

Annual Report 2003

December 1, 2002 to November 30, 2003



Q.P. Corporation

The information contained in this report is derived from the Company's Securities Report in Japanese filed with the Ministry of Finance on the day of February 23, 2004 in accordance with the Securities and Exchange Law, which has been translated into English for the convenience of readers outside Japan.

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English Corporate Name: Q.P. Corporation

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I. Outline of the Company

1. Principal Management Index

(1) Consolidated principal management index for the five years ended November 30, 2003

Term ended	Nov. 1999	Nov. 2000	Nov. 2001	Nov. 2002	Nov. 2003
Net sales (millions of yen)	377,647	384,276	396,697	434,480	437,032
Ordinary income (millions of yen)	13,565	14,750	17,039	18,262	17,532
Net income (loss) (millions of yen)	5,206	(1,280)	8,005	9,306	8,675
Shareholders' equity (millions of yen)	107,564	105,259	107,428	114,015	120,504
Total assets (millions of yen)	265,195	269,305	257,679	270,181	269,559
Shareholders' equity per share (yen)	686.61	677.09	696.21	744.11	786.15
Net income (loss) per share (yen)	33.02	(8.22)	51.78	60.36	56.08
Net income per share – diluted (yen)	29.07	—	45.46	55.11	51.53
Net worth to gross capital (%)	40.6	39.1	41.7	42.2	44.7
Return on equity (%)	4.9	(1.2)	7.5	8.4	7.4
Price earnings ratio (times)	21.7	—	21.0	16.2	15.5
Net cash provided by operating activities (millions of yen)	—	20,582	19,603	22,829	18,550
Net cash used in investing activities (millions of yen)	—	(14,604)	(15,157)	(25,388)	(13,419)
Net cash used in financing activities (millions of yen)	—	(12,655)	(16,592)	(6,897)	(2,116)
Cash and cash equivalents at end of the year (millions of yen)	—	36,274	24,128	16,950	19,868
Number of regular full-time employees, and (in parentheses) average number of temporary employees	— (—)	6,220 (5,066)	6,115 (5,468)	8,550 (8,136)	8,109 (7,913)

(Notes) 1. Consumption taxes are not included in net sales.

2. Net income per share – diluted, and price earnings ratio for the term ended November 2000 are not available, as the Company registered net loss, due to additional reserves for the shortage of in employees' retirement pay resulting from changes in accounting policy.

3. To calculate shareholders' equity per share, net income per share and net income per share - diluted; the Company started applying the "Accounting Standards for Net Income per Share" (Accounting Standards No.2) and the Guideline for Accounting Standard Application for Net Income per share (Accounting standard Application Guideline No.4) in the term ended November 2003.

(2) Non-consolidated principal management index for the five years ended November 30, 2003

Term ended	Nov. 1999	Nov. 2000	Nov. 2001	Nov. 2002	Nov. 2003
Net sales (millions of yen)	267,435	269,881	260,466	271,208	268,958
Ordinary income (millions of yen)	9,580	10,405	11,329	10,582	11,248
Net income (loss) (millions of yen)	4,287	(1,370)	6,268	6,030	6,805
Capital stock (millions of yen)	24,102	24,102	24,103	24,104	24,104
Total number of outstanding shares	156,661,941	155,461,941	155,463,617	155,464,515	155,464,515
Shareholders' equity (millions of yen)	104,308	100,102	102,596	105,794	111,395
Total assets (millions of yen)	190,291	196,781	185,861	186,656	190,335
Shareholder's equity per share (yen)	665.82	643.90	664.90	690.46	726.74
Yearly dividend per share, and interim dividend per share in parentheses (yen)	12.00 (—)	12.00 (—)	12.00 (6.0)	12.00 (6.0)	12.00 (6.0)
Net income (loss) per share (yen)	27.19	(8.79)	40.54	39.11	44.08
Net income per share – diluted (yen)	24.11	—	35.82	35.97	40.64
Net worth to gross capital (%)	54.8	50.9	55.2	56.7	58.5
Return on equity (%)	4.2	(1.3)	6.2	5.8	6.3
Price earnings ratio (times)	26.3	—	26.8	25.1	19.7
Payout ratio (%)	43.83	—	29.54	30.59	27.01
Number of regular full-time employees, and (in parentheses) average number of temporary employees	2,591 (—)	2,605 (849)	2,389 (808)	2,259 (802)	2,118 (921)

- (Notes) 1. Consumption taxes are not included in net sales.
2. Yearly dividend per share for the term ended November 1999, included a ¥2 commemorative dividend on the occasion of the 80th anniversary of the Company.
3. Net income per share – diluted, price earnings ratio and payout ratio for the term ended November 2000, are not available as the Company registered a net loss due to additional reserves for shortage of employees' retirement pay resulting from changes in accounting policy.
4. With effect from the term ended November 30, 2001, Net assets per share, Net income per share, and Net income per share - diluted are based on number of outstanding shares which exclude number of treasury stock.
5. Decrease in the number of regular full-time employees during the term ended November 30, 2001 was mainly attributable to dispatch to consolidated subsidiaries.
6. To calculate shareholders' equity per share, net income per share and net income per share - diluted; the Company started applying the "Accounting Standards for Net Income per Share" (Accounting Standards No.2) and the Guideline for Accounting Standard Application for Net Income per Share (Accounting Standard Application Guideline No.4) in the term ended November 2003.

2. Nature of Business

The Company's group consists of the Company, sixty consolidated subsidiaries, fourteen affiliated companies, and one other affiliated company which owns over 20% of stocks of the Company. The Group's principal businesses are manufacturing, wholesaling and warehousing.

The relationships between the Company and these affiliated companies in the above-mentioned businesses are summarized below.

The summary of the foodstuffs and distribution businesses is categorized in the same manner as in the segment information on business lines.

(1) Foodstuffs Business

a. Mayonnaise and dressings

In Japan, the Company is engaged in the manufacture and sale of mayonnaise and dressings, while consolidated subsidiary Kewpie Jyozo Co., Ltd. is engaged in the manufacture and sale of vinegar, and San-ei Provisions Co., Ltd. in the sale of seasonings.

Overseas, the consolidated subsidiaries, Q&B Foods, Inc., established under the laws of the State of California, Beijing Q.P. Foods Co., Ltd. and Hangzhou Q.P. Foods Co., Ltd. are engaged in the manufacture and sale of mayonnaise and dressings.

b. Canned and retort foods

Aohata Corporation, an equity-method affiliated Company, and Co-op Food Products Co., Ltd., a consolidated subsidiary, manufacture jams, pasta sauces, and other products in bottled, canned and/or retort form, which are then sold by the Company.

c. Egg products

In Japan, the Company and its consolidated subsidiaries Q.P. Egg Corporation and Zenno Q.P. Egg Station Co., Ltd. are engaged in the manufacture of liquid egg, frozen egg, and dried egg, while Kanae Foods Co., Ltd., also a consolidated subsidiary, manufactures processed egg products including egg spread, egg block, and thin egg film. Most of the foregoing products are sold by the Company.

Overseas, Henningsen Foods, Inc., a consolidated subsidiary established under the laws of the State of New York, is engaged in the manufacture and sale of dried egg and related products.

d. Healthcare products

The Company is engaged in the manufacture and sale of baby foods, health foods, nursing care foods, and conventional soft-bag packaged liquefied foods, with the manufacture of certain products being outsourced.

e. Vegetables and salads

The Company is engaged in the production and sale of salads and other prepared foods, while some of these products are also sold by consolidated subsidiary Deria Foods Co., Ltd. (hereinafter "Deria Foods").

In addition, the following consolidated subsidiaries are engaged in the activities shown.

Daily Mate Co., Ltd. manufactures salads and boiled and stewed foods, which are sold by Deria Foods; Potato Delica Co., Ltd. manufactures potato croquettes and salads, which are sold by the Company and Deria Foods; Gourmet Delica Co., Ltd. manufactures and sells boxed lunches, rice balls and so on; Family Chef Co., Ltd. is a manufacturer and wholesaler of salads; Nishifu Meat Co., Ltd. is a wholesaler of roast and fried chicken and other processed chicken meat foods; Saika Co., Ltd. is a manufacturer and wholesaler of pickles; Salad Club Co., Ltd. is a manufacturer and wholesaler of pre-cut vegetables.

(2) Distribution Business

K.R.S. Corporation, a consolidated subsidiary, is engaged in the overland transportation and warehousing of food products. Two other consolidated subsidiaries, S.Y. Promotion Co., Ltd. and Y.M. Kyuso Corporation are solely engaged in the transportation of food products.

The Group Business Network table on Page 4 shows the relationships of the business activities of Group companies.

Both K.R.S. Corporation and Aohata Corporation are registered on the Second Section of the Tokyo Stock Exchange.

3. Outline of Affiliated Companies

(1) Parent Company

Not applicable

(2) Consolidated Subsidiaries

Trade name	Address	Capital stock/ equity investment	Business lines	Voting rights percentage	Relationship with the Company			
					Interlocking directors (D) or corporate auditors (CA)	Finance	Operating transactions	Lease transactions
Q.P. Egg Corporation (Note 1)	Chofu, Tokyo	350 million yen	Production and sale of egg products	88.0	D or CA Employees 2 8	None	Purchase of products and raw materials	Leases on offices
Deria Foods Co., Ltd.	Fuchu, Tokyo	50 million yen	Sale of chilled foods	100.0	D or CA Employees 2 7	None	Sale of products	Leases on offices
Kewpie Jyozo Co., Ltd.	Fuchu, Tokyo	450 million yen	Production and sale of vinegar	87.8	D or CA Employees 2 3	1,755 million yen	Purchase of raw materials	Leases on offices
K.R.S. Corporation (Notes 1, 3 & 4)	Chofu, Tokyo	3,577 million yen	Warehousing and transportation	51.2 (0.3)	D or CA 3	None	Consignment of storage and transportation of products and raw materials of group companies	Leases on land and warehouses
San-ei Provisions Co., Ltd.	Shibuya-ku, Tokyo	57 million yen	Sale of products for commercial use	51.3	D or CA Employees 3 2	None	Sale of products and purchase of raw materials	None
Co-op Food Products Co., Ltd.	Shibuya-ku, Tokyo	250 million yen	Production and sale of canned foods	51.0	D or CA Employees 2 4	1,576 million yen	Purchase of products	Leases on offices
Kanae Foods Co., Ltd.	Fuchu, Tokyo	50 million yen	Production and sale of hen and quail egg products	88.0	D or CA Employees 2 3	982 million yen	Purchase of products	Leases on offices and factories
Zenno Q.P. Egg Station Co., Ltd.	Goka-machi, Sashima-gun, Ibaraki	105 million yen	Production of dried eggs and other egg products	51.4	D or CA Employees 2 3	None	Purchase of products	Leases on factories
Nishifu Meat Co., Ltd.	Fuchu, Tokyo	30 million yen	Production and sale of fish and meat products	100.0	D or CA Employees 2 3	349 million yen	Purchase of raw materials	None
Kifuki U.S.A. Co., Inc.	Delaware, USA	USD 7.17	Investment in and management of subsidiaries in USA	100.0	D or CA Employees 2 1	None	Overall management of subsidiaries in USA	None
Q&B Foods, Inc.	California, USA	USD 4,800 thousand	Production and sale of mayonnaise and dressings	100.0 (100.0)	D or CA Employees 1 3	None	Purchase of products	None
Henningsen Foods, Inc.	New York, USA	USD 1.92 thousand	Production and sale of egg products and dried meats	100.0 (100.0)	D or CA Employees 3 5	Liabilities for guarantee 1,642 million yen	Purchase of products	None
Henningsen Nederland B.V.	Waalwijk, the Netherlands	Euro 359.39 thousand	Production and sale of dried meats	100.0 (100.0)	D or CA Employees 1 1	None	Purchase of products	None
Henningsen Foods, Netherlands Inc.	Delaware, USA	USD 2 thousand	Investment in subsidiaries in the Netherlands	100.0 (100.0)	D or CA 1	None	None	None
Aid Co., Ltd.	Shibuya-ku, Tokyo	10 million yen	Production of foodstuffs and work on consignment	100.0	D or CA Employees 1 7	None	Consignment of production	Leases on factories
Akishima Yasai Kako Co., Ltd.	Akishima, Tokyo	20 million yen	Processing and sale of fresh vegetables	100.0 (100.0)	Employees 4	None	Purchase of raw materials	None
Gourmet Delica Co., Ltd.	Tokorozawa, Saitama	98 million yen	Production and sale of prepared food	100.0	D or CA Employees 2 4	1,258 million yen	Sale of raw materials	None
Fujisan Sensui Co., Ltd.	Fujiyoshida, Yamanashi	90 million yen	Production and sale of mineral water	77.7 (15.0)	D or CA Employees 2 2	None	Purchase of products	Leases on factories
Family Chef Co., Ltd.	Sagamihara, Kanagawa	50 million yen	Production and sale of prepared food	70.0	D or CA Employees 2 3	991 million yen	Sale of raw materials	Leases on factories
Daily Mate Co., Ltd.	Ome, Tokyo	20 million yen	Production and sale of prepared food	100.0 (100.0)	Employees 7	1,497 million yen	Sale of raw materials	None
Kowa Derika Co., Ltd.	Hasaki-machi, Kashima-gun, Ibaraki	10 million yen	Production of canned foods	100.0	D or CA Employees 1 3	669 million yen Liabilities for guarantee 64 million yen	Purchase of products	None
Albstar Co., Ltd.	Goka-machi, Sashima-gun, Ibaraki	50 million yen	Production of frozen and chilled foods	100.0 (100.0)	Employees 6	773 million yen	Purchase of products	Leases on factories
Dispen Pak Japan Co., Inc.	Chofu, Tokyo	140 million yen	Production and sale of foodstuffs, and subdividing and packing work	51.0	D or CA Employees 2 5	26 million yen	Purchase of products	Leases on factories
Shiba Seisakusyo Co., Ltd.	Kawasaki, Kanagawa	10 million yen	Production of machinery and equipment	100.0	D or CA Employees 1 3	146 million yen	Purchase of machinery and equipment	None
Potato Delica Co., Ltd.	Hodaka-machi, Minamiazumi-gun, Nagano	200 million yen	Production of frozen and chilled foods	66.6 (0.8)	D or CA Employees 1 5	1,043 million yen Liabilities for guarantee 451 million yen	Purchase of products	Leases on factories
Saika Co., Ltd.	Ome, Tokyo	50 million yen	Production and sale of pickles	100.0	D or CA Employees 1 2	1,289 million yen	Purchase of products	Leases on land and offices

Trade name	Address	Capital stock/ equity investment	Business lines	Voting rights percentage	Relationship with the Company			
					Interlocking directors (D) or corporate auditors (CA)	Finance	Operating transactions	Lease transactions
Deft Co., Ltd.	Shibuya-ku, Tokyo	10 million yen	Sale of seasonings, chilled foods and foodstuffs	100.0	Employees 4	126 million yen	Sale of products	Leases on offices
K.System Co., Ltd.	Machida, Tokyo	50 million yen	Consigned clerical work	80.0	D or CA Employees 2 3	194 million yen	Consignment of clerical work	None
K pack Co., Ltd.	Goka-machi, Sashimagun, Ibaraki	30 million yen	Production and sale of seasonings	100.0	D or CA Employees 1 3	1,899 million yen	Purchase of products	Leases on offices
Hangzhou Q.P. Foods Co., Ltd.	Hangzhou Economic and Technological Development Zone, Zhejiang Province, China	100 million yuan	Production and sale of foodstuffs	60.0 (5.0)	D or CA Employees 1 3	Liabilities for guarantee 294 million yen	None	None
S.Y. Promotion Co., Ltd.	Bunkyo-ku, Tokyo	200 million yen	Transportation	93.3 (51.0)	Employees 4	None	Transportation services	None
Seto Delica Co., Ltd.	Seto, Aichi	30 million yen	Production and sale of processed food	96.6 (96.6)	Employees 6	846 million yen	None	None
Ishikari Delica Co., Ltd.	Teine-ku, Sapporo, Hokkaido	30 million yen	Production and sale of processed food	100.0 (100.0)	Employees 4	501 million yen	None	None
Hanshin Delica Co., Ltd.	Amagasaki, Hyogo	10 million yen	Production and sale of processed food	100.0 (100.0)	Employees 4	355 million yen	None	Leases on factories
Salad Club Co., Ltd.	Fuchu, Tokyo	300 million yen	processing and sale of fresh vegetables	51.0	D or CA Employees 3 2	557 million yen	Purchase of products	Leases on factories
Y. M. Kyuso Corporation	Inagi, Tokyo	82 million yen	Warehousing and transportation	52.0 (52.0)	None	None	None	None
Beijing Q.P. Foods Co., Ltd.	Haidian-qu, Beijing, China	685 million yen	Production and sale of foodstuffs	65.0	D or CA Employees 1 5	None	None	None
Kewpie Ai Co., Ltd.	Machida, Tokyo	30 million yen	Consigned clerical work	100.0	D or CA Employees 2 3	None	None	None
6 Other companies								

- (Notes) 1. The specified subsidiaries
2. The figures in parentheses under "Voting rights percentage" indicate the proportion of indirect ownership.
3. The Company submits its own annual securities report to the Ministry of Finance in accordance with the stipulations of the Securities and Exchange Law.
4. Net sales registered by K.R.S. Corporation exceed 10% of the Company's consolidated net sales (excluding sales from inter-group transactions). Since K.R.S. Corp. submits its own annual securities report to the Ministry of Finance, however, specific details regarding its major profit/loss information are not published here.

(3) Affiliated companies applying the equity method

Trade name	Address	Capital stock/ equity investment	Business lines	Voting rights percentage	Relationship with the Company			
					Interlocking directors (D) or corporate auditors (CA)	Finance	Operating transactions	Lease transactions
Summit Oil Mill Co., Ltd.	Chiba, Chiba	97 million yen	Production of vegetable oil	49.0	D or CA 1	None	Purchase of products	None
Aohata Corporation (Notes 1 & 2)	Takehara, Hiroshima	644 million yen	Production and sale of canned foods	16.1 (0.3)	D or CA 3	None	Purchase of products	None
Kunimi Nosankako Co., Ltd. (Note 1)	Kunimi-cho, Higashikunisaki-gun, Oita	80 million yen	Production and sale of frozen and chilled foods	17.5	Employee 1	550 million yen	Purchase of products	None
Henningens Van Den Burg B.V.	Waalwijk, the Netherlands	Euro 5,127 thousand	Production and sale of dried eggs	50.0 (50.0)	D or CA 1	None	Purchase of products	None

- (Notes) 1. Although the proportion of shares held by the Company is less than 20 percent, the Company exercises substantial influence; thus the companies are included in the scope of equity-method affiliated companies.
2. The Company submits its own annual securities report to the Ministry of Finance.
3. The figures in parentheses under "Voting rights percentage" indicate the proportion of indirect ownership.

(4) Other affiliated company

Trade name	Address	Capital stock/ equity investment	Business lines	Voting rights percentage	Relationship with the Company			
					Interlocking directors (D) or corporate auditors (CA)	Finance	Operating transactions	Lease transactions
Nakashimato Co., Ltd.	Shibuya-ku, Tokyo	119 million yen	Sale of processed food	20.3 (3.1)	D or CA 3	None	Purchase of products	Leases on offices

- (Note) The figure in parentheses under "Voting rights percentage" indicates the proportion of indirect ownership.

4. Employees

(1) The Company and its consolidated subsidiaries

(as of November 30, 2003)

Business segment	Number of employees	
Foodstuffs	5,922	(6,958)
Distribution	2,187	(955)
Total	8,109	(7,913)

- (Notes)
1. Employee figures shown outside parentheses indicate registered regular employees and long-term special contract employees, excluding the Group employees dispatched outside the Group but including workers from outside employed within the Group on dispatch. Figures within parentheses indicate short-term contract non-regular employees and workers hired on a daily, weekly or seasonal basis.
 2. Figures for employees of consolidated subsidiaries are those as of September 30, 2003, with the exception of K.R.S. Corporation.
 3. The number of employees in the distributions business segment fell by 464 from the end of the previous fiscal term, due to their transfer to non-consolidated subsidiaries.

(2) The Company

(as of November 30, 2003)

Number of employees	Average age	Average years of service	Average annual salary
2,118 (921)	33.9	11.3	5,973,843 yen

- (Notes)
1. Employee figures shown outside parentheses indicate registered regular employees and long-term special contract employees, excluding the Company employees dispatched outside the Company but including workers on dispatch from outside employed in the Company. Figures within parentheses indicate average number of short-term contract non-regular employees and workers hired on a daily, weekly or seasonal basis.
 2. Average annual salary of employees refers to income before taxes, including overtime pay and bonuses.

(3) The workers' union

The workers' union of Q.P. Corporation, a single-enterprise union having no affiliation with any larger entity and enjoying friendly relations with the Company, was formed on July 14, 1962. As of November 30, 2003, 83 employees working in the Tokyo district were members of the union.

II. Business Operations

1. General

(1) Business performance (consolidated)

During the term under review, the Japanese economy remained in the doldrums due largely to continuously sluggish consumer spending, although some companies (primarily in the manufacturing industry) saw a silver lining amid improved earnings.

Despite these circumstances, the Q.P. Group (Q.P. Corporation and its consolidated subsidiaries in addition to affiliated companies under equity method) saw sales increase in both the foodstuffs and distributions/logistics businesses, posting net sales of ¥437,032 million, up 0.6%, or ¥2,552 million, from the previous term.

Meanwhile, operating income declined 1.8% year-on-year, or ¥331 million, to ¥18,255 million and ordinary income dropped 4.0%, or ¥730 million, to ¥17,532 million. Net income was ¥8,675 million, down 6.8%, or ¥631 million.

(2) Business overview by segment

Foodstuffs Business

During the term under review, the Japanese foodstuffs industry saw consumer awareness of quality issues (such as presence of allergens, the composition of ingredients, etc.) rise sharply.

Consumers are increasingly demanding information on product history. The industry was also hit by a series of scandals, including the omission of ingredients on labels and downright false labeling. These factors make it difficult to regain consumers' trust in the industry anytime soon, which is forcing food companies to take stronger measures to ensure product safety.

Against this backdrop, the Q.P. Group reorganized the operations to facilitate fast decision-making and improved operational efficiency, and established an office tasked to handle product standards and labeling. We also stepped up the traceability and quality assurance systems, while establishing a compliance committee to ensure strict group-wide adherence for the law.

As a result of these activities, sales from the foodstuffs business rose 0.4% over the previous term, or ¥1,414 million, to ¥357,030 million, helped by increased sales at the Healthcare products and Vegetables and Salads.

On the procurement front, cooking oil prices rose amid a jump in raw material prices, affected by a poor soybeans crop in North America and growing demand in China. Meanwhile, egg prices stayed lower throughout the year partly because of weak consumer spending.

As for environmental protection activities, the Company's eight plants and its head office (located in Shibuya-ku, Tokyo) as well as laboratory (Fuchu, Tokyo) achieved zero emissions (100% of raw materials waste is recycled) by the end of September 2003. In the entire Q.P. Group, 19 facilities (17 offices in the manufacturing division and two in the non-manufacturing division) had attained zero emissions by the end of the fiscal term under review.

A detailed breakdown of business performance is shown below.

① Mayonnaise and Dressings

The Company did its utmost to expand sales by offering new serving suggestions and nationwide consumer campaigns, which pushed up sales of Kewpie Half low-calorie mayonnaise and Zero-Cholesterol Mayonnaise, both modified products targeting health-conscious consumers, mainstay Roasted Sesame Dressing, and non-oil dressings for which new items were introduced. As a result, sales for this segment were ¥111,434 million, up 0.7%, or ¥797 million, from the previous year.

② Canned and Retort Foods

Canned sweet corn, rice gruel, the “Salad Club” brand line of ingredients, and commercial-use cooking foodstuffs sold well due to an emphasis place-of-origin and freshness. However, hurt by low prices, sales of mainstay jams and pasta sauces remained sluggish. As a result, sales fell 2.2%, or ¥1,135 million, to ¥51,619 million.

③ Eggs products

Sales of the Three-Minutes Egg (boiled egg) product line, for which household-use products were also launched, fared well. In the fine chemicals division, hyaluronic acid for use in foodstuffs and dietary supplements sold well. Sales of mainstay product lines - liquid and frozen egg mass - increased in volume but average sales value per item dropped due to lowered prices. Subsequently, sales from the segment declined 0.5%, or ¥422 million, to ¥82,248 million.

On October 1, 2003, the Company transferred sales operations of egg ingredients (liquid, frozen, dried eggs) to Q.P. Egg Corporation (currently consolidated subsidiary).

④ Healthcare products

Although sales of baby food slumped due to lowered unit prices amid a fierce competition, sales of the Diet Sengen series of calorie-controlled foods and a series of vinegar-based beverages were robust, and sales of commercial-use healthcare foods such as liquid foods steadily expanded. As a result, sales from this segment rose 8.5%, or ¥1,138 million, to ¥14,471 million.

⑤ Vegetables and Salads

Sales of Roasted Goma Gobo Salad for the restaurant market went up, as did pre-cut salad vegetables for fast-food chain operators. This offset the declined revenues of foods-related equipment and led to a year-on-year growth of 1.1%, or ¥1,036 million, in sales from this segment to ¥97,256 million.

During the term under review, the Company reorganized operations of the segment so that the production and marketing sectors would cooperate more closely, aiming to strengthen market competitiveness. The Company transferred marketing operations of cut vegetables, which had been handled by Deria Foods Co., Ltd. (consolidated subsidiary), to Salad Club Co., Ltd. (consolidated subsidiary), made three subsidiaries manufacturing prepared foods into a unit of Deria Foods Co., Ltd.

Distribution Business

During the term under review, the business climate worsened further in the food logistics industry. This was attributable to a falling volume of goods handled influenced mainly by the unseasonably cool summer weather, combined with increased expenses for replacing vehicles to meet the stricter environmental regulations and due to lowered freight charges amid the ongoing deflationary spiral.

To cope with this situation, the Q.P. Group further promoted the expansion of goods handled by newly established logistics centers through more proactive marketing activities such as making concrete proposals to customers, and strived to offer high-grade distribution services that ensure the food safety. Subsidiaries Yamamoto Kyuso Corporation and Mizushima Kyuso Corporation merged to form Y.M. Kyuso Corporation, reducing the total number of vehicles in the fleet and improving load efficiency.

As a result, revenues from this segment posted ¥80,002 million, up 1.4% or ¥1,139 million from the previous year.

(Note) Figures shown in “II. Business Operations” are exclusive of consumption tax.

(3) Cash flows

Net cash provided by operating activities on a consolidated basis came to ¥18,550 million, compared with ¥22,829 million the previous term, mainly due to the posting net income before income taxes and minority interests of ¥17,199 million.

Net cash used in investing activities stood at ¥13,419 million, down from ¥25,388 million the previous term, as a result of capital investment worth ¥12,820 million.

Net cash used in financing activities was ¥2,116 million, compared with ¥6,897 million the previous term, mainly because of dividend payments totaling ¥1,838 million.

As a result, cash and cash equivalents amounted to ¥19,868 million at the end of the term, up ¥2,918 million from a year earlier.

2. Market and Order-Based Production, and Sales

(1) Market production

The production activities of the Group are carried out solely by the Foodstuffs Business, as a consequence of which there is no segmental breakdown. The value of production for the term under review is shown below.

(Millions of yen)

Business segments	Term under review	
	(from December 1, 2002 to November 30, 2003)	Year-on-year change (%)
Foodstuffs	199,524	7.9
Total	199,524	7.9

(Notes) 1. No production is involved in the distribution business.

2. Consumption taxes are not included in the above figures.

(2) Purchasing

A segmental breakdown of the value of purchases by the Group for the term under review is shown below.

(Millions of yen)

Business segments	Term under review	
	(from December 1, 2002 to November 30, 2003)	Year-on-year change (%)
Foodstuffs	60,703	(13.5)
Distribution	6,396	14.7
Total	67,099	(11.5)

(Note) Consumption taxes are not included in the above figures.

(3) Order-based production

The Group does not engage in order-based production.

(4) Sales

The following is a segmental breakdown of sales by the Group for the term under review.

(Millions of yen)

Business segments	Line of products	Term under review	
		(from December 1, 2002 to November 30, 2003)	Year-on-year change (%)
Foodstuffs	Mayonnaise and dressings	111,434	0.7
	Canned and retort foods	51,619	(2.2)
	Egg products	82,248	(0.5)
	Healthcare products	14,471	8.5
	Vegetables and salads	97,256	1.1
	Sub-total	357,030	0.4
Distribution		80,002	1.4
Total		437,032	0.6

3. Tasks Ahead

The Q.P. Group formulated the three-year medium-term management plan, for the period from December 1, 2003 to November 30, 2006.

The plan is aimed at further accelerating the reinforcement of the core business and the expansion of peripheral businesses, the objectives of the former medium-term management plan. It also focuses on maximizing business segment value (market competitiveness comprising technical capability, brand strength and cost competitiveness), by creating and increasing Number 1 and the best unique products.

(1) Basic strategy of the medium-term business plan

The aim (basic policy) of the former three-year medium-term management plan, which was introduced in the fiscal year ending November 2001, was to achieve stability and growth by clarifying the Group's business areas and concentrating resources in its areas of specialization. The current medium-term management plan calls for a further promotion of this basic policy, and at the same time focuses on maximizing business segment value (market competitiveness comprising technical capability, brand strength and cost competitiveness), by creating and increasing Number 1, only 1 products.

To achieve the above-mentioned objectives of the plan, the Group will enhance its corporate structure by pursuing operations from the point of view of customers, enhancing group management and training human resources. Its business strategy focuses on reinforcing the core business, expanding peripheral businesses and putting nurturing businesses on the stable growth path. Furthermore, putting emphasis on the social responsibility – indispensable for corporations, the Group is striving to positively contribute to environmental protection and to fully implement compliance measures.

(2) Business strategies for achieving the goals of the plan

1) Mayonnaise and dressing

The Q.P. Group, which regards this segment's operations as fundamental for the Group, will do its utmost to ensure stable growth of this segment. To this end, it aims to revitalize and expand the market by developing and nurturing new products matching customer tastes. Moreover, it continues to actively introduce new serving suggestions.

Among the fields to nurture over the medium-term, the Group will launch operations in China, where demand is expected to grow, and it aims to develop the market for small-serving between-meal snacks which is growing year by year.

2) Fruit applications and cooked foods

This segment will concentrate resources on the existing Number 1, only 1 products as well as strive to increase its market competitiveness with high value-added, differentiated products, which will be created based on its proven fruit-processing and sauce-blending technologies perfected over the years and by taking advantage of capability to procure raw materials.

The former canned and retort foods segment has been renamed the fruit applications and cooked foods segment.

3) Egg products

This segment will strive to expand and create differentiated products using its proprietary technology, and increase sales and profits by boosting market channels for households and promoting commercial-use products for restaurants.

As for egg ingredients such as liquid, frozen and dried eggs, the Group will carry out quick management activities by better responding to changes in market needs, centering on Q.P. Egg Corporation (consolidated subsidiary), an entity that was established through reorganization - the integration of manufacturing and marketing operations - in October 2003.

4) Healthcare products

Positioning medical foods as its core products, this segment will focus on expanding sales of liquid and other foods. On top of this, the segment will promote sales of calorie-adjusting meals, which are prepared using cooking and processing techniques, and increase product line-ups for infants and seniors. Through this move, the segment aims to boost both sales and profits.

The segment will also develop separate marketing channels (by product) such as: hospitals, facilities for senior or physically challenged citizens, drugstores, drug volume retailers, and various entities to provide meals.

5) Vegetable and salads

The prepared foods market in which this segment is involved is likely to continue growing steadily. In this market, the segment will promote marketing activities with an emphasis on proactive proposals to customers, centering on Deria Foods Co., Ltd. (consolidated subsidiary), in a bid to expand businesses and improve earnings.

The segment will also develop new markets for its core products, or prepared foods and cut vegetables, by establishing a production framework that responds to various needs covering a wide area and taking advantage of fast operations being realized through integrated manufacture and marketing while keeping close contact with local customers.

6) Distribution system segment

With its strengths in successfully operating a business throughout four temperature zones nationwide, the segment is devising distribution/logistics systems for customers that meet each region's specific market environment, as well as improving operational efficiency by implementing various measures, including group-wide reorganization and revamping of information systems.

4. Material Contracts

A summary of the relationship with Nakashimato Co., Ltd. and the basic purchase contract are as follows:

(1) The relationship with Nakashimato Co., Ltd.

Nakashimato Co., Ltd., has consistently been the largest shareholder of Q.P. Corporation, and previously held the exclusive right to sell Q.P. products. In December 1972, the Company acquired from Nakashimato Co., Ltd. the right to sell its own products, and concluded a basic purchase contract with Nakashimato Co., Ltd. to take over its distribution network as well as its rights to distribute foodstuffs manufactured elsewhere, including canned and frozen foods.

(2) The basic purchase contract

Under the basic purchase contract, concluded with Nakashimato Co., Ltd. on December 1, 1972, Q.P. Corporation must purchase a portion of group-produced bottled, canned, and frozen foodstuffs which it plans to sell subsequently, via Nakashimato Co., Ltd. This contract is reviewed every year and renewed automatically on the agreement of both parties.

5. Research and Development

In addition to its basic commitment to ensuring a high level of product quality and safety, the Q.P. Group also dedicates itself to tastier and healthier foods at reasonable prices. In line with this corporate stance, we carry out extensive research and development in all our separate lines of business – mayonnaise & dressings, canned and retort foods, eggs products, healthcare products, and vegetables & salads. Research and development is carried out through close cooperation among the Company Laboratory,

Technical R&D Division, Laboratory of Horticulture, and the R&D facilities of consolidated subsidiaries at home and abroad, including Kewpie Jyozo Co., Ltd., Kanae Foods Co., Ltd., Co-op Food Products Co., Ltd., Potato Delica Co., Ltd., Henningsen Foods, Inc., Beijing Q.P. Foods Co., Ltd. and Hangzhou Q.P. Foods Co., Ltd.

The Company Laboratory, the core of the Q.P. Group's R&D activities, proposes new products based on original technologies and raw materials, striving to create and nurture the best products. During the fiscal term under review, the final year of the former medium-term management plan, the Company Laboratory led the Group's R&D divisions in creating original and competitive products as part of its product development program.

Under the new three-year medium management plan, which takes effect beginning in fiscal 2004, the Q.P. Group will strengthen its R&D framework, aiming to acquire an R&D capability that will be recognized around the world. Hence, the Company Laboratory in the term under review reorganized to form the following constellation: the Fundamental Technology Center, which engages in studying fundamental technologies for foods; the Product Development Center; and the Egg R&D Center, which is expected to become the core of the egg business that the Group is considering operating worldwide in the future.

In addition to food R&D, the Technical R&D Division, with its unique information technology, develops production lines and computer software that will raise the level of production efficiency of the Company and its consolidated subsidiaries, and enhance their quality assurance structures. At the Laboratory of Horticulture, staff have been engaging in the development of a method of stably cultivating vegetables at a low energy cost, and of hygiene control, utilizing the TS Farm cultivation facility.

Total research and development expenses for the Group for the term under review amounted to ¥2,753 million on a consolidated basis.

The following is a summary of the research and development activities for each business segment.

(1) Foodstuffs business

In the field of basic technology research, the Company conducted a variety of research to pave the way for product development, for instance: finding ways of adding features to mayonnaise to lower overall blood cholesterol and low-density lipoprotein (LDL) cholesterol. Our staff also examined the nutritional aspects of egg ingredients and fine chemical products, as well as methods for the rapid detection of harmful microorganisms in food. The Company also reinforced its system to detect harmful substances and microorganisms in food, which helped reinforce the quality assurance structure. Furthermore, it reviewed containers and packaging of products in view of their impact on the environment.

In product development in the mayonnaise and dressing sector, we commercialized QP Zero Noncholesterol (Calorie 50% Cut) through the application of the microemulsion method. This is an innovative mayonnaise product; although eggs are used, it is cholesterol-free and has only half the calorie existing mayonnaise products while keeping the taste. The Company also had all plants introduced the Oishisa Long-run Method, a new technique for removing oxygen in vegetable oil, or materials of Q.P. mayonnaise, to the greatest extent so that the tastiness of newly made mayonnaise can be ensured for a longer time. As a result, the Company now can offer fresher Q.P. mayonnaise products to consumers nationwide. As for overseas businesses, we developed an original mayonnaise, which is manufactured at Hangzhou Q.P. Foods Co., Ltd. whose operations started in the term under review.

In the canned and retort foods sector the Company applied the Oishisa Long-run Method to the Aohata Shiro Gayu (rice gruel) to decrease residual oxygen in the retort pouch, aiming to make the product closer to homemade rice gruel. We also commercialized the Aeru series of pasta sauces in poly bottle, the container that is used for mayonnaise and easy to use. The sauces of this series include QP Pasta Sauce Mentaiko (mayonnaise flavor), QP Pasta Sauce Carbonara and QP Pasta Sauce Napolitana, for which proprietary technology to control microorganisms is used so that con-

sumers can use the sauce by the quantity they want at a time.

In response to the proliferation of bread-based diets in Japan, the Company extended the Verde Toast Spread product lines, through development of three products (garlic, cheese and spicy tomato flavors), as well as Verde Melon Bread-taste Toast Spread. Consumers can enjoy Italian-style toast by merely spreading one of these three products on bread and toasting it.

In the field of egg ingredients, the Company developed unique egg products, including new materials Hentex M that helps cooked noodles from sticking to another and dried albumen ELS in the form of a soft gel. In the egg-product/boiled-egg sector, we established a manufacturing regime for Cupid's Egg, a soft-boiled egg in the shell that is guaranteed free from salmonellae bacteria, and the characteristic raw egg odor. The product was launched targeting households. The Company also developed Shunsai Yaki, new vegetables-based ingredients, for Japanese cuisine. In a joint project with other companies in the fine chemical product field, the Company introduced its eggshell membrane processing technology to the fiber field, whereby new materials containing powdered eggshell membrane could be developed.

In the field of healthcare foods, the Company added Hyaluro Moisture Jelly, (which leaves the skin moist), to the Diet Sengen series that uses hyaluronic acid, Q.P.'s proprietary materials. In the medical and nursing care food sector, the Company entered the easily-digestible food market, introducing Clear Through, the world's first food exclusively used before the endoscopic examination of the large intestine. In the baby food segment, we began to develop products for infants, a new category following weaning foods, commercializing 12 products, including soup, beverages and materials of blended cooked rice under the Kids QP series as well as the Renji de Kantan series. Targeting people in their 50s, who are expected to play a key role in the market from now on, the Company launched rice gruel, hyaluronic acid drinks and soup under the newly created Plus You brand.

In the cut vegetables segment, the Company strived to improve the technology for maintaining vegetable freshness, while introducing vegetable salad products packaged in a tray with a small sachet of dressing included. In the "long-life" segment, we improved the convenience of the Gudakusan Sauce series products by using a screw cap on the sachet spout.

The technological development division applied an IT based traceability system, which enables us to track all products in reverse chronological order - from the depot to the raw materials procurement sources, to the mayonnaise manufacturing line at Goka Plant, following the weaning food production line at Tosu Plant.

Consolidated subsidiary, Kewpie Jyozo Co., Ltd. is preparing for the production of hyaluronic acid using a fermentation technique.

Total expenditure on research and development related to the foodstuffs business in the term under review amounted to ¥2,753 million.

(2) Distribution business

No information available

III. Facilities and Equipment

1. Investments in Facilities and Equipment

As a result of continuous investments to augment, upgrade and streamline facilities, the Q.P. Group invested a total of ¥13,504 million in facilities and equipment during the term under review. These investments were part of the Company's efforts to preserve the environment and were made for the purpose of improving product safety, reducing production costs, and developing products to meet customers' needs.

Investments in facilities and equipment for the respective business segments were as follows:

[Foodstuffs Business]

The principal investments in this business segment during the term under review were for the purpose of augmenting and streamlining facilities for the production of mayonnaise and egg products as well as enhancing product quality and preserving the environment. A total of ¥12,330 million was invested in facilities and equipment for the food business segment.

[Distribution Business]

The principal investments during the term under review were made for the purpose of streamlining and upgrading warehouse facilities. A total of ¥1,110 million was invested in facilities and equipment for the distribution business segment.

There were no sales or removals of facilities and equipment that have a significant impact on production capacity.

Consumption taxes are not included in the above figures.

2. Principal Facilities and Equipment

Investments in facilities and equipment, and the number of employees working at each site on November 30, 2003 are as follows:

(1) The Company

Site	Business segment	Facilities and equipment	Book value (millions of yen)					Number of employees
			Buildings and structures	Machinery, equipment and transportation equipment	Land (m ²)	Other	Total	
Hashikami Factory (Hashikami-cho, Sannohe-gun, Aomori)	Foodstuffs	For frozen, chilled and retort foods	1,150	820	553 (46,365)	16	2,540	1 (—)
Goka Factory (Goka-machi, Sashima-gun, Ibaraki)	Foodstuffs	For mayonnaise and dressings, egg products	5,288	3,208	2,473 (186,445)	58	11,028	107 (49)
Sengawa Factory (Chofu, Tokyo)	Foodstuffs	For mayonnaise and dressings, frozen and chilled foods	2,244	1,775	24 (16,571)	37	4,081	118 (155)
Nakagawara Factory (Fuchu, Tokyo)	Foodstuffs	For mayonnaise and dressings, frozen and chilled foods, canned foods	5,693	2,749	519 (79,848)	60	9,024	138 (308)
Koromo Factory (Toyota, Aichi)	Foodstuffs	For mayonnaise and dressings, egg products, frozen and chilled foods	1,073	1,955	16 (37,876)	29	3,075	163 (95)
Itami Factory (Itami, Hyogo)	Foodstuffs	For mayonnaise and dressings, egg products, frozen and chilled foods	3,204	2,649	2,113 (36,138)	46	8,013	108 (172)
Izumisano Factory (Izumisano, Osaka)	Foodstuffs	For mayonnaise and dressings, egg products, frozen and chilled foods	1,207	839	663 (18,576)	10	2,720	58 (78)
Tosu Factory (Tosu, Saga)	Foodstuffs	For mayonnaise and dressings, egg products, canned foods, frozen and chilled foods	2,005	1,796	363 (53,958)	25	4,190	1 (—)
Head Office (Shibuya-ku, Tokyo)	General control	For others	531 [6,263]	368	14 (433)	185	1,099	490 (15)
Tokyo Branch and other 9 branches and 25 Sales Offices	Foodstuffs	For others	54 [16,189]	7	— (—)	38	100	755 (18)
Laboratory (Fuchu, Tokyo)	Foodstuffs	For research and development	987	88	31 (7,261)	122	1,230	177 (1)
Kobe Distribution Center (Kobe, Hyogo)	Foodstuffs and distribution	For warehousing and distribution	2,007	479	4,555 (31,105)	3	7,045	2 (30)

(2) Domestic subsidiaries

Trade name	Site	Business segment	Facilities and equipment	Book value (millions of yen)					Number of employees
				Buildings and structures	Machinery, equipment and transportation equipment	Land (m ²)	Other	Total	
Q.P. Egg Corporation	Niigata Factory (Niigata, Niigata)	Foodstuffs	For foodstuffs	97	6	666 (6,628)	0	770	38 (4)
	Kurimoto Center (Kurimoto-cho, Katori-gun, Chiba)	Foodstuffs	For foodstuffs	331	26	623 (10,511)	510	982	37 (17)
	Nishinomiya Office (Nishinomiya, Hyogo)	Foodstuffs	For foodstuffs	154	8	346 (4,007)	1	510	39 (10)
Kewpie Jyozo Co., Ltd.	Goka Factory (Goka-machi, Sashima-gun, Ibaraki)	Foodstuffs	For foodstuffs	859	486	1,802 (29,788)	52	3,200	84 (59)
	Shiga Factory (Aichigawa-cho, Aichi-gun, Shiga)	Foodstuffs	For foodstuffs	223	360	88 (20,265)	40	712	54 (39)
K.R.S. Corporation	Hokkaido Bloc (Ishikari, Hokkaido)	Distribution	Trucking and warehousing	1,219	82	706 (21,109)	3	2,012	21 (5)
	Tohoku First Bloc (Miyagino-gun, Sendai, Miyagi)	Distribution	Trucking and warehousing	810	92	275 (25,649)	8	1,187	28 (12)
	Tohoku Second Bloc (Nishimurayama-gun, Yamagata)	Distribution	Trucking and warehousing	829	71	643 (21,777)	1	1,545	20 (6)
	Kanto First Bloc (Goka-machi, Sashima-gun, Ibaraki)	Distribution	Trucking and warehousing	982	74	2,415 (40,753)	7	3,479	38 (19)
	Kanto Second Bloc (Goka-machi, Sashima-gun, Ibaraki)	Distribution	Trucking and warehousing	512	54	1,819 (29,093)	14	2,400	24 (12)
	Osaka First Bloc (Itami, Hyogo)	Distribution	Trucking and warehousing	770	118	383 (3,119)	8	1,281	57 (40)
	Chugoku Bloc (Higashi-Hiroshima, Hiroshima)	Distribution	Trucking and warehousing	211	29	638 (13,443)	3	882	39 (21)
Kanae Foods Co., Ltd.	Owari Factory (Kasugai, Aichi)	Foodstuffs	For foodstuffs	1,854	298	1,013 (22,084)	6	3,172	37 (114)
	Tsukuba Factory (Mitsukaido, Ibaraki)	Foodstuffs	For foodstuffs	1,663	898	796 (16,946)	12	3,369	46 (98)
	Head Office and Factory (Fuchu, Tokyo)	Foodstuffs	For foodstuffs	30	276	— (—)	14	321	62 (171)
	Kasugai Factory (Kasugai, Aichi)	Foodstuffs	For foodstuffs	236	155	42 (486)	6	442	26 (75)
	Fujiyoshida Factory (Fujiyoshida, Yamanashi)	Foodstuffs	For foodstuffs	155	149	152 (5,447)	2	459	29 (94)
Gourmet Delica Co., Ltd.	Soka Factory (Soka, Saitama)	Foodstuffs	For foodstuffs	829	181	964 (5,643)	3	1,978	28 (255)

Trade name	Site	Business segment	Facilities and equipment	Book value (millions of yen)					Number of employees
				Buildings and structures	Machinery, equipment and transportation equipment	Land (m ²)	Other	Total	
Daily Mate Co., Ltd.	Head Office and Factory (Ome, Tokyo)	Foodstuffs	For foodstuffs	452	65	798 (10,364)	4	1,320	48 (380)
	Ome Factory (Ome, Tokyo)	Foodstuffs	For foodstuffs	608	28	200 (4,761)	0	837	7 (76)
Potato Delica Co., Ltd.	Hodaka Factory (Hodaka-machi, Minamiazumi-gun, Nagano)	Foodstuffs	For foodstuffs	1,247	365	380 (19,460)	17	2,010	121 (112)
	Matsumoto Factory (Matsumoto, Nagano)	Foodstuffs	For foodstuffs	139	33	100 (1,017)	2	276	99 (21)
Dispen Pak Japan Co., Inc.	Minami-Ashigara Factory (Minami-Ashigara, Kanagawa)	Foodstuffs	For foodstuffs	541	660	836 (7,697)	6	2,045	28 (27)

(3) Foreign subsidiaries

Trade name	Site	Business segment	Facilities and equipment	Book value (millions of yen)					Number of employees
				Buildings and structures	Machinery, equipment and transportation equipment	Land (m ²)	Other	Total	
Q&B Foods, Inc.	California, USA	Foodstuffs	For foodstuffs	182	192	91 (13,152)	0	465	89 (15)
Henningsen Nederland B.V.	Waalwijk, the Netherlands	Foodstuffs	For foodstuffs	325	54	28 (9,915)	11	421	34 (—)
Henningsen Foods, Inc.	New York, USA	Foodstuffs	For foodstuffs	497	488	36 (45,163)	34	1,056	246 (1)

(Notes on the Company and subsidiaries [foreign and domestic] above)

1. "Other" listed under Book value includes tools, furniture and fixtures (construction in progress is excluded), and the amounts exclude consumption taxes.
2. The figures in brackets under Buildings and structures indicate the total area [m²] of leased properties.
3. Under Number of employees, the figures in parentheses indicate the number of temporary employees.

IV. The Company

1. Shares

(1) Number of Authorized Shares

Class	Number of authorized shares
Common stock	250,004,000
Total	250,004,000

(Note) The Articles of Incorporation state that when shares are cancelled, the same number must be deducted from the number of authorized shares.

Outstanding shares

Class	Number of shares issued		Stock exchange	Remarks
	End of term (Nov. 30, 2003)	Filing date (Feb. 23, 2004)		
Common stock	155,464,515	155,464,515	Tokyo Stock Exchange (First Section)	Refers to ordinary shares of Company stock with no voting right restrictions
Total	155,464,515	155,464,515	—	—

(Note) The number of shares issued as of the filing date of the securities report, was posted assuming no conversion from convertible bonds into common shares had been made after February 1, 2004.

(2) Share Subscription Rights

1. Matters regarding share subscription rights and corporate bonds with share subscription rights
No information available
2. Matters regarding convertible bonds under stipulations later deleted from the Commercial Code
The Company issued convertible bonds in accordance with Japan's Commercial Code, which has since changed. The current balance of the convertible bonds in question, the conversion price and the total Capitalized amount per share are stated below.

Status of 4th Unsecured Convertible Bond Issue (issued on June 3, 1994) with maturity of November 30, 2005

	As of the end of the term under review (Nov. 30, 2003)	As of the end of the month prior to the date of submission (Jan. 31, 2004)
Balance of convertible bonds (millions of yen)	18,629	Same as left
Conversion price (yen)	1,192.70	Same as left
Capitalized amount per share (yen)	597	Same as left

(3) Principal Shareholders

(as of November 30, 2003)

Trade name	Address	Number of the Company's shares held (A) (thousand)	Ratio of (A) to the total number of outstanding shares (%)
Nakashimato Co., Ltd.	4-13, Shibuya 1-chome, Shibuya-ku, Tokyo	26,371	16.96
Japan Trustee Service Bank, Ltd.	8-11, Harumi 1-chome, Chuo-ku, Tokyo	11,060	7.11
The Master Trust Bank of Japan, Ltd.	11-3, Hamamatsu-cho 2-chome, Minato-ku, Tokyo	7,514	4.83
Touka Co., Ltd.	4-13, Shibuya 1-chome, Shibuya-ku, Tokyo	4,872	3.13
Mizuho Trust&Banking Co., Ltd., employee pension trust, asset management service trust for beneficiary of the retrust	8-12, Harumi 1-chome, Chuo-ku, Tokyo	4,585	2.95
Zenkyoren	7-9, Hirakawa-cho 2-chome, Chiyoda-ku, Tokyo	3,304	2.13
Kaietsusha Co., Ltd.	4-13, Shibuya 1-chome, Shibuya-ku, Tokyo	3,260	2.10
Nippon Life Insurance Company	2-2, Yurakucho 1-chome, Chiyoda-ku, Tokyo	3,227	2.08
Sumitomo Mitsui Banking Corp.	1-2, Yurakucho 1-chome, Chiyoda-ku, Tokyo	3,208	2.06
The Dai-ichi Mutual Life Insurance Company	13-1, Yurakucho 1-chome, Chiyoda-ku, Tokyo	3,012	1.94
Total		70,413	45.29

(4) Stock Options

Date resolution passed	February 23, 2001
Qualified beneficiaries	21 directors 663 employees of section chief or higher rank
Type of shares for which new subscription rights offered	Common stock
Maximum number of shares	1,114,000
Exercise price	¥1,089 (Note 1, 2)
Subscription rights exercise period	From Dec. 1, 2003 to Nov. 30, 2006
Conditions for exercising subscription rights	(Note 3)
Details regarding transfer of share subscription rights	Share subscription rights cannot be transferred or altered.

(Notes) 1. The figure listed is the share transfer price.

2. When the Company makes a stock split or issues shares at a price lower than fair value (except for conversions from convertible bonds or when exercising the right to purchase shares), the transfer price is adjusted using the following formula and fractions of less than 1 yen are rounded up to the next yen.

$$\text{Adjusted transfer price} = \text{Transfer price before adjustment} \times \frac{\text{Number of outstanding shares} + \frac{\text{Number of newly issued shares} \times \text{Amount paid in per share}}{\text{Market price before stock split or share issuance}}}{\text{Number of outstanding shares} + \text{Number of shares increased by stock split or share issuance}}$$

3. Subscription rights may still be exercised even if the beneficiary is no longer a director or employee of the Company. If the original beneficiary is deceased, subscription rights may still be exercised by the designated successor of the subscription rights in question. In all cases, however, the exercise of subscription rights is prefaced on the proper completion of all necessary procedures pertaining to the inheritance of said subscription rights in accordance with the stock option contract between the original beneficiary and the Company. Other details regarding this matter can be found in the abovementioned contract.

2. Treasury Stock

- (1) Acquisition of treasury stock based on resolution at the Ordinary General Shareholders' Meeting and the Board Meeting
1. Treasury stock acquired since the previous General Shareholders' Meeting
No information available
 2. Resolutions at the General Shareholders' Meeting for the reporting term concerning the acquisition of treasury stock

(as of February 20, 2004)

Description	Type of shares	Number of shares	Total amount (thousand yen)
Resolution on acquisition of treasury stock	—	—	—

(Notes) In accordance with the resolution by the Ordinary General Shareholders' Meeting on February 20, 2004, the Company included a stipulation in the Articles of Incorporation that it can buy back treasury stock upon resolution of the Board Meeting and in accordance with the provision of Article 211-3 Paragraph 1 Item 2 of the Commercial Code. This became necessary due to the enforcement of the "Law to Amend Part of the Commercial Code and the Law Concerning Special Exceptions to the Commercial Code Relating to Audit, etc. of Stock Corporations" (Law No. 132 of 2003).

- (2) Capital decrease, cancellation of ordinary shares utilizing retained earnings in accordance with stipulations in the Articles of Incorporation, and acquisition of treasury stock with the aim of cancellation of retired shares
1. Acquisition of treasury stock since the previous General Shareholders' Meeting
No information available
 2. Resolutions at the General Shareholders' Meeting for the reporting term concerning the acquisition of treasury stock
No information available

3. Dividend Policy

Placing great importance on shareholder ROI (return on investment), the Company has consistently paid stable dividends, and has carried out stock split and cancellation of shares in treasury as necessary. The Company plans to consistently pay a dividend, giving full consideration to the results of the Company's term performance, its overall financial position, and the overall corporate climate.

While endeavoring to secure adequate internal reserves to strengthen the Company's financial position and provide an adequate supply of funds to ensure future expansion, the Company will take a medium- to long-term view and continue to allocate funds to the improvement of its facilities and equipment, research and development, and the further streamlining of operations, in order to enhance its competitiveness.

In line with the above objectives, and mindful of forecasts expecting a continued harsh business climate, the Company paid a ¥12 per share dividend for the term under review (¥6 of which was distributed as an interim dividend). As a result, the payout ratio for the term under review was 27.0%.

Issues concerning the payment of interim dividends were settled by resolution of the Board of Directors on July 10, 2003.

4. Stock Price Movements

Highest and lowest price for the most recent five terms ended November 30, 2003	Term ended	Nov. 1999	Nov. 2000	Nov. 2001	Nov. 2002	Nov. 2003	
	Highest (yen)	960	990	1,192	1,110	989	
	Lowest (yen)	695	670	924	950	835	
Highest and lowest price for the most recent six months ended November 30, 2003	Month in 2003	June	July	August	September	October	November
	Highest (yen)	987	950	889	928	943	907
	Lowest (yen)	916	876	845	856	882	855

(Note) Share prices are those on the Tokyo Stock Exchange, First Section.

5. Directors and Corporate Auditors

Name	Title	Installation date	Date of birth
Yutaka Suzuki	President and Representative Director	February 2001	December 6, 1949
Gohsuke Ohyama	Adviser and Representative Director	February 1989	June 7, 1938
Sukefumi Ito	Managing Director	February 1999	January 31, 1943
Shizuo Hatanaka	Managing Director	February 1999	April 13, 1944
Shigeki Ikegami	Managing Director	February 1999	February 5, 1942
Takahiko Waida	Managing Director	February 2001	May 22, 1942
Motohiko Kimura	Director	February 1997	November 7, 1940
Toshio Sakagami	Director	February 1995	October 1, 1941
Amane Nakashima	Director	February 1997	September 26, 1959
Takao Fuse	Director	February 1999	September 2, 1943
Kuniaki Ishikawa	Director	February 1999	June 6, 1946
Toshimasa Tatebe	Director	February 2001	October 31, 1944
Hidenobu Yamagami	Director	February 2001	October 15, 1945
Ietoki Shima	Director	February 2001	March 22, 1947
Mineo Hasegawa	Director	February 2001	July 29, 1947
Mitsugu Endo	Director	February 2001	March 19, 1948
Minesaburo Miyake	Director	February 2003	July 22, 1952
Katsuhiko Sasaki	Director	February 2004	March 8, 1946
Osamu Muranaka	Standing Corporate Auditor	February 1998	March 22, 1945
Yasuo Hirakuri	Standing Corporate Auditor	February 2004	November 18, 1948
Kazuo Kawakami	Corporate Auditor	February 1998	April 26, 1933
Shunichiro Ishiguro	Corporate Auditor	February 2004	June 22, 1954
Yohji Wakui	Corporate Auditor	February 2004	February 5, 1942

Kazuo Kawakami, Shunichiro Ishiguro and Yohji Wakui are the external auditors stipulated in Clause 1, Article 18, of the Law for Special Exceptions to the Commercial Code concerning Audits, etc. of Joint Stock Corporations.

V. Financial Conditions

1. Compilation of the consolidated financial statements and the financial statements (non-consolidated)

- (1) The Consolidated Financial Statements were compiled in accordance with the Regulations Concerning the Terminology, Forms and Preparation Methods of the Consolidated Financial Statements (Ministry of Finance Ordinance No.28, 1976).

The above Regulations had been revised, but the accompanying consolidated financial statements were compiled in accordance with the Regulations before the revision in the consolidated fiscal year ended on November 30, 2002, and the revised Regulations in the consolidated fiscal year ended on November 30, 2003, respectively.

- (2) The Financial Statements were compiled in accordance with the Regulation Concerning the Terminology, Forms, and Preparation Methods of the Financial Statements (Ministry of Finance Ordinance No.59, 1963).

The above Regulations had been revised, but the accompanying financial statements were compiled in accordance with the Regulations before the revision in the 90th fiscal year (from December 1, 2001 to November 30, 2002) and the revised Regulations in the 91st fiscal year (from December 1, 2002 to November 30, 2003), respectively.

- (3) Basis of Preparation

The accompanying consolidated and non-consolidated financial statements have been prepared from the accounts maintained by the Company in accordance with the provisions set forth in the Japanese Commercial Code and other regulations and in conformity with accounting principles and practices generally accepted in Japan, which may differ in some material respects from accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

2. Audit

The audits of the Consolidated Financial Statements for the previous consolidation fiscal year (from December 1, 2001 to November 30, 2002) and for the current consolidation fiscal year (from December 1, 2002 to November 30, 2003) and the Financial Statements for the 90th fiscal year (from December 1, 2001 to November 30, 2002) and for the 91st fiscal year (from December 1, 2002 to November 30, 2003) are performed by Shin Nihon & Co. in accordance with the Article 193-2 of "The Securities and Exchange Law".

Independent Auditors' Report

February 20, 2004

The Board of Directors
KEWPIE KABUSHIKI-KAISHA
(Q.P. Corporation)

Shin Nihon & Co.

Representative and
Engagement Partner

Uda Hiromi

Certified Public Accountant
(signed and sealed)

Representative and
Engagement Partner

Kitabayashi Hiroshi

Certified Public Accountant
(signed and sealed)

Representative and
Engagement Partner

Takahashi Hidenori

Certified Public Accountant
(signed and sealed)

Pursuant to Article 193-2 of "The Securities and Exchange Law", we have audited the consolidated financial statements of KEWPIE KABUSHIKI-KAISHA presented in "Financial Conditions" from December 1, 2002 to November 30, 2003, namely, the consolidated balance sheet, the consolidated statement of income, the consolidated statement of retained shareholders' equity, the consolidated statement of cash flows and the consolidated supplementary statements, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to independently express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards, procedures and practices generally accepted and applied in Japan. Those standards, procedures and practices require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of KEWPIE KABUSHIKI-KAISHA and consolidated subsidiaries at November 30, 2003, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles and practices generally accepted in Japan.

We have no interest in the Company, which should be disclosed pursuant to the provision of the Certified Public Accountants' Law.

Audit Report

February 20, 2003

Mr. Gohsuke Ohyama,
 President and Representative Director
 KEWPIE KABUSHIKI-KAISHA
 (Q.P. Corporation)

Shin Nihon & Co.

Representative and
 Engagement Partner

Uda Hiromi

Certified Public Accountant
 (signed and sealed)

Representative and
 Engagement Partner

Kitabayashi Hiroshi

Certified Public Accountant
 (signed and sealed)

Pursuant to Article 193-2 of "The Securities and Exchange Law", we have audited the financial statements of KEWPIE KABUSHIKI-KAISHA presented in "Financial Conditions", of the 90th fiscal year from December 1, 2001 to November 30, 2002, namely, the balance sheet, the statement of income, the statement of appropriated retained earnings, and the supplementary statements.

Our Audit was made in accordance with generally accepted auditing standards and all relevant auditing procedures are normally required were carried out.

Based on our audit, we express the opinion that:

The accounting principle and practices adopted by the Company are in conformity with generally accepted accounting principle applied on a consistent basis and the financial statements are presented in accordance with the "Regulations concerning the Terminology, Forms, and Preparation Methods of the Financial Statements (MOF Ordinance No.59, 1963)".

As a result, it is our opinion that the above-mentioned financial statements present fairly the financial position of KEWPIE KABUSHIKI-KAISHA as of November 30, 2002, and the results of their operations for the fiscal year then ended.

We have no interest in the Company, which should be disclosed pursuant to the provision of the Certified Public Accountants' Law.

(Note) As described in note of additional information, the Company compiled the financial statements, according to Accounting Standards for treasury stock and withdrawal of legal reserves applied from the current fiscal year.

1. Consolidated Financial Statements

(1) Consolidated financial statements

(a) Consolidated Balance Sheets

(Millions of yen)

Account	Term	Previous fiscal year (As of November 30, 2002)		Current fiscal year (As of November 30, 2003)	
		Amount	Component ratio	Amount	Component ratio
	(Assets)		%		%
I. Current assets					
1. Cash and deposits (Note *1)		18,034		22,382	
2. Notes and accounts receivable – trade (Notes *1, 5)		74,546		75,920	
3. Securities		27		32	
4. Inventories (Note *1)		18,591		15,692	
5. Deferred tax assets		2,590		2,297	
6. Other		2,858		3,978	
7. Allowance for doubtful accounts		(1,042)		(1,381)	
Total current assets		115,606	42.8	118,922	44.1
II. Fixed assets					
(1) Tangible fixed assets					
1. Buildings and structures (Note *1)		100,616		106,702	
Accumulated depreciation		51,519	49,096	55,691	51,011
2. Machinery, equipment and transportation equipment (Note *1)		102,975		108,395	
Accumulated depreciation		76,080	26,894	80,734	27,661
3. Land (Note *1)			38,228		38,382
4. Construction in progress			4,619		1,350
5. Other (Note *1)		6,869		6,977	
Accumulated depreciation		5,437	1,432	5,609	1,367
Total tangible fixed assets			120,271		119,773
(2) Intangible fixed assets					
1. Computer software			1,996		2,252
2. Consolidation adjustment accounts			135		127
3. Other			425		475
Total intangible fixed assets			2,558		2,855
(3) Investments and other assets					
1. Investment in securities (Note *2)			15,780		17,248
2. Long-term loans receivable			201		373
3. Deferred tax assets			4,077		2,008
4. Others (Note *2)			11,976		8,595
5. Allowance for doubtful accounts			(292)		(218)
Total investments and other assets			31,744		28,008
Total fixed assets			154,573		150,636
III. Deferred assets					
Bond discounts			0		0
Total deferred assets			0		0
Total assets			270,181		269,559
			100.0		100.0

(Millions of yen)

Account	Term	Previous fiscal year (As of November 30, 2002)		Current fiscal year (As of November 30, 2003)	
		Amount	Component ratio	Amount	Component ratio
	(Liabilities)		%		%
I. Current liabilities					
1. Notes and accounts payable-trade (Note *1)		46,694		43,744	
2. Short-term loans payable (Note *1)		17,268		17,985	
3. Current portion of bonds (Note *1)		—		1,300	
4. Accounts payable-other (Note *1)		24,190		24,384	
5. Accrued income taxes		2,769		2,676	
6. Accrued expenses		3,779		4,365	
7. Deferred tax liabilities		—		1	
8. Reserve for sales rebates		1,763		1,127	
9. Reserve for bonuses		2,125		1,870	
10. Other		759		165	
Total current liabilities		99,350	36.8	97,619	36.2
II. Long-term liabilities					
1. Bonds (Note *1)		1,500		200	
2. Convertible bonds		18,629		18,629	
3. Long-term loans payable (Note *1)		12,844		11,795	
4. Deferred tax liabilities		101		19	
5. Reserve for retirement benefits		5,952		3,683	
6. Reserve for directors' and corporate auditors' retirement pay		2,702		1,620	
7. Other		1,743		1,639	
Total long-term liabilities		43,474	16.1	37,587	14.0
Total liabilities		142,824	52.9	135,207	50.2
(Minority interests)					
Minority interests		13,340	4.9	13,847	5.1
(Shareholders' equity)					
I. Capital stock		24,104	8.9	—	—
II. Capital surplus reserve		29,418	10.9	—	—
III. Consolidated retained earnings		64,088	23.7	—	—
IV. Unrealized valuation gain on other securities		124	0.0	—	—
V. Cumulative foreign currency translation adjustments		(1,447)	(0.5)	—	—
VI. Treasury stock (Note *4)		(2,272)	(0.8)	—	—
Total shareholders' equity		114,015	42.2	—	—
I. Capital stock (Note*3)		—	—	24,104	8.9
II. Capital surplus		—	—	29,418	10.9
III. Earned surplus		—	—	70,833	26.3
IV. Unrealized valuation gain on other securities		—	—	793	0.3
V. Cumulative foreign currency translation adjustments		—	—	(2,349)	(0.9)
VI. Treasury stock (Note*4)		—	—	(2,295)	(0.8)
Total shareholders' equity		—	—	120,504	44.7
Total liabilities, minority interests and shareholders' equity		270,181	100.0	269,559	100.0

(b) Consolidated Statements of Income

(Millions of yen)

Account	Term	Previous fiscal year (From December 1, 2001 to November 30, 2002)		Current fiscal year (From December 1, 2002 to November 30, 2003)	
		Amount	Percentage	Amount	Percentage
			%		%
I. Net sales		434,480	100.0	437,032	100.0
II. Cost of sales		322,022	74.1	325,878	74.6
Gross profit		112,457	25.9	111,154	25.4
III. Selling, general and administrative expenses (Notes *1, 2)		93,871	21.6	92,898	21.2
Operating income		18,586	4.3	18,255	4.2
IV. Non-operating income					
1. Interest income		366		284	
2. Dividends received		236		228	
3. Equity income		192		152	
4. Amortization of consolidation adjustment accounts		3		—	
5. Other		589	1,389	456	1,121
V. Non-operating expenses					
1. Interest expense		904		755	
2. Loss on scrapped of inventories		474		401	
3. Other		333	1,712	687	1,845
Ordinary income			18,262		17,532
VI. Extraordinary gains					
1. Prior period adjustments		19		23	
2. Gain on sales of fixed assets (Note *3)		136		73	
3. Gain on sales of investment in securities		85		192	
4. Reversal of reserve for directors' and corporate auditors' retirement pay		—		115	
5. Reversal of allowance for doubtful accounts		558		468	
6. Gain on the return of the entrusted government's portion of the welfare pension fund		4,034		—	
7. Other		259	5,093	159	1,032
VII. Extraordinary losses					
1. Prior period adjustments		20		13	
2. Loss on sales of fixed assets (Note *4)		38		19	
3. Loss on disposal of fixed assets (Note *5)		723		353	
4. Allowance for doubtful accounts		472		—	
5. Write-down of investment in securities		2,094		96	
6. Write-down of golf course memberships		52		29	
7. Effects of the amendments on the application of the new accounting standards for retirement benefits		602		382	
8. Other		584	4,590	470	1,365
Net income before income taxes and minority interests			18,766		17,199
Income taxes		6,556		5,735	
Income taxes deferred		1,678	8,234	1,774	7,509
Minority interests			1,225		1,014
Net income			9,306		8,675

(d) Consolidated Statements of Cash Flow

(Millions of yen)

Account	Term	Previous fiscal year (From December 1, 2001 to November 30, 2002)	Current fiscal year (From December 1, 2002 to November 30, 2003)
		Amount	Amount
I. CASH FLOWS FROM OPERATING ACTIVITIES			
Net income before income taxes and minority interests		18,766	17,199
Adjustment to reconcile net income before income taxes and minority interests to net cash provided by (used in) operating activities:			
Depreciation and amortization		12,371	13,053
Amortization of consolidation adjustment accounts		(4)	35
Equity income		(192)	(152)
Write-down of investment in securities		2,094	96
Write-down of golf course memberships		52	29
Decrease in reserve for retirement benefits		(4,184)	(2,224)
Increase (decrease) in reserve for directors' and corporate auditors' retirement pay		278	(1,082)
Decrease in reserve for sales rebates		(186)	(636)
Decrease in reserve for bonuses		(73)	(255)
Increase (decrease) in allowance for doubtful accounts		(662)	269
Interest income and dividend receivable		(603)	(512)
Interest expense		904	755
Loss on sales of securities		24	—
Gain on sales of investment in securities		(67)	(187)
Loss on sales and disposal of fixed assets		625	300
Increase in notes and accounts receivable		(3,439)	(1,542)
Decrease in inventories		562	2,764
Increase (decrease) in notes and accounts payable		4,705	(3,016)
Increase (decrease) in accrued consumption taxes		(228)	608
Directors' and corporate auditors' bonuses paid		(127)	(125)
Directors' and corporate auditors' bonuses payment charged to minority shareholders		(46)	(54)
Other		(840)	(478)
Sub total		29,729	24,845
Interest income and dividends received		688	313
Interest paid		(914)	(781)
Income taxes paid		(6,674)	(5,826)
Net cash provided by operating activities		22,829	18,550

(Millions of yen)

Account	Term	Previous fiscal year (From December 1, 2001 to November 30, 2002)	Current fiscal year (From December 1, 2002 to November 30, 2003)
		Amount	Amount
II. CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of securities		(14)	(27)
Sales of securities		151	27
Purchases of tangible fixed assets		(22,555)	(12,820)
Purchases of intangible fixed assets		(922)	(1,056)
Purchases of investment in securities		(3,717)	(1,221)
Sales of investment in securities		2,877	758
Loans receivable made		(1,890)	(941)
Collection of loans receivable		878	756
Disbursements for deposit money in bank		(979)	(572)
Withdrawal of time deposits		686	886
Other		95	791
Net cash used in investing activities		(25,388)	(13,419)
III. CASH FLOWS FROM FINANCING ACTIVITIES			
Borrowing on short-term loans		99,515	84,647
Repayment of short-term loans		(102,670)	(83,574)
Borrowing on long-term loans		6,468	4,137
Repayment of long-term loans		(3,070)	(5,382)
Redemption of bonds		(1,000)	—
Redemption of convertible bonds		(3,647)	—
Paid in from minority shareholders		596	50
Cash dividends paid		(1,851)	(1,838)
Cash dividends paid to minority shareholders		(160)	(133)
Repurchases of treasury stock		(1,078)	(22)
Net cash used in financing activities		(6,897)	(2,116)
IV. EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS			
		9	(114)
V. INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS			
		(9,447)	2,900
VI. CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR			
		24,128	16,950
VII. INCREASE IN CASH AND CASH EQUIVALENTS RESULTING FROM NEWLY CONSOLIDATED SUBSIDIARIES			
		2,269	—
VIII. INCREASE IN CASH AND CASH EQUIVALENTS RESULTING FROM MERGER OF CONSOLIDATED SUBSIDIARY			
		—	17
IX. CASH AND CASH EQUIVALENTS AT END OF THE YEAR			
		16,950	19,868

Basis of preparation for consolidated financial statements

Previous fiscal year (From December 1, 2001 to November 30, 2002)	Current fiscal year (From December 1, 2002 to November 30, 2003)
<p>1. Consolidated subsidiaries Consolidated subsidiaries comprise forty-three companies and the name of their subsidiaries is omitted so as to be reported in 4. Summary of Affiliated Companies of I. Summary of the Company. The Company established Hangzhou Q.P. Foods Co., Ltd. as a consolidated subsidiary, and newly consolidated S.Y. Promotion Co., Ltd. that had been the affiliated company accounted for by the equity method. In addition, the Company newly consolidated Seto Delica Co., Ltd., Ishikari Delica Co., Ltd., Hanshin Delica Co., Ltd., Tosu Delica Co., Ltd., Salad Club, Inc., Kayaka Co., Ltd., Mizushima Kyuso Corporation, Yamamoto Kyuso Corporation and Beijing Q.P. Foods Co., Ltd. that had been non-consolidated subsidiaries, so as to come significant in the group of the Company. Non-consolidated subsidiaries comprise thirteen companies, and the main companies of them are QTIS 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 retained earnings (equal to the equity share) do not have a significant effect on the total consolidated amounts of assets, sales, net income, and retained earnings.</p> <p>2. Application of the equity method The equity method is applied to the investments in four companies of thirteen non-consolidated subsidiaries and fourteen affiliated companies (20% to 50% owned) since the Company (Q.P. Corporation) has significant effect over them. The name of companies accounted for by the equity method is omitted so as to be reported in 4. Summary of Affiliated Companies of I. Summary of the Company. The investments in thirteen non-consolidated subsidiaries including QTIS Corporation and in ten 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 retained earnings.</p> <p>3. Closing date of consolidated subsidiaries The closing date of the Company and K.R.S. Corporation is November 30, Beijing Q.P. Foods Co., Ltd. and Hangzhou Q.P. Foods Co., Ltd. is December 31, and the others is September 30. The subsidiaries with the closing date of December 31 are consolidated based on their temporary financial statements of November 30. The subsidiaries with the closing date of September 30 are consolidated based on the financial statements at their balance sheet date and significant transactions for the period from October 1 to November 30 are reflected in the consolidated financial statements.</p> <p>4. Accounting standards (1) Valuation basis and valuation methods for significant assets (a) Securities 1. Held-to-maturity bonds are stated at amortized cost. Discounts and premiums are amortized by the straight-line method. 2. Other securities with fair value are stated at fair value based on market price at the closing date. Valuation differences comprise shareholders' equity as unrealized valuation gain or (loss) on</p>	<p>1. Consolidated subsidiaries Consolidated subsidiaries comprise forty-four companies and the name of their subsidiaries is omitted so as to be reported in 4. Summary of Affiliated Companies of I. Summary of the Company. The Company newly established Sai Delica Co., Ltd. and Kewpie Ai Co., Ltd. as consolidated subsidiaries and Mizushima Kyuso Corporation is merged into Yamamoto Kyuso Corporation whose name is changed into Y.M. Kyuso Corporation. Non-consolidated subsidiaries comprise sixteen companies, and the main companies of them are QTIS 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.</p> <p>2. Application of the equity method The equity method is applied to the investments in four companies of sixteen non-consolidated subsidiaries and fourteen affiliated companies (20% to 50% owned) since the Company (Q.P. Corporation) has significant effect over them. The name of companies accounted for by the equity method is omitted so as to be reported in 4. Summary of Affiliated Companies of I. Summary of the Company. The investments in sixteen non-consolidated subsidiaries including QTIS Corporation and in ten 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.</p> <p>3. Closing date of consolidated subsidiaries The same standards with the previous fiscal year.</p> <p>4. Accounting standards (1) Valuation basis and valuation methods for significant assets (a) Securities 1. The same standards with the previous fiscal year. 2. The same standards with the previous fiscal year.</p>

Previous fiscal year (From December 1, 2001 to November 30, 2002)	Current fiscal year (From December 1, 2002 to November 30, 2003)
<p>other securities. When sold, cost of sales is determined by the moving average method. Other securities with no fair value are stated at moving average cost.</p> <p>(b) 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.</p> <p>(c) Inventories Purchased goods, products, raw materials, supplies and work in progress are stated at monthly moving average cost. Some joint products are stated at retail periodic average cost.</p> <p>(2) Depreciation of significant depreciable assets</p> <p>(a) Tangible fixed assets Tangible fixed assets are mainly depreciated by the declining balance method except for the following assets. Buildings (except for equipment fixed inside buildings) acquired on and after April 1, 1998 are depreciated by the straight-line method. The same basis with the Corporation Tax Law is adopted for useful life and scrap value. The main useful life is as follows. Buildings: 3-50 years Machinery and equipment: 2-17 years</p> <p>(b) 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.</p> <p>(c) Long-term prepaid expenses Long-term prepaid expenses are amortized by the straight-line method.</p> <p>(3) Accounting standards for significant reserves</p> <p>(a) Reserve for sales rebates Reserve for sales rebates is based on a proportion to sales on an accrual basis.</p> <p>(b) Reserve for bonuses Reserve for bonuses is based on the specific computation period.</p> <p>(c) Reserve for retirement benefits Reserve for retirement benefits is provided for at the necessary amounts on an accrual basis considering the estimated retirement benefit obligations and pension fund assets at end of the current fiscal year. Some consolidated subsidiaries adopt other method than the above. As to the effects of the amendments on the application of the new accounting standards for retirement benefits, the consolidated subsidiaries K.R.S Corporation which is registered on Second Section of Tokyo Stock Exchange, Mizushima Kyuso Corporation and Yamamoto Kyuso Corporation amortize equally over five years and account for it as an extraordinary loss and the Company and other consolidated subsidiaries amortized fully when incurred. Prior service liabilities are amortized by the straight-line method over twelve years except for</p>	<p>(b) Derivative financial instruments The same standards with the previous fiscal year.</p> <p>(c) Inventories The same standards with the previous fiscal year.</p> <p>(2) Depreciation of significant depreciable assets</p> <p>(a) Tangible fixed assets Tangible fixed assets are mainly depreciated by the declining balance method except for the following assets. Buildings (except for equipment fixed inside buildings) acquired on and after April 1, 1998 are depreciated by the straight-line method. The same basis with the Corporation Tax Law is adopted for useful life and scrap value. The main useful life is as follows. Buildings: 3-50 years Machinery and equipment: 2-22 years</p> <p>(b) Intangible fixed assets The same standards with the previous fiscal year.</p> <p>(c) Long-term prepaid expenses The same standards with the previous fiscal year.</p> <p>(3) Accounting standards for significant reserves</p> <p>(a) Reserve for sales rebates The same standards with the previous fiscal year.</p> <p>(b) Reserve for bonuses The same standards with the previous fiscal year.</p> <p>(c) Reserve for retirement benefits Reserve for retirement benefits is provided for at the necessary amounts on an accrual basis considering the estimated retirement benefit obligations and pension fund assets at end of the current fiscal year. Some consolidated subsidiaries adopt other method than the above. As to the effects of the amendments on the application of the new accounting standards for retirement benefits, the consolidated subsidiaries K.R.S Corporation which is registered on Second Section of Tokyo Stock Exchange and Y.M. Kyuso Corporation amortize equally over five years and account for it as an extraordinary loss and the Company and other consolidated subsidiaries amortized fully when incurred. Prior service liabilities are amortized by the straight-line method over twelve years except for K.R.S Corporation (between ten to thirteen years)</p>

Previous fiscal year (From December 1, 2001 to November 30, 2002)	Current fiscal year (From December 1, 2002 to November 30, 2003)
<p>K.R.S Corporation (thirteen years) based on the average remaining employees' service years, and their amortizations start in the respective accrual years.</p> <p>Actuarial gains or losses are amortized by the straight-line method over twelve years except for K.R.S Corporation (thirteen years) based on the average remaining employees' service years, and their amortizations start in the next year of the respective accrual years.</p> <p>(Additional information) For the purpose of the return of a role as an agent regarding the operations of welfare pension fund, the relinquishment of the entrusted government's portion of retirement benefit obligations and the exemption of future payment obligations in accordance with the Defined Benefit Corporation Pension Law promulgated on June 15, 2001, the Company and some consolidated subsidiaries applied to the Minister of Health, Labour and Welfare to obtain permission of them and were officially approved on the date of October 1, 2002.</p> <p>Thereby, the Company and some subsidiaries considered the above date to be the returned date according to the transitional measures of Article 47-2 of "Practical Guideline of Accounting for Retirement Benefit (Interim Report)" of Accounting Committee Report No. 13 published by the JICPA on September 14, 1999 and recognized the differences ¥ 4,034 million between the obligations relinquished and the related pension fund assets as extraordinary gains in the current fiscal year and the amounts of pension fund assets to be returned were ¥ 14,252 million at end of the current fiscal year.</p> <p>In addition, the Company and some consolidated subsidiaries revised the agreements of an employees' welfare pension plan and a tax-qualified pension system. The result of these revisions brought about prior service liabilities.</p> <p>(d) 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 end of the current fiscal year according to each company's bylaw.</p> <p>(e) 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.</p> <p>(4) Deferred assets Bond discounts are deferred, and amortized over seven years by the straight-line method.</p> <p>(5) Accounting for significant lease transactions Finance lease transactions other than those which are deemed to transfer the ownership of leased assets to lessees, are accounted for by the same method as that applied to ordinary operating leases.</p>	<p>based on the average remaining employees' service year, and their amortizations start in the respective accrual years.</p> <p>Actuarial gains or losses are amortized by the straight-line method over twelve years except for K.R.S Corporation (between ten to thirteen years) based on the average remaining employees' service years, and their amortizations start in the next year of the respective accrual years.</p> <p>(Additional information) For the purpose of the return of a role as an agent regarding the operations of welfare pension fund, the relinquishment of the entrusted government's portion of retirement benefit obligations and the exemption of future payment obligations in accordance with the Defined Benefit Corporation Pension Law promulgated on June 15, 2001, the Company and some consolidated subsidiaries applied to the Minister of Health, Labour and Welfare to obtain permission of them and were officially approved on the date of October 1, 2002.</p> <p>Thereby, the Company and some subsidiaries considered the above date to be the returned date according to the transitional measures of Article 47-2 of "Practical Guideline of Accounting for Retirement Benefit (Interim Report)" of Accounting Committee Report No. 13 published by the JICPA on September 14, 1999 (Latest revision on September 2, 2003) and recognized the relinquishment of the obligations and the related pension fund assets. The amounts of pension fund assets to be returned were ¥ 14,018 million at end of the current fiscal year.</p> <p>(d) Reserve for directors' and corporate auditors' retirement pay The same standards with the previous fiscal year.</p> <p>(e) Allowance for doubtful accounts The same standards with the previous fiscal year.</p> <p>(4) Deferred assets The same standards with the previous fiscal year.</p> <p>(5) Accounting for significant lease transactions The same standards with the previous fiscal year.</p>

Previous fiscal year (From December 1, 2001 to November 30, 2002)	Current fiscal year (From December 1, 2002 to November 30, 2003)
<p>(6) Significant hedge accounting</p> <p>1. Hedge accounting Deferral hedge is adopted in the method of hedge accounting. Designation transactions are applied to debts and credits in foreign currency which conform to the requirements of hedge accounting.</p> <p>2. Hedge instruments Hedge instruments are forward exchange contracts.</p> <p>3. Hedge items Hedge items are purchase transactions in foreign currencies.</p> <p>4. Hedge policy The Company enters into forward exchange contracts to hedge risks from fluctuations in foreign exchange rate and never makes use of them for the purpose of speculative transactions.</p> <p>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 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.</p> <p>(7) Accounting for consumption taxes Consumption taxes are recorded in separate accounts.</p> <p>(8) _____</p> <p>5. Valuation of assets and liabilities of consolidated subsidiaries The Company adopts the full fair value method that all their assets and liabilities including those of minority interests are valued at fair value when the Company acquired control of the subsidiaries.</p> <p>6. Consolidation adjustment accounts Consolidation adjustment accounts are amortized by the straight-line method over five years and small amounts are charged to expense.</p> <p>7. Unappropriated retained earnings Consolidated statement of retained earnings is based on appropriation approved by the shareholders' meeting held during the current accounting period.</p> <p>8. 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.</p>	<p>(6) Significant hedge accounting</p> <p>1. Hedge accounting The same standards with the previous fiscal year.</p> <p>2. Hedge instruments The same standards with the previous fiscal year.</p> <p>3. Hedge items The same standards with the previous fiscal year.</p> <p>4. Hedge policy The same standards with the previous fiscal year.</p> <p>5. Assessment of the effectiveness of hedge accounting The same standards with the previous fiscal year.</p> <p>(7) Accounting for consumption taxes The same standards with the previous fiscal year.</p> <p>(8) Accounting Standard for Net Income Per Share The Company applies the Accounting Standard for Net Income per Share (Accounting Standard No.2) and the Guideline for Accounting Standard Application for Net Income per Share (Accounting Standard Application Guideline No.4). The effect on net income per share resulting from this application is reported in Consolidated Per Share Data.</p> <p>5. Valuation of assets and liabilities of consolidated subsidiaries The same standards with the previous fiscal year.</p> <p>6. Consolidation adjustment accounts The same standards with the previous fiscal year.</p> <p>7. Unappropriated retained earnings The same standards with the previous fiscal year.</p> <p>8. Cash and cash equivalents The same standards with the previous fiscal year.</p>

Reclassification

Previous fiscal year (From December 1, 2001 to November 30, 2002)	Current fiscal year (From December 1, 2002 to November 30, 2003)
<p>(Consolidated Statements of Income)</p> <p>1. As loss on scrapped inventories included in Non-operating expenses-other in the prior fiscal year, exceeded 10% of the aggregate amount of Non-operating expenses in the current fiscal year, the Company changed to the method reporting as an independent account by reclassifying other accounts, and their losses included in Non-operating expenses-other in the previous fiscal year were ¥ 114 million.</p> <p>2. As reversal profit of allowance for doubtful accounts included in Extraordinary gains-other in the prior fiscal year, exceeded 10% of the aggregate amount of Extraordinary gains in the current fiