:

(1) General introduction

The resolution provides for the fundamental policy of the Company on its internal control systems as adopted by its Board of Directors pursuant to Article 362, paragraph 5 of the Companies Act of Japan, as well as an outline for the provisions required for establishing such systems as stipulated in Article 100 of the Regulations for the Enforcement of the Companies Act of Japan.

The internal control systems pursuant to the resolution are contemplated to be implemented swiftly and improved by periodic and timely reviews, whereby establishing efficient and lawful corporate systems.

(2) Systems to secure the execution by the directors of their duties to comply with laws and ordinances and the Articles of Incorporation

(i) The Company has advocated the following motto and precepts as its spirit of foundation and cultivated its corporate culture through its continued efforts to educate its directors and employees about the spirit and develop awareness thereof among them for years. The directors must pay serious attention to the corporate culture in making management decisions.

The Company's motto:	Share the joy of endeavors
The Company's precepts:	• Value moral; • Endeavor to innovate; and • Respect your parents

(ii) The Company has stipulated compliance regulations so that its directors and employees can act in compliance with laws and ordinances, the Articles of Incorporation and the spirit of foundation and management philosophy of the Company. The Company also has stipulated and publicized a code of ethics and conduct for the Group, with which its directors shall be obligated to comply.

(3) Systems concerning storage and management of information on the execution by the directors of their duties

(i) Pursuant to the document management rules, corporate information handling rules, basic personal information protection rules and respective management manuals relating thereto, the director in charge of the Operation Promote Department shall properly store and manage (and destroy) documents concerning the execution by the directors of their duties and other information, in written or electronic form. The situations of management shall be verified and such rules and manuals shall be revised, whenever necessary.

(ii) The directors and corporate auditors shall have access to such information, written or electronic, at all times.

(4) Regulations concerning management of exposure to the risk of loss and other systems

(i) In accordance with the master risk management regulations of the Company, individual risks shall be continuously monitored by its relevant divisions and with regard to risks to the Company as a whole, information shall be collected unilaterally by the Risk Management Committee chaired by the Representative Director, which shall generally manage such risks, including the evaluation and prioritization thereof.

(ii) The Internal Auditing Department shall, in cooperation with self-audit staff in charge of qualities, environments, safety, etc., audit the situations of daily risk management by each division and department and periodically report to the Risk Management Committee, the Board of Directors and the Board of Corporate Auditors matters concerning risk management and the current status of development of the risk management systems of the Company.

(iii) In accordance with the master risk management regulations, the Company shall prepare risk management manuals and establish systems to convey information quickly and properly and take swift action in case of an emergency, by assuming and categorizing specific risks in advance.

(5) Systems to secure efficient execution by the directors of their duties

(i) The Company will set up a company-wide management target to be shared by the directors and employees and get it across among them and also formulate an optimal system to achieve the management target and the President and Representative Director shall appoint personnel responsible for each business sector in accordance with resolutions of the Board of Directors. By delegating authorities to such personnel, the Company will pursue efficient and swift execution of business.

(ii) With regard to execution of business in accordance with the resolutions of the Board of Directors, the scope of responsibilities of directors and personnel and procedures for making final decisions shall be established in a schedule of procedures for making final decisions and filing reports.

(iii) Specific measures to promote management activities shall, in accordance with the fundamental policy on execution of business determined by the Board of Directors, be left to discussions on ordinary and extraordinary bases by the Management Council, an advisory organ to the President and Representative Director, to ensure decision-making and expedient execution of business.

(6) Systems to secure the execution by the employees of their duties to comply with laws and ordinances and the Articles of Incorporation

(i) The Company will establish provisions for compliance systems and set up a code of conduct so that all directors and employees can act in compliance with laws and ordinances and the Articles of Incorporation, as well as the Company's motto and precepts. In addition, to ensure their strict compliance, the Company will appoint a director responsible for compliance to preside over the Compliance Committee. Thus, the Company will exert its efforts to improve its company-wide compliance systems and grasp any problems involved therein and make the committee, among others, set up compliance manuals and train employees. These activities shall be reported periodically by the director responsible for compliance to the Board of Directors and the Board of Corporate Auditors.

(ii) As a whistle blower system under the control of the Compliance Committee to protect whistle blowers, the Company will set up a "helpline" with independent attorneys and third-party institutions as information recipients. Whenever the Compliance Committee receives a report or notice from the information recipients, it shall investigate the same. If any violation is found, it shall, upon consultation with the relevant division, decide on a preventive measure and disclose the same, as well as the result of punishment, within the Company and implement such preventive measure company-wide.

(7) Systems to secure the properness of business activities of the corporate group comprising the Company and its parent company and subsidiaries

(i) Each subsidiary of the Company shall file with the directors of the Company a report on operating results and managerial risks on a monthly basis. In addition, any director of the Company who has been dispatched as a director of a subsidiary appointed by the Company and who has attended a meeting of the board of directors of such subsidiary shall file a report on the situations of discussions thereat and managerial problems with the directors designated by the President and Representative Director of the Company.

(ii) The Risk Management Committee of the Company shall include person in charge of subsidiary oversight as its members and manage risks of the subsidiaries. The Company's Compliance Committee, internal-audit divisions and helpline shall also cover the subsidiaries.

(iii) Consolidated management targets and policy on business operations of the corporate group shall be shared at the Group Joint Management Council and in meetings of different business areas. Moreover, the entire Group shall work toward optimization with respect to the organization and human resources, and fund procurement. Also, with regard to execution of duties, the Company shall define areas of authority for managing subsidiaries based on the "group-wide form stating decision-making and reporting procedures," and shall also streamline delegation of authority while achieving balance with Group management.

(iv) To secure the properness of business activities of the subsidiaries, the Company will institute a management philosophy of the Group of "Creating an Appealing Company That Responds to People's Trust and Expectations" as its goal, and set up a common code of ethics and conduct.

(v) A Management Advisory Board has been set up as an advisory body to the President and Representative Director, who receives the board’s advice and recommendations for maintaining and improving the Group’s soundness, fairness and transparency, and reflects these in decision making.

(vi) The Group, as members of society, shall enter into no connection with any antisocial force that poses any threat to the social order and safety, and definitely reject any undue demand.

(vii) To establish systems to secure the properness of financial reporting, the Group shall stipulate relevant rules and regulations and give education and awareness for the compliance with accounting standards and other relevant laws and ordinances to enhance internal control over financial reporting. In addition, the relevant departments and divisions and the corporate auditors of subsidiaries shall cooperate with each other to establish a scheme to periodically evaluate the developments of the improvement and operation of the systems thereof and improve them.

(viii) With K.R.S. Corporation and Aohata Corporation, subsidiaries of the Company, the Company shall share consolidated management targets and closely exchange information on risk management and compliance. Simultaneously, as each of the subsidiaries is a company listed on the Tokyo Stock Exchange and forms its own corporate group, it shall institute a system of its own to secure the properness of business activities.

(8) Matters concerning the assignment of employees to assist the corporate auditors to execute their duties

The Internal Auditing Department shall conduct internal audits of such matters as requested by the corporate auditors upon consultation with the Board of Corporate Auditors and file a report on the results thereof with the Board of Corporate Auditors. In addition, in the event that the Board of Corporate Auditors requests the Company to assign its employees to assist the corporate auditors to execute their duties, the Company shall accommodate such request promptly.

(9) Matters concerning the independence from the directors of employees who assist in corporate auditor duties and ensuring effectiveness of corporate auditor instructions conveyed to such employees

(i) Any employee in the Internal Auditing Department who is requested by the corporate auditors to conduct required internal audits shall not be instructed or ordered with regard to such internal audits by any director other than the director in charge of the Internal Auditing Department. In the event that the Board of Corporate Auditors requests the Company to appoint an employee to assist them to execute their duties, such any employee shall not be instructed or ordered by any director to remain independent.

(ii) Committees contributing to the internal control systems such as the Risk Management Committee and the Compliance Committee, the Internal Auditing Department, and staff members in each division or department in charge of auditing duties shall respect the opinions of each corporate auditor as they pertain to ensuring that the audit by the corporate auditors is effective.

(10) System for reporting to the corporate auditors including system for directors and employees of the Company, and officers, employees, etc. of subsidiaries to report to the corporate auditors

(i) The directors and employees, and officers and employees, etc. of subsidiaries shall, in accordance as provided for by the Board of Corporate Auditors, give necessary reports upon request from each corporate auditor.

(ii) The matters to be reported under item (i) above principally include:

- Details of propositions to be submitted to the General Meeting of Shareholders for resolution;
- State of activities of the divisions responsible for establishing internal control systems of the Company;
- State of activities of the corporate auditors, the internal auditing departments and self-audit staff of the subsidiaries and affiliated companies of the Company;
- Important accounting policies and accounting standards of the Company and amendment thereto;
- Details of publications of operating results and forecasts thereof and the details of important disclosure documents;
- Management of the whistle blower system and the details of notices;
- Behavior in violation of laws and ordinances and the Articles of Incorporation, or fraudulent behavior; and
- Matters entailing risk of inflicting substantial damage on the Company or a subsidiary thereof.

(iii) The Company shall establish a system, as part of the "helpline" internal reporting system in order to enable direct contact with the Company's corporate auditors.

(11) System to ensure that persons who have reported as aforementioned in section (10) above are not treated disadvantageously for making such reports

(i) Compliance regulations applicable across the Group shall ensure protection of persons who seek consultation or report issues.

(ii) The Company shall, within the "helpline" internal reporting system, set up an internal reporting contact point operated by an outside third-party entity, and shall establish a system that enables directors and employees, as well as officers and employees of subsidiaries, to anonymously report to corporate auditors through that contact point.

(12) Policy on procedures for prepaying or reimbursing expenses incurred by corporate auditors in the course of executing their duties, and other matters involving handling of expenses or debts incurred through execution of such duties

(i) The Company shall undertake budgetary measures annually with respect to audit expenses necessary to ensure the smooth execution of corporate auditor duties.

(ii) The Company shall cover extraordinary expenses claimed by corporate auditors, such as those incurred in enlisting the cooperation of outside specialists (such as lawyers and accountants), unless the nature of the expense claimed is deemed unreasonable.

(13) Other systems to assure effective audits by the corporate auditors

(i) The Board of Corporate Auditors shall have opportunities to have talks with the executive directors and important employees and also have opportunities to exchange opinions with the President and Representative Director and the account auditors, respectively, on a regular basis.

(ii) Audit policies and important audit matters of respective fiscal years are to be reported to the Board of Directors and shared with the directors.

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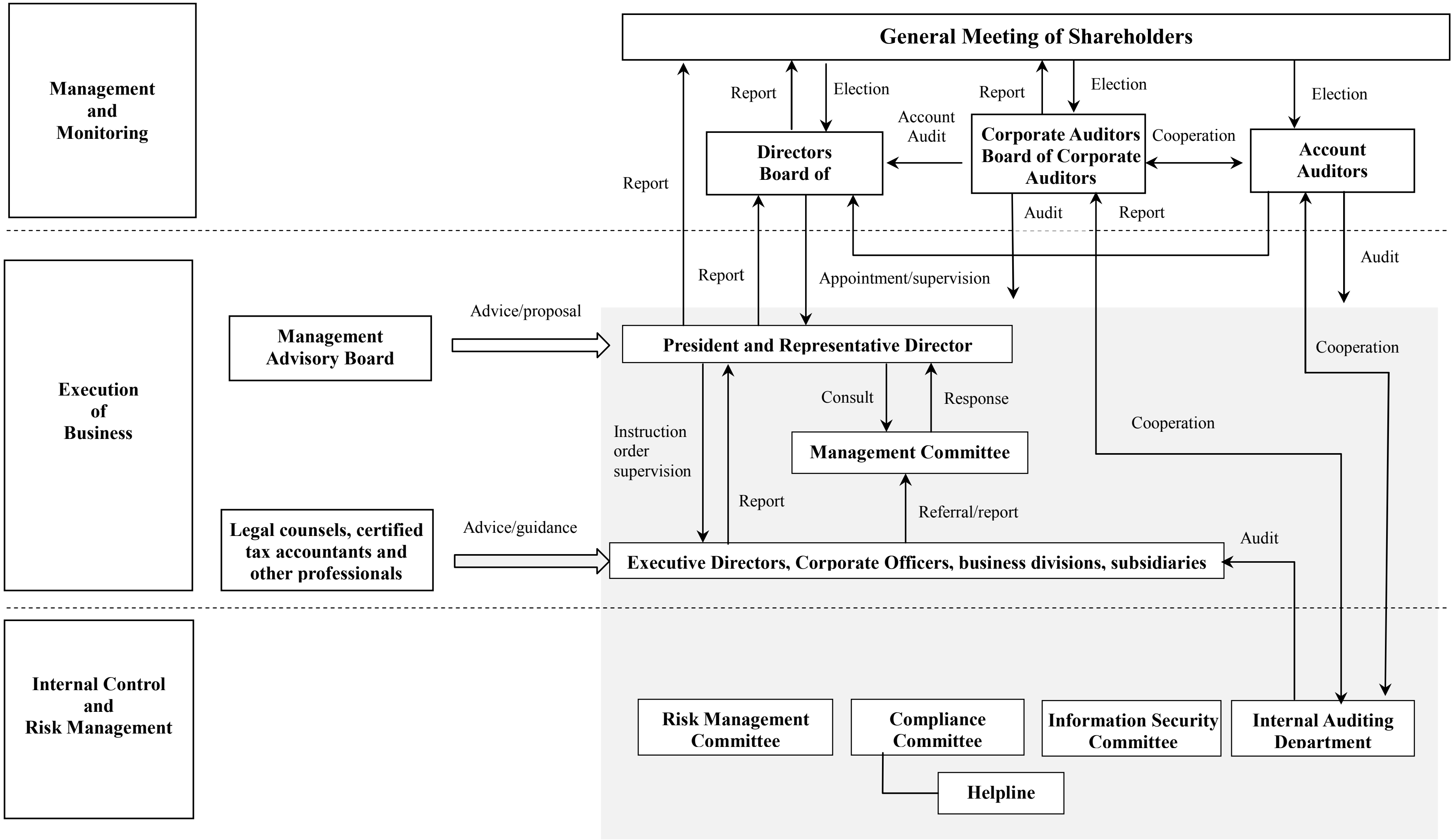
The corporate governance system of the Group is summarized as follows:



Fundamental Policy on Control of Joint-Stock Corporation

(1) Fundamental policy on what the person(s) should be like to control the determination of the financial and business policy of the Company

The Company considers that in the event that its shares are to be purchased for the purpose of mass acquisition, it should be left to final judgment of the shareholders whether or not the Company will agree thereto, and does not deny any import or effect of vitalization of its corporate activities through a change in the controlling interest.

However, for the management of the Company and the Group, it is essential to have a good understanding of a broad range of know-how and accumulated experience, as well as the relationships fostered with its stakeholders, including customers, trading partners and employees, among others. Without such good understanding, it would be impossible to properly judge the shareholder value that may be raised in the future. We, who are responsible for management as entrusted by the shareholders, have focused our efforts on IR activities to get the fair value of the shares of the Company understood by the shareholders and investors. However, in the event of a sudden mass acquisition of the shares, for the shareholders who are required to properly judge whether the price for the acquisition offered by the purchaser is adequate or not in a short period, we consider it vital to be provided with adequate and sufficient information from both the purchaser and the Board of Directors of the Company. Additionally, for the shareholders in considering whether or not to continue holding the shares of the Company, we believe that such information as the impact of the acquisition on the Company, the details of the management policy and business plans and past investing activities of the purchaser when the purchaser proposes to participate in the management of the Company and the opinion of the Board of Directors as to the acquisition will be important for making a decision.

In consideration of these factors, we have judged that any prospective purchaser of the shares of the Company for the purpose of mass acquisition should be required to provide with the Board of Directors in advance such necessary and sufficient information as to allow the shareholders to consider the acquisition in accordance with some reasonable rules prescribed by the Company and publicized in advance, and to be able to commence the acquisition only after the lapse of a specified evaluation period for the Board of Directors.

In fact, some mass acquisition may cause permanent damage to the Company and materially injure its corporate value and the common interests of its shareholders. We, responsible for the management of the Company, recognize that we are naturally responsible for protecting against such mass acquisition the fundamental philosophy and brands of the Company and the interests of its shareholders and other stakeholders.

To fulfill such responsibility, the Board of Directors of the Company recognizes that with regard to any purchase of shares for the purpose of mass acquisition (or any proposed purchase), it is necessary to carefully investigate and judge the effect of such purchase (or such proposed purchase) that may have on the corporate value of the Company and the common interests of its shareholders, in consideration of the nature of business, future business plans and past investing activities of the purchaser, among other factors.

Hence, we believe that to protect the corporate value of the Company and the common interests of its shareholders, it is necessary for the Board of Directors to take measures it considers adequate in accordance with some reasonable rules prescribed by the Company and publicized in advance.

The aforementioned fundamental policy on what the person(s) should be like to control the determination of the financial and business policy of the Company will be referred to as the "Fundamental Policy" hereinafter.

(2) Special measures to facilitate the implementation of the Company's Fundamental Policy

(i) Special measures to facilitate the implementation of the Company's Fundamental Policy

To encourage many investors to invest in the Company on a continued, long-term basis, it has implemented the following measures to facilitate the enhancement of its corporate value and the common interests of its shareholders:

(a) Institution of the Group's Medium-term Business Plan

The Group has instituted its Medium-term Business Plan for three years commencing December 1, 2015 to further enhance its corporate value.

The Medium-term Business Plan stipulates four management policies focused on making the most of our unique capabilities and an ability to create new products, markets and demand, with the aim of enabling the Group to achieve dramatic growth by pursuing new challenges. To that end, the four policies call for us to strengthen our management base, enhance our cost competitiveness, create added value, and take up challenges in new fields.

To put the Medium-term Business Plan into action, the Group will make aggressive business and equipment investment to strengthen its revenue-generating base and enhance asset efficiency in each business division round upon the above-mentioned management policies, which we believe will facilitate the enhancement of its corporate value and the common interests of its shareholders.

(b) Upgrading of corporate governance

To continuously increase its corporate value and the common interests of its shareholders through efficient and sound management, the Group regards the upgrading of its organizations, schemes and systems of management and timely and proper implementation of necessary measures as one of the most important management challenges.

To more clearly define the management responsibility for each fiscal year and establish a management structure that can respond to changes in the business environments with agility, the Company has set the term of office of directors to one year. Additionally, to further strengthen its audit system, the Company has employed a system of five corporate auditors, including three outside corporate auditors.

(ii) Opinion of the Board of Directors of the Company about the measures set forth in (2) (i) above and the reason for the opinion

The Board of Directors is of the opinion that the measures implemented under (2) (i) (a) and (b) above comply with the Fundamental Policy because both measures will enhance the corporate value of the Group and the common interests of its shareholders and consequently, mitigate the risk of the emergence of any Large Purchaser who might materially injure the corporate value of the Company and the common interests of its shareholders. The Board of Directors also is of the opinion that the measures apparently are not contemplated to maintain the position of the officers of the Company because the measures will enhance the corporate value of the Group and not injure the common interests of the shareholders of the Company.

(3) Measures to prevent the determination of the financial and business policy of the Company from being controlled by any inadequate person in consideration of the Fundamental Policy (a defense plan against large purchase actions of the shares of the Company (takeover defense plan))

(i) Measures by a defense plan against large purchase actions of the shares of the Company (takeover defense plan)

The Company, at the meeting of its Board of Directors held on January 24, 2014, determined to maintain the Fundamental Policy and continue the defense plan against large purchase actions of the shares of the Company (the "Defense Plan") as measures to prevent the determination of the financial and business policy of the Company from being controlled by any inadequate person in consideration of the Fundamental Policy, subject to approval of the shareholders at the 101st Ordinary General Meeting of Shareholders to be held on February 25, 2014, at which the maintenance and continuation of the Defense Plan was approved.

The summary of the Defense Plan are as set forth below:

(a) Purchases of shares subject to the coverage of the Defense Plan

(i) A purchase of shares and other securities of the Company to make the ratio of voting rights of any specified shareholder group 20% or more, or (ii) a purchase of shares and other securities of the Company resulting in making the ratio of voting rights of any specified shareholder group 20% or more (whether by market trading, by TOB or otherwise, excepting any purchase agreed to by the Board of Directors in advance) shall be subject to the coverage of the Defense Plan.

(b) Particulars of the Large Purchase Rules

The Company will institute Large Purchase Rules under which any Large Purchaser can commence a large purchase action only after (1) it provides the Board of Directors of the Company with necessary and sufficient information on the large purchase action in advance and (2) in principle, 60 days (in case of a purchase of all of the shares of the Company by a TOB the consideration for which is only cash (in the yen)) or 90 days (in cases of other large purchase actions) should be allowed to the Board of Directors as a period for its evaluation, deliberation, negotiation, formulation of an opinion, preparation of an alternative proposal, determination of the necessity to follow procedures for confirming the intention of the shareholders and determination of whether nor not to trigger the counter measures (the "Directors' Evaluation Period") elapse.

With regard to the Large Purchase Rules, the Company will (3) establish an Independent Committee to ensure the Defense Plan to be implemented properly and prevent arbitrary judgments by the Board of Directors as far as possible and (4) follow procedures for confirming the intention of the shareholders as the necessity arises from the perspective of respecting their intention. The Independent Committee shall consist of at least three members, who shall be appointed from among outside experts independent of the management responsible for execution of business of the Company, outside directors of the Company and outside corporate auditors of the Company, to enable them to make fair and indifferent judgments. To confirm the intention of the shareholders, a resolution shall be adopted at a general meeting of shareholders ("General Meeting of Shareholders") under the Companies Act of Japan. In the event that such General Meeting of Shareholders is held, the Board of Directors shall, pursuant to the resolution adopted thereat, trigger, or not trigger, the Defense Measure against the proposed large purchase action as the case may be. The date of the General Meeting of Shareholders shall be fixed within the initially fixed Directors' Evaluation Period, in principle. However, in any unavoidable circumstance where it takes time procedurally to convene a General Meeting of Shareholders or otherwise, the Board of Directors may extend the Directors' Evaluation Period for 30 days upon recommendation from the Independent Committee.

(c) Defense Measure when a large purchase action is taken

a. In case the Large Purchaser observes the Large Purchase Rules

In case the Large Purchaser observes the Large Purchase Rules, the Board of Directors will not trigger the Defense Measure against the large purchase action, in principle. Whether or not to agree to the purchase proposal by the Large Purchase will be left to the judgment of the respective shareholders.

However, if the Large Purchaser is considered not to seriously aim for reasonable management but the large purchase action of the Large Purchaser is considered to cause permanent damage to the Company, whereby materially injuring its corporate value and the common interests of its shareholders, the

Board of Directors may exceptionally implement any appropriate measure to protect the interests of its shareholders.

b. In case the Large Purchaser does not observe the Large Purchase Rules

In case the Large Purchaser does not observe the Large Purchase Rules, in order to protect the corporate value of the Company and the common interests of its shareholders, the Board of Directors will trigger the Defense Measure, including the issuance of stock acquisition rights, as authorized by the Companies Act and other laws and ordinances and the Articles of Incorporation of the Company, against the large purchase action by taking into consideration the necessity and adequacy thereof. The Board of Directors will determine whether or not the Large Purchaser observes the Large Purchase Rules and whether or not it is appropriate to trigger the Defense Measure, by reference to the opinions of third-party experts and by respecting recommendations from the Independent Committee to the maximum extent possible.

c. Vehicles for the Defense Measure

A specific vehicle for the Defense Measure shall be selected by the Board of Directors from among those authorized under the Companies Act and the Articles of Incorporation of the Company, including the free allocation of stock acquisition rights as the most appropriate vehicle in its judgment when it is triggered, by taking into consideration the necessity and adequacy thereof. In the event that the Board of Directors selects the free allocation of stock acquisition rights, it shall be included in the conditions of stock acquisition rights that the Large Purchaser shall not be allowed to exercise the stock acquisition rights.

d. Cessation of the triggering of the Defense Measure

Even after the determination to trigger the Defense Measure, in the event that the Large Purchaser revokes or alters the large purchase action or otherwise the Board of Directors judges it inappropriate to trigger the Defense Measure, it may alter or cease the triggering of the Defense Measure by respecting recommendations from the Independent Committee to the maximum extent possible.

(d) Impacts on the shareholders and investors

a. Impact of the Large Purchase Rules on the shareholders and investors

We believe that the institution of the Large Purchase Rules, which are intended to help the shareholders make appropriate investment judgments, will benefit the shareholders of the Company and investors.

b. Impact on the shareholders and investors when the Defense Measure is triggered

In case the Large Purchaser does not observe the Large Purchase Rules, the Board of Directors may trigger the Defense Measure, as authorized by the Companies Act and other laws and ordinances and the Articles of Incorporation of the Company, to protect the corporate value of the Company and the common interests of its shareholders. However, under the scheme of the Defense Measure, it is not assumed that the shareholders (excluding the Large Purchaser against which the Defense Measure is triggered) of the Company will incur any specific loss on their legal rights or economic interests. In the event that the Board of Directors ceases to issue stock acquisition rights or acquire the issued stock acquisition rights without consideration, the stock value per share will not be diluted. Hence, any shareholder or investor who trades in the shares, assuming that the stock value of the Company will be diluted on or after the ex date relating to the free allocation of stock acquisition rights may incur an unexpected loss due to stock price movements.

c. Procedures to be followed by the shareholders when the Defense Measure is triggered

In the event that the Board of Directors determines to make a free allocation of stock acquisition rights as a vehicle for the Defense Measure, the stock acquisition rights will be allocated free of charge to the shareholders recorded in the final register of shareholders of the Company as of the record date for the free allocation of the stock acquisition rights of which the Company shall give public notice. Therefore, the shareholders will have to be recorded in the final register of shareholders as of the record date. Furthermore, for details of the methods of allocation, the registration of transfers of shares, the exercise of stock acquisition rights and the acquisition thereof by the Company, information will be disclosed or notified to the shareholders after the determination of the Board of Directors with regard to the Defense Measure.

(e) Effective period of the Defense Plan

The effective period of the continued Defense Plan shall expire at the close of the 104th Ordinary General Meeting of Shareholders to be held no later than February 28, 2017.

(ii) Opinion of the Board of Directors of the Company about the measures set forth in (3) (i) above and the reason for the opinion

(a) The Defense Plan's compliance with the Fundamental Policy

The Defense Plan stipulates the particulars of the Large Purchase Rules, the defense plan in case of a large purchase action, the establishment of an Independent Committee and the impacts on the shareholders and investors, among other things.

The Defense Plan requires any Large Purchaser to provide the Board of Directors with necessary and sufficient information on a large purchase action in advance and commence the large purchase action only after the lapse of the Directors' Evaluation Period and stipulates that the Board of Directors may trigger any defense measure against the Large Purchaser not observing the Large Purchase Rules.

The Defense Plan also stipulates that even in the event that the Large Purchaser observes the Large Purchase Rules, if its large purchase action is considered by the Board of Directors to materially injure the corporate value of the Company and the common interests of its shareholders, the Board of Directors may trigger any defense measure considered appropriate to protect the corporate value of the Company and the common interests of its shareholders.

Hence, we believe the Defense Plan complies with the Fundamental Policy.

(b) The Defense Plan's not injuring the common interests of the shareholders of the Company

As described in "Fundamental policy on what the person(s) should be like to control the determination of the financial and business policy of the Company" in (1) above, the Fundamental Policy is based on respect for the common interests of its shareholders. The Defense Plan, which is designed according to the philosophy of the Fundamental Policy, is intended to afford the opportunities to the shareholders of the Company to receive information necessary for them to judge whether or not to agree to a large purchase action, have the Board of Directors put forward its opinion thereon and have any alternative proposal offered to them. The Defense Plan will allow the shareholders of the Company and investors to make appropriate investment judgments. Thus, we believe that the Defense Plan will not injure the common interests of the shareholders of the Company but rather benefit their interests.

In addition, the effectuation and extension of the Defense Plan is subject to the approval of the shareholders. The Defense Plan has no "dead-hand clause" (a clause that prevents triggering a takeover defense measure if any member of the Board of Directors that adopted the measure is replaced) or "slow-hand clause" (a clause that prevents triggering a takeover defense measure for a specified period even if a majority of the members of the Board of Directors that adopted the measure are replaced) and consequently, the shareholders of the Company can abolish the Defense Plan whenever they wish to do. Thus, we believe that the Defense Plan gives assurance that the common interests of the shareholders of the Company will not be injured.

(c) The Defense Plan's not contemplated to maintain the position of the officers of the Company

Based on the principle of leaving the final judgment to the shareholders of the Company as to whether or not to agree to a large purchase action, the Defense Plan allows the Board of Directors to request compliance with the Large

Purchase Rules and trigger a defense measure to the extent necessary to protect the corporate value of the Company and the common interests of its shareholders. The Defense Plan discloses the conditions on the triggering of defense measures by the Board of Directors in advance and in details and any defense measure by the Board of Directors shall be triggered in accordance with the provisions of the Defense Plan. The Board of Directors cannot effectuate or extend the Defense Plan by itself, but subject to the approval of the shareholders of the Company.

In addition, to trigger a defense measure against a large purchase action, the Board of Directors shall seek advice from third-party experts whenever necessary in making any important decision on the Defense Policy, and consult with the Independent Committee consisting of the members independent of the management responsible for execution of business and respect recommendations from the Independent Committee to the maximum extent possible. Furthermore, the Board of Directors can follow procedures for confirming the intention of the shareholders as the necessity arises from the perspective of respecting their intention. The Defense Plan contains procedures to ensure the proper operation thereof by the Board of Directors.

Thus, we believe that the Defense Plan clearly is not contemplated to maintain the position of the officers of the Company.

Consolidated Statements of Changes in Net Assets (From December 1, 2014 to November 30, 2015)

(Millions of yen)

	Shareholders' equity				
	Paid-in capital	Capital surplus	Earned surplus	Treasury stock	Total shareholders' equity
Balance at the beginning of the current fiscal year	24,104	30,309	142,489	(1,150)	195,752
Cumulative effects of changes in accounting policies			(320)		(320)
Restated balance	24,104	30,309	142,168	(1,150)	195,432
Changes of items during the fiscal year					
Dividends from surplus			(3,642)		(3,642)
Net income			17,031		17,031
Repurchase of shares		(6)		(266)	(272)
Net changes of items other than shareholders' equity					
Total changes of items during the fiscal year	–	(6)	13,388	(266)	13,115
Balance at the end of the current fiscal year	24,104	30,302	155,557	(1,416)	208,548

	Accumulated other comprehensive income					Minority interests	Total net assets
	Unrealized holding gains (losses) on securities	Unrealized gains (losses) on hedges	Foreign currency translation adjustments	Accumula-ted adjustments for retirement benefits	Total accumula-ted other comprehen-sive income		
Balance at the beginning of the current fiscal year	5,902	4	(1,234)	(5,373)	(701)	25,346	220,397
Cumulative effects of changes in accounting policies						(12)	(332)
Restated balance	5,902	4	(1,234)	(5,373)	(701)	25,333	220,064
Changes of items during the fiscal year							
Dividends from surplus							(3,642)
Net income							17,031
Repurchase of shares							(272)
Net changes of items other than shareholders' equity	3,428	(13)	681	2,130	6,226	6,522	12,749
Total changes of items during the fiscal year	3,428	(13)	681	2,130	6,226	6,522	25,864
Balance at the end of the current fiscal year	9,330	(8)	(552)	(3,243)	5,525	31,856	245,929

(Note) Figures are stated by discarding fractions of one million yen.

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Notes to Consolidated Financial Statements

I. Notes on the matters forming the basis of preparation of consolidated financial statements

1. Consolidated subsidiaries

The Company has fifty-four consolidated subsidiaries in the current fiscal year. The significant consolidated subsidiaries are Kewpie Egg Corporation, Deria Foods Co., Ltd., Kewpie Jyozo Co., Ltd., K.R.S. Corporation, Kanae Foods Co., Ltd., Gourmet Delica Co., Ltd., Salad Club,Inc. and Aohata Corporation. In the current fiscal year, the number of consolidated subsidiaries increased by two because the Company acquired shares of Aohata Corporation and Nantong Kewpie Foods Co., Ltd. was newly established.

Among the twenty non-consolidated subsidiaries, the principal one is K. LP Corporation. These companies are excluded from the consolidation, because their amounts of total assets, net sales, net income (based on the Company's ownership percentage) and earned surplus (based on the Company's ownership percentage) do not have a significant effect on the consolidated financial statements.

2. Application of the equity method

The equity method is applied to the investments in three affiliated companies. The significant affiliate under the equity method is Summit Oil Mill Co., Ltd. In the current fiscal year, the number of affiliated companies accounted for by the equity method decreased by two because Aohata Corporation became the Company's consolidated subsidiary and Henningsen Van Den Burg B.V. was excluded from the affiliated companies due to sales of its shares.

The investments in K. LP Corporation and nineteen other non-consolidated subsidiaries, as well as AK Franchise System Co., Ltd. and two other affiliated companies, which are not accounted for by the equity method, are excluded from the application of the equity method, because the amounts of net income or loss (based on the Company's ownership percentage) and earned surplus (based on the Company's ownership percentage) do not have a significant effect on the consolidated financial statements.

3. Fiscal years of consolidated subsidiaries

The closing date of seven foreign consolidated subsidiaries is September 30, that of one domestic consolidated subsidiary is October 31, and that of four foreign consolidated subsidiaries is December 31.

Four foreign subsidiaries whose closing date is December 31 are consolidated based on their temporary financial statements at September 30. Other seven foreign subsidiaries and one domestic subsidiary are consolidated based on the financial statements at their balance sheet date. However, significant transactions of those subsidiaries for the period from the date of their respective financial statements to the consolidated closing date are reflected in the consolidated financial statements.

4. Accounting policies

(1) Basis and method of valuation of significant assets

(a) Securities

i) Held-to-maturity bonds are stated at amortized cost (by the straight-line method).

ii) Capital stocks of subsidiaries and affiliated companies not subject to the equity method are stated at cost, determined by the moving average method.

iii) Other securities with market value are stated at market value, determined by market prices, etc. as of the closing of the fiscal year (Revaluation differences are all transferred directly to capital. Selling costs are determined by the moving average method.). Those without market value are stated at cost, determined by the moving average method.

(b) Derivatives

Stated at market value.

Hedge accounting is applicable to hedge transactions that meet the requirements thereof.

(c) Inventories

Products and purchased goods, work in process, raw materials and supplies are principally stated at monthly moving average cost (the value method to devaluate a book value for decreasing profitability). Some joint products are stated at cost using the retail method (the value method to devaluate a book value for decreasing profitability).

(2) Depreciation of significant depreciable assets

(a) Tangible fixed assets (excluding lease assets)

Tangible fixed assets, other than those described below, are depreciated using the declining-balance method, principally.

The buildings (excluding the improvements thereof) acquired on or after April 1, 1998 are depreciated using the straight-line method.

The bases for periods of useful life and residual values are mostly identical with those stipulated in the Corporation Tax Act of Japan.

(b) Intangible fixed assets (excluding lease assets)

Intangible fixed assets are depreciated using the straight-line method.

The bases for periods of useful life and residual values are mostly identical with those stipulated in the Corporation Tax Act of Japan.

Software for internal use is amortized by the straight-line method on the estimated useful life of internal use (five years).

(c) Lease assets

Finance lease transactions other than those which are deemed to transfer the ownership of leased assets to lessees are calculated by the straight-line method by considering the lease period to be useful life and the scrap value to be zero.

(d) Long-term prepaid expenses

Long-term prepaid expenses are depreciated using the straight-line method.

(3) Method of treatment of significant deferred assets

Business commencement expenses are recorded as expenses in full at the time of payment.

(4) Accounting standards for significant allowances

(a) Allowance for doubtful accounts

To provide for losses on bad debts, the Company sets aside an estimated uncollectable amount, by taking into consideration the possible credit loss rate in the future based on the actual loss rate in respect of general credits, and the individual possibilities of collection in respect of possible non-performing credits and other specific claims.

(b) Reserve for sales rebates

To provide for payments for sales rebates to be incurred during the current fiscal year, a reserve for sales rebates is provided based on an accrual basis in accordance with each company's policy (rate of the estimated payments for sales rebates to sales).

(c) Reserve for bonuses

To provide for the payment of bonuses to employees, the reserves for bonuses are provided according to the expected amount of the payment which attributes to the current fiscal year.

(d) Reserve for officers' bonuses

To provide for the payment of bonuses to officers, a reserve for officers' bonuses is provided according to the estimated amounts payable at the end of the fiscal year under review.

(5) Accounting for retirement benefits

(a) Periodic allocation method for projected retirement benefits

In calculating retirement benefit obligations, expected retirement benefits are attributed to the period up to the end of the current fiscal year on the benefit formula basis.

(b) Method of accounting for actuarial gains and losses and prior service costs

Prior service costs are amortized by the straight-line method principally over twelve years based on the average remaining employees' service years.

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

In addition, if the amount of pension fund assets exceeds that of retirement benefit obligations for benefit pension plan, it is provided as assets for retirement benefits on consolidated balance sheet.

(6) Significant methods of hedge accounting

(a) Deferral hedge is adopted in hedge accounting. Appropriation processing is adopted for transactions that meet the requirements for that method. Special processing is adopted for interest-rate swap transactions that meet the requirements for special processing.

(b) Hedging instruments are forward exchange contracts and interest-rate swap transactions.

(c) Hedged items are purchase transactions in foreign currencies and interest of loans.

(d) The Company enters into forward exchange contracts to hedge risks from fluctuations in foreign exchange rates, and interest swap agreements to hedge risks from fluctuations in interest rates in the future.

In addition, the Company never makes use of them for the purpose of speculative transactions.

(e) 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 is analyzed by comparing movements in the fair value of hedged items with those of hedging instruments, assessed and strictly controlled.

However, the measurement of the effectiveness of interest swap agreements that conform to the special regulated terms is omitted.

(7) Amortization of goodwill

Goodwill is amortized on a straight-line basis over its estimated useful life. However, trivial goodwill is fully amortized in the fiscal year in which it is incurred.

(8) Other important matters forming the basis of preparation of consolidated financial statements

Consumption taxes are treated on a net-of-tax basis.

II. Changes in accounting policies

(Adoption of accounting standard for retirement benefits)

The Company and its domestic consolidated subsidiaries have applied the stipulations in the main clause of paragraph 35 of the "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26 of May 17, 2012; hereinafter, the "Accounting Standard") and the main clause of paragraph 67 of the "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25 of March 26, 2015; hereinafter, the "Guidance") from the beginning of the current fiscal year. Accordingly, the calculation methods of retirement benefit obligations and current service costs were reviewed. Specifically the method of attributing expected retirement benefits to each period was changed from the straight-line basis to the benefit formula basis, and the method of determining the discount rate was changed from the method using the average period up to the estimated retirement benefit payment date to the method using the discount rate that reflects the estimated payment period and amount of benefit payment in each period.

In accordance with transitional accounting as stipulated in paragraph 37 of the Accounting Standard, the effect of the changes in the calculation methods for retirement benefit obligations and current service costs was added to or deducted from earned surplus at the beginning of the current fiscal year.

As a result of the above, assets for retirement benefits decreased by ¥47 million, liabilities for retirement benefits increased by ¥460 million, and earned surplus decreased by ¥320 million at the beginning of the current fiscal year. The effects on operating income, ordinary income, and income before income taxes and minority interests for the current fiscal year were immaterial.

III. Notes to consolidated balance sheet

1. Pledged assets and secured obligations

Amount of pledged assets (book value):	Tangible fixed assets	¥1,220 million
	Total	¥1,220 million
Obligations secured by such pledged assets:	Short-term borrowings	¥740 million
	Long-term borrowings	¥1,152 million
	Total	¥1,893 million

2. Contingent liabilities

Guarantee obligations ¥626 million

IV. Notes to consolidated statement of income

1. Gains on change in equity and gains on step acquisitions

This is mainly a result of having made Aohata Corporation, a consolidated subsidiary through the company split.

2. Gains on extinguishment of tie-in shares

This is a result of the Company's consolidated subsidiary Aohata Corporation having concluded the absorption-type merger of Geinan Shokuhin Co., Ltd. and AFC Co., Ltd.

V. Notes to consolidated statements of changes in net assets

1. Classes and total numbers of shares issued and outstanding and shares of treasury stock

	Class of shares issued and outstanding	Class of shares of treasury stock
	Shares of common stock	Shares of common stock
Number of shares as of December 1, 2014	153,000,000 shares	1,132,849 shares
Increase in the number of shares during the year	-	99,469 shares
Decrease in the number of shares during the year	-	-
Number of shares as of November 30, 2015	153,000,000 shares	1,232,318 shares

(Note) The increase of 99,469 shares in the number of shares of treasury stock includes an increase of 95,909 shares due to the Company's acquisition of treasury stock owned by Aohata Corporation and treasury stock owned by Aohata Corporation's subsidiary AFC Co., Ltd., in line with making Aohata Corporation, previously accounted for by the equity method, a consolidated subsidiary on December 1, 2014, and also includes an increase of 3,560 shares due to the acquisition of shares less than one unit.

2. Distribution of surplus

(1) Amount of dividends paid

(a) At the meeting of the Board of Directors held on January 23, 2015, a resolution was adopted as follows:

・ Matters concerning dividends on shares of common stock

1) Total amount of dividends	¥1,746,901,670
2) Amount of dividend per share	¥11.50
3) Record date	November 30, 2014
4) Effective date	February 5, 2015

(b) At the meeting of the Board of Directors held on June 19, 2015, a resolution was adopted as follows:

・ Matters concerning dividends on shares of common stock

1) Total amount of dividends	¥1,897,114,025
2) Amount of dividend per share	¥12.50
3) Record date	May 31, 2015
4) Effective date	August 3, 2015

(2) Dividends the record date of which fell during the fiscal year under review but the effective date of which will fall during the next fiscal year

A proposition is planned to be submitted to the meeting of the Board of Directors to be held on January 25, 2016 as follows:

・ Matters concerning dividends on shares of common stock

1) Total amount of dividends	¥2,504,166,753
2) Fund of dividends	Earned surplus
3) Amount of dividend per share	¥16.50
4) Record date	November 30, 2015
5) Effective date	February 5, 2016

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VI. Notes to financial instruments

1. Matters relating to the status of financial instruments

(1) Policy in relation to financial instruments:

The Group raises required funds through bank loans and bond issues according to its equipment investment plan. Floating money is invested in high-security financial assets and short-term operating funds are provided by bank loans. The Group uses derivatives to hedge risks, as described below, and has a policy not to conduct speculative trading.

(2) Details of financial instruments and related risks:

Trade receivables – trade notes and accounts receivable – are exposed to clients' credit risks. Securities and investment securities, which principally consist of shares in the client companies related with the Group's business, are exposed to market risk.

Substantially all of trade payables – trade notes and accounts payable – have payment due dates within one year. Some trade payables in relation to import of raw materials are denominated in foreign currencies and exposed to foreign currency risk, which is hedged by using forward exchange contracts when necessary. Short-term borrowings are funds raised principally in relation to business transactions and long-term borrowings and bonds are funds raised principally for equipment investment requirements. Certain funds so raised bear floating interest rates and are exposed to interest volatility risk, which is hedged by using interest swap agreements, among others.

Derivatives are forward exchange contracts to hedge foreign currency risk involving payables in foreign currencies, interest swap agreements to hedge interest volatility risk relating to borrowings and oil swaps to hedge market risk relating to prices of light oil and heavy oil. With regard to hedging instruments, hedged items, hedge policies, the method of assessment of the effectiveness of hedges, etc., please refer to the above "I. Notes on the matters forming the basis of preparation of consolidated financial statements: 4. Accounting policies: (6) Signification methods of hedge accounting".

(3) Risk management system relating to financial instruments:

(i) Management of credit risk:

The Company, through its operation management division and accounting and financing division, periodically monitor the conditions of its major clients and manages the due dates and balances of its trade receivables by client to early detect or reduce credits that may become uncollectable due to the deterioration of its financial position or other reasons. Likewise, its consolidated subsidiaries manage their trade receivables.

With regard to derivatives, the Company perceives very little credit risk as it enters into transactions solely with financial institutions with high ratings.

(ii) Management of market risk:

The Group uses forward exchange contracts to hedge foreign currency risk involving payables in foreign currencies, interest swap agreements to hedge interest volatility risk relating to borrowings and oil swaps to hedge market risk relating to prices of light oil and heavy oil. The Company's risk management relating to such derivatives is conducted by its Division of Production and Financial Department pursuant to its internal rules and all of the trading results are reported to the General Manager of the Financial Department. With regard to its consolidated subsidiaries, such risk management is conducted principally by their respective administration divisions and all of the trading results are reported to the respective directors of the subsidiaries responsible therefor.

With regard to securities and investment securities, the Company periodically gains information on the market values and financial standings of the issuers (client companies) and review the holding of securities other than those held to maturity on a continuous basis by taking into consideration the market conditions and the relationships with the client companies.

(iii) Management of liquidity risk relating to fund-raising:

The Group prepares and revises cash flow projections on a timely basis and keeps current cash flow at a specified level through overdraft agreements with several banks and a cash management system to manage liquidity risk.

(4) Supplementary explanation of matters relating to the fair values of financial instruments, etc.:

The fair values of financial instruments include market prices and reasonably estimated values if there are no market prices. As the estimation of fair values incorporates variable factors, adopting different assumptions may change the values.

2. Matters concerning fair values, etc. of financial instruments

The following table shows amounts for items recorded in the consolidated balance sheet as of November 30, 2015, along with their fair values and the variances. Items for which determining the fair values is recognized as being extremely difficult are not included in the table. (See Note 2)

(Millions of yen)

		Balance sheet amount	Fair value	Variance
(1)	Cash and deposits	29,844	29,844	–
(2)	Trade notes and accounts receivable	78,151		
	Allowances for doubtful accounts (*1)	(171)		
		77,979	77,979	–
(3)	Securities and investment securities:	28,216	28,216	–
	Total assets	136,041	136,041	–
(4)	Trade notes and accounts payable	45,192	45,192	–
(5)	Short-term borrowings	7,475	7,475	–
(6)	Accounts payable - other	19,153	19,153	–
(7)	Accrued income taxes	3,960	3,960	–
(8)	Bonds	10,000	10,098	98
(9)	Long-term borrowings	7,965	7,922	(42)
	Total liabilities	93,746	93,802	56
	Derivatives (*2)	(58)	(58)	–

(*1) Allowances for doubtful accounts of trade notes and accounts receivable are excluded from the trade notes and accounts receivable.

(*2) Net receivables and payables resulting from derivatives are presented in net amounts.

(Note 1) Matters concerning the calculation method of the fair values of financial instruments, as well as marketable securities and derivatives:

Assets

(1) Cash and deposits and (2) Trade notes and accounts receivable:

The book value is used for these items, as the fair value is nearly equal to the book value as a result of their short settlement periods.

(3) Securities and investment securities:

The fair value of stocks is determined by the price thereof traded on an exchange. For bonds, the value is determined by the price on an exchange or the price announced by the Company's financial institutions. For money in trust or otherwise, the book value is used, as the fair value is nearly equal to the book value as a result of its short settlement periods.

Liabilities

(4) Trade notes and accounts payable, (5) Short-term borrowings, (6) Accounts payable - other and (7) Accrued income taxes:

The book value is used for these items, as the fair value is nearly equal to the book value as a result of their short settlement periods.

(8) Bonds:

The fair value of bonds with fixed interest rates is calculated from the present value of the total principal and interest discounted at a rate supposing newly conducted similar borrowings.

(9) Long-term borrowings:

The fair value of long-term borrowings with fixed interest rates is calculated from the present value of the total principal and interest discounted at a rate supposing newly conducted similar borrowings. For long-term borrowings with floating interest rates, the book value is used, as the fair value is nearly equal to the book value as a result of the revision of interest rates based on the market interest rates in short periods. With regard to some long-term borrowings with floating interest rates subject to special processing of interest rate swaps, the fair value is calculated by discounting the total principal and interest to be processed together with such interest swaps, at a reasonably estimated rate supposing conducted similar borrowings.

Derivatives

Fair values with respect to derivative transactions are calculated based on prices indicated by counterparty financial institutions and other such entities. With regard to derivatives subject to special processing of interest rate swaps, the fair value is indicated by inclusion in the fair value of long-term borrowings to be hedged, as they are processed together with such long-term borrowings.

(Note 2) Financial instruments for which determining the market values is recognized as being extremely difficult:

Category	Balance sheet amount (Millions of yen)
Unlisted shares	5,330

The item has no market price. Accordingly, as determining the market value is recognized as being extremely difficult, it is not included in "(3) Securities and investment securities".

VII. Notes to leased and other real estate properties

Notes to leased and other real estate properties are omitted as the total amount thereof is insignificant.

VIII. Notes on information per share

Amount of net assets per share	¥1,410.53
Net income per share (basic)	¥112.21

IX. Business combination

(Making a company a consolidated subsidiary by company split)

The Company and Aohata Corporation ("Aohata") made a contract of absorption-type company split on December 24, 2013, which made Aohata as a successor company of the business of selling bread-related products such as jams, whipped cream and spread, to the Company by a company split (the "Company Split"), and it became effective on December 1, 2014. As a result of the Company Split, the Company came to own 45.64% of Aohata's issued shares and Aohata became the Company's consolidated subsidiary because it came to be under the substantial control of the Company.

1. Outline of the Company Split

(1) Name and description of business of the acquired company

a) Name — Aohata Corporation

b) Description of business — Production and sale of jams

(2) Main reason of the Company Split

The Company conducted the Company Split because this would enable Aohata to operate both manufacturing and selling businesses, which would promote its prompt decision-making, unique selling system and rapid product development in consideration of diversifying customer needs and changing preferences. It would also enable the Processed foods business of the Company as a whole to improve market competitiveness. Both companies agreed to the idea that making Aohata a consolidated company would contribute to the further growth and development of them and to the enhancement of corporate value, because it would lead to many positive changes, such as the further active utilization of each others' management know-how as to endless promotion of the rationalization, integration of both companies' sales channels in and outside of Japan, enhancement of partnership between them in processing fruits, strengthening the Processed foods business and improving profitability of the Company, and strengthening the management base of Aohata through further utilizing the management resources of the Company more than ever.

(3) Effective date of the Company Split

December 1, 2014

(4) Legal form of the Company Split

Absorption-type company split that positions the Company as a transferring company and Aohata as a succeeding company in exchange for shares

(5) Ratios of voting rights owned immediately before the date of the Company Split, additionally acquired on the date of the Company Split, and owned after the acquisition

a)	Ratio of voting rights owned immediately before the date of the Company Split	36.24%
b)	Ratio of voting rights additionally acquired on the date of the Company Split	9.40%
c)	Ratio of voting rights owned after the acquisition	45.64%

(6) Principal basis for determining the acquiring company

The Company was determined as the acquiring company because the Company came to exert effective control over Aohata by owning 45.64% of its total voting rights after the Company Split.

2. Period of business results of the acquired company included in the consolidated financial statements

From November 1, 2014 to October 31, 2015

3. Calculation of acquisition cost

Cost of acquisition of the acquired company and the breakdown of the cost

Market value of the common shares held by the Company immediately before the date of the Company Split	¥4,229 million
Market value of the common shares additionally acquired by the Company on the date of the Company Split	¥2,020 million
Acquisition cost	¥6,250 million

4. Difference between the cost of acquisition of the acquired company and the total cost of acquisition of individual transactions leading to the acquisition

Gains on step acquisitions: ¥830 million

5. Amount of goodwill recognized, reason for recognition of goodwill and method and period for amortization

(1) Amount of goodwill recognized

¥1,823 million

(2) Reason for recognition

Recognized from future excess earning power expected from future business operations

(3) Method and period for amortization

Amortized by the straight-line method over 10 years

6. Amounts of assets acquired and liabilities assumed as of the date of the Company Split and major components of them

Current assets	¥8,800 million
Fixed assets	¥5,184 million
Total assets	¥13,984 million
Current liabilities	¥5,093 million
Non-current liabilities	¥546 million
Total liabilities	¥5,640 million

7. Outline of the accounting treatment implemented and the impact of the Company Split on the consolidated statement of income

In the Company Split, the Company is a transferring company and Aohata is a succeeding company. However, as Aohata has become the Company's subsidiary, this company split is a reverse acquisition that positions the Company as an acquiring company and Aohata as an acquired company based on "Accounting Standard for Business Combinations" (ASBJ Statement No. 21 issued on December 26, 2008) and "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10 issued on December 26, 2008).

As a result of the accounting treatment for preparing the consolidated financial statements implemented due to the Company Split, in the current fiscal year, the Company recognized ¥1,118 million of gains on change in equity related to the business subject to the Company Split as extraordinary gains.

8. Reported segment that included divested business

Processed foods segment

(Common control transactions)

Aohata Corporation, the Company's consolidated subsidiary, and Geinan Shokuhin Co., Ltd. and AFC Co., Ltd., the Company's unconsolidated subsidiaries, merged effective on October 1, 2015.

1. Summary of the transaction

(1) Names and description of businesses of companies involved in the business combination

1) Names

Aohata Corporation, Geinan Shokuhin Co., Ltd., AFC Co., Ltd.

2) Description of businesses

Aohata Corporation:	Production and sale of jams
Geinan Shokuhin Co., Ltd.:	Production and sale of processed agricultural, livestock and seafood products
AFC Co., Ltd.:	Purchase and sale of processed agricultural and seafood products

(2) Date of the business combination

October 1, 2015

(3) Legal form of the business combination

The business combination was an absorption-type merger with Aohata Corporation as the surviving company and Geinan Shokuhin Co., Ltd. and AFC Co., Ltd. being dissolved. Since the dissolved companies were both wholly owned subsidiaries of Aohata Corporation, there was no issuance of new shares or cash payment associated with the merger.

(4) Name of company after the business combination

Aohata Corporation

(5) Purpose of the transaction

The merger was intended to cope with the changes in the external environment of the Group and to establish the structure aiming to achieve the Medium-term Business Plan.

2. Outline of the accounting treatment implemented and the impact of the merger on the consolidated statement of income

The merger was accounted for as a transaction under common control based on the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21 of December 26, 2008) and the "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10 of December 26, 2008).

As a result of the accounting treatment for preparing the consolidated financial statements implemented due to the merger, in the current fiscal year, the Company recognized ¥901 million of gains on extinguishment of tie-in shares as extraordinary gains.

X. Notes on material subsequent events

Not applicable

(Note) Figures are stated by discarding fractions of one million yen. The ratios of voting rights are stated by counting fractions of 1/2 or more of their units as one and discarding the rest.

Non-Consolidated Statements of Changes in Net Assets (From December 1, 2014 to November 30, 2015)

(Millions of yen)

	Shareholders' equity							
		Capital surplus			Earned surplus			
						Other earned surplus		
	Paid-in capital	Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Reserve for special deprecia-tion	Reserve for reduction entry of replaced property	General reserve
Balance at the beginning of the current fiscal year	24,104	29,418	875	30,294	3,115	33	2,283	67,200
Cumulative effects of changes in accounting policies								
Restated balance	24,104	29,418	875	30,294	3,115	33	2,283	67,200
Changes of items during the fiscal year								
Provision of other capital surplus							279	
Reversal of other capital surplus						(6)	(73)	
Adjustments of other capital surplus resulting from tax rate changes						1	117	
Dividends from surplus								
Net income								
Repurchase of shares								
Net changes of items other than shareholders' equity								
Total changes of items during the fiscal year	–	–	–	–	–	(5)	323	–
Balance at the end of the current fiscal year	24,104	29,418	875	30,294	3,115	27	2,607	67,200

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	Shareholders' equity				Valuation and translation adjustments		Total net assets
	Earned surplus		Treasury stock	Total shareholders' equity	Unrealized holding gains (losses) on securities	Total valuation and translation adjustments	
	Other earned surplus: Retained earnings brought forward	Total earned surplus					
Balance at the beginning of the current fiscal year	16,199	88,832	(1,139)	142,091	5,370	5,370	147,461
Cumulative effects of changes in accounting policies	(767)	(767)		(767)			(767)
Restated balance	15,431	88,064	(1,139)	141,323	5,370	5,370	146,694
Changes of items during the fiscal year							
Provision of other capital surplus	(279)	–		–			–
Reversal of other capital surplus	80	–		–			–
Adjustments of other capital surplus resulting from tax rate changes	(119)	–		–			–
Dividends from surplus	(3,644)	(3,644)		(3,644)			(3,644)
Net income	7,931	7,931		7,931			7,931
Repurchase of shares			(318)	(318)			(318)
Net changes of items other than shareholders' equity					3,320	3,320	3,320
Total changes of items during the fiscal year	3,969	4,287	(318)	3,968	3,320	3,320	7,288
Balance at the end of the current fiscal year	19,400	92,351	(1,457)	145,291	8,691	8,691	153,982

(Note) Figures are stated by discarding fractions of one million yen.

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Notes to Non-consolidated Financial Statements

I. Notes on matters concerning significant accounting policies:

1. Basis and method of valuation of marketable securities:

(1) Held-to-maturity bonds: Stated at amortized cost (by the straight-line method)

(2) Capital stocks of subsidiaries and affiliated companies: At cost, determined by the moving average method

(3) Other securities:

Those with market value: At market value, determined by market prices, etc. as of the closing of the fiscal year (Revaluation differences are all transferred directly to capital. Selling costs are determined by the moving average method.)

Those without market value: At cost, determined by the moving average method

2. Basis and method of valuation of derivatives:

At market value.

Hedge accounting is applicable to hedge transactions that meet the requirements thereof.

3. Inventories:

(1) Basis of valuation:

Merchandise and products, work-in-process and materials and stocks are valued at cost (the value method to devaluate a book value for decreasing profitability).

(2) Method of valuation:

Merchandise and products, work-in-process and materials and stocks are valued by the monthly moving average method.

4. Method of depreciation of fixed assets:

(1) Tangible fixed assets (excluding lease assets):

Tangible fixed assets, other than those described below, are depreciated using the declining-balance method.

The buildings (excluding the improvements thereof) acquired on or after April 1, 1998 are depreciated using the straight-line method.

The bases for periods of useful life and residual values are identical with those stipulated in the Corporation Tax Act of Japan.

(2) Intangible fixed assets (excluding lease assets):

Intangible fixed assets are depreciated using the straight-line method.

The bases for periods of useful life are identical with those stipulated in the Corporation Tax Act of Japan.

Software for internal use is amortized by the straight-line method based on the estimated useful life of internal use (five years).

(3) Lease assets:

Finance lease transactions other than those which are deemed to transfer the ownership of leased assets to lessees are calculated by the straight-line method by considering the lease period to be useful life and the scrap value to be zero.

(4) Long-term prepaid expenses:

Long-term prepaid expenses are depreciated using the straight-line method.

5. Accounting for allowances:

(1) Allowance for doubtful accounts:

To provide for losses on bad debts, the Company sets aside an estimated uncollectable amount, by taking into consideration the possible credit loss rate in the future based on the actual loss rate in respect of general credits, and the individual possibilities of collection in respect of possible non-performing credits and other specific claims.

(2) Reserve for sales rebates:

To provide for payments for sales rebates to be incurred during the current fiscal year, a reserve for sales rebates is provided based on an accrual basis in accordance with the Company's policy (rate of the estimated payments for sales rebates to sales).

(3) Reserve for bonuses:

To provide for the payment of bonuses to employees, the reserves for bonuses are provided according to the expected amount of the payment which attributes to the current fiscal year.

(4) Reserve for officers' bonuses:

To provide for the payment of bonuses to officers, a reserve for officers' bonuses is provided according to the estimated amounts payable at the end of the fiscal year under review.

(5) Accounting for retirement benefits

To meet the payment of retirement benefits to employees, the Company provides an amount based on estimated retirement benefit obligations and plan assets as of the close of the said fiscal year.

(i) Periodic allocation method for projected retirement benefits

In calculating retirement benefit obligations, the method of allocating the projected retirement benefits at the end of the current fiscal year is based on the benefit formula basis.

(ii) Method of accounting for actuarial gains and losses and prior service costs

Prior service costs are amortized by the straight-line method over twelve years based on the average remaining employees' service years.

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

In addition, if the amount of pension fund assets exceeds that of retirement benefit obligations for benefit pension plan plus unrecognized actuarial gains or losses for benefit pension plan, it is provided as prepaid pension expenses on non-consolidated balance sheet.

6. Method of hedge accounting:

(1) Methods of hedge accounting

Deferral hedge is adopted in hedge accounting.

Appropriation processing is adopted for transactions that meet the requirements for that method.

(2) Hedging instruments and hedged items:

Hedging instruments:	Forward exchange contracts
Hedged items:	Purchase transactions in foreign currencies

(3) Hedging policy:

The Company enters into forward exchange contracts to hedge risks from fluctuations in foreign exchange rates. In addition, the Company never makes use of them for the purpose of speculative transactions.

(4) Assessment of the effectiveness of hedge accounting

Control procedures of hedge transactions are executed according to the Company's bylaw. The effectiveness of the hedge is analyzed by comparing movements in the fair value of hedged items with those of hedging instruments, assessed and strictly controlled.

7. Other important matters forming the basis of preparation of consolidated financial statements:

(1) Accounting for retirement benefits

The basis for accounting for unappropriated amounts of unrecognized actuarial gains or losses for retirement benefits and unrecognized prior service costs differs from the basis therefor under consolidated financial statements.

(2) Accounting for consumption taxes

Consumption taxes are treated on a net-of-tax basis.

II. Changes in accounting policies

(Application of accounting standard for retirement benefits and related regulations)

The Company and its domestic consolidated subsidiaries have applied the "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26 of May 17, 2012; hereinafter, the "Accounting Standard") and the "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25 of March 26, 2015) from the beginning of the current fiscal year. Accordingly, the calculation methods of retirement benefit obligations and current service costs were reviewed. Specifically the method of attributing expected retirement benefits to each period was changed from the straight-line basis to the benefit formula basis, and the method of determining the discount rate was changed from the method using the average period up to the estimated retirement benefit payment date to the method using the discount rate that reflects the estimated payment period and amount of benefit payment in each period.

In accordance with transitional accounting as stipulated in paragraph 37 of the Accounting Standard, the effect of the changes in the calculation methods for retirement benefit obligations and current service costs was added to or deducted from retained earnings brought forward at the beginning of the current fiscal year.

As a result of the above, prepaid pension costs increased by ¥1,192 million, retained earnings brought forward decreased by ¥767 million at the beginning of the current fiscal year. The effects on operating income, ordinary income, and income before income taxes and minority interests for the current fiscal year were immaterial.

III. Notes to the balance sheet:

(Millions of yen)

1.	Accumulated depreciation of tangible fixed assets:		114,631
2.	Contingent liabilities		
	Guarantee obligations:		546
3.	Accounts receivable from related companies:	Current assets	17,600
		Fixed assets	269
4.	Accounts payable to related companies:	Current liabilities	24,706
5.	Accounts payable to directors and corporate auditors:	Long-term liabilities	112

IV. Notes to the statement of income

(Millions of yen)

1.	Operating income from related companies:	18,383
2.	Operating expenses to related companies:	99,864
3.	Amount of transactions other than operating transactions with related companies:	2,720

V. Notes to the statements of changes in net assets

Class and total numbers of shares of treasury stock

	Class of shares of treasury stock
	Shares of common stock
Number of shares as of December 1, 2014	1,095,507 shares
Increase in the number of shares during the year	136,811 shares
Decrease in the number of shares during the year	– shares
Number of shares as of November 30, 2015	1,232,318 shares

(Notes) The increase in the number of shares of treasury stock during the fiscal year under review includes 133,251 shares that were acquired as a result of making a company that holds shares of the Company a consolidated subsidiary and 3,560 shares from the acquisition of less-than-one-unit shares.

VI. Notes on tax effect accounting

The principal details of deferred tax assets and liabilities are as follows:

	(Millions of yen)
Deferred tax assets (current)	
Reserve for sales rebates	201
Accrued social security premiums	125
Accrued enterprise taxes	88
Others	245
Subtotal of deferred tax assets (current)	661
Valuation reserve	(48)
Total deferred tax assets (current)	613
Deferred tax assets (fixed)	
Amount of trust of employee retirement benefits created	1,143
Gains on trust of employee retirement benefits	384
Gains on valuation of investment securities	188
Losses on impairment of fixed assets	174
Others	451
Subtotal of deferred tax assets (fixed)	2,342
Valuation reserve	(507)
Total deferred tax assets (fixed)	1,835
Total deferred tax assets	2,448
Deferred tax liabilities (long-term)	
Prepaid pension expenses	(4,461)
Reserve for deferred tax on replacement assets	(1,243)
Revaluation difference of other securities, etc.	(3,892)
Others	(13)
Total of deferred tax liabilities (long-term)	(9,610)
Total deferred tax liabilities	(9,610)
Net deferred tax income (liabilities)	(7,161)

VI. Notes on transactions with related parties

1. Parent company, leading corporate shareholders, etc.:

(Millions of yen)

Category	Corporate name	Address	Capital stock	Principal business	Ratio of voting rights owned by the Company (owned in the Company)	Relationship		Transaction	Amount	Account	End of year
						Number of interlocking officers	Business relationship				
Company whose director(s) and his/her close relative(s) own a majority of the voting rights (including the subsidiary of the company)	Nakashimato Co., Ltd. (Note 3)	Shibuya-ku, Tokyo	50	Sales of various processed foods	(Direct: 11.6% Direct: 14.2% Indirect: 7.8%)	Director: 3 persons	Purchase of products, sales of goods and products and payment of brand use fees	Purchase of products Sale of goods and products Payment of brand use fees Lease of property	438 31 720 11	Accounts payable - trade Accounts receivable - trade Accounts payable - other	62 3 0
Company whose director(s) and his/her close relative(s) own a majority of the voting rights (including the subsidiary of the company)	Touka Co., Ltd. (Note 4)	Shibuya-ku, Tokyo	100	Business of renting property/ Leasing business	[Direct 7.8%]	Director: 1 person	Rent of the office, etc. and purchase of lease assets	Rent of property Purchase of lease assets	233 26	Guarantee money deposited Accounts payable - other Other current liabilities Other long-term liabilities	181 0 18 38

Category	Corporate name	Address	Capital stock	Principal business	Ratio of voting rights owned by the Company (owned in the Company)	Relationship		Transaction	Amount	Account	End of year
						Number of interlocking officers	Business relationship				
Company whose director(s) and his/her close relative(s) own a majority of the voting rights (including the subsidiary of the company)	Tou Ad Kewpie Co., Ltd. (Note 4)	Shibuya-ku, Tokyo	4	Service business	None	None	Payment of advertising expense and sales promotion cost, and sales of goods and products	Payment of advertising expense Payment of sales promotion cost Sale of goods and products	7,189 73 95	Accounts payable - other Accounts receivable - trade	1,728 9
Company whose director(s) and his/her close relative(s) own a majority of the voting rights (including the subsidiary of the company)	Minato Shokai, Co., Ltd. (Note 4)	Minato-ku, Tokyo	10	Wholesale of liquors and foods	None	None	Sales of goods and products	Sale of goods and products	147	Accounts receivable - trade	46
Company whose director(s) and his/her close relative(s) own a majority of the voting rights (including the subsidiary of the company)	Tou Solutions Co., Ltd. (Note 5)	Shinjuku-ku, Tokyo	90	Plan, development, sale, maintenance and operations support of computer systems	Direct: 20.0%	Employee: 1 person	Outsourcing of computing work	Payment of IT-related expense Purchase of software Purchase of tangible fixed assets	1,983 902 19	Accounts payable - other	392

Category	Corporate name	Address	Capital stock	Principal business	Ratio of voting rights owned by the Company (owned in the Company)	Relationship		Transaction	Amount	Account	End of year
						Number of interlocking officers	Business relationship				
Company whose director(s) and his/her close relative(s) own a majority of the voting rights (including the subsidiary of the company)	Yu Shokai Co., Ltd. (Note 6)	Shibuya-ku, Tokyo	10	Business of renting property	None	None	Rent of the office	Rent of real estate	96	Guarantee money deposited	117
Company whose director(s) and his/her close relative(s) own a majority of the voting rights (including the subsidiary of the company)	T&A Co., Ltd. (Note 7)	Shibuya-ku, Tokyo	100	Business of renting property	[Direct: 1.3%]	Director: 1 person	Rent of the dormitory	Rent of real estate	61		

Terms of transactions and the policy on determination thereof:

(Note 1) In principle, the terms of all transactions are determined individually upon consultation by reference to market prices, etc., as with other transactions in general.

(Note 2) With regard to the above-listed transaction amounts, the amount of ending balance includes consumption taxes but the transaction amount does not include consumption taxes.

(Note 3) Amane Nakashima, Senior Executive Managing Director of the Company, and his close relatives and the company in which they own a majority of voting rights directly own 82.9% of the voting rights of the relevant company.

(Note 4) The company in which Amane Nakashima, Senior Executive Managing Director of the Company, and his close relatives own a majority of voting rights directly owns 100.0% of the voting rights of the relevant company.

(Note 5) The company in which Amane Nakashima, Senior Executive Managing Director of the Company, and his close relatives own a majority of voting rights directly owns 80.0% of the voting rights of the relevant company.

(Note 6) Amane Nakashima, Senior Executive Managing Director of the Company, and his close relatives directly own 100.0% of the voting rights of the relevant company.

(Note 7) Amane Nakashima, Senior Executive Managing Director of the Company, and his close relatives directly own 89.5% of the voting rights of the relevant company.

2. Subsidiaries, etc.:

(Millions of yen)

Category	Trade name	Address	Capital stock	Principal business	Ratio of voting rights owned by the Company (owned in the Company)	Relationship		Trans-action	Amount	Account	End of year
						Interlock-ing directors	Operating transaction				
Subsidiary	Kewpie Egg Corporation	Chofu, Tokyo	350	Production and sale of liquid eggs, frozen eggs, etc.	Direct: 100.0%	Director: 2 persons Employee: 9 persons	Sales of goods and products and purchase of products and materials	Purchase of products and materials	23,143	Accounts payable - trade	730
Subsidiary	Kanae Foods Co., Ltd.	Chofu, Tokyo	50	Production and sale of processed eggs, including egg spread, thick omelets and shredded eggs	Direct: 100.0%	Director: 2 persons Employee: 3 persons	Purchase of products	Purchase of products	15,678	Accounts payable - trade	2,882
Subsidiary	Salad Club,Inc.	Chofu, Tokyo	300	Processing and sale of fresh vegetables	Direct: 51.0%	Director: 2 persons Employee: 3 persons	Sale of materials	Borrowing of fund Payment of interest	1,893 13	Short-term borrowings	2,860
Subsidiary	Gourmet Delica Co., Ltd.	Tokorozawa, Saitama	98	Production and sale of delicatessen products	Direct: 100.0%	Director: 2 persons Employee: 8 persons	Sale of materials	Lending of fund Receipt of interest	6,295 61	Short-term loans	5,979

Terms of transactions and the policy on determination thereof:

(Note 1) The terms of purchases of products are determined individually upon consultation by reference to market prices, etc., as with other transactions in general. Interest on loans and borrowings are determined reasonably in consideration of market interest rates.

(Note 2) Loans and borrowings are associated with fund management under the cash management system. The transaction amounts thereof are shown by the average outstanding loans and borrowings.

(Note 3) With regard to the above-listed transaction amounts, the amount of ending balance includes consumption taxes but the transaction amount does not include consumption taxes.

VIII. Note on information per share

Net assets per share:	¥1,014.60
Net income per share:	¥52.26

IX. Notes on material subsequent events

Not applicable

X. Note on company adopting consolidated dividend rules

The Company is a company adopting consolidated dividend rules.

(Note) Figures are stated by discarding fractions of one million yen. The ratios of voting rights held by (in) the Company are stated by counting fractions of 1/2 or more of their units as one and discarding the rest.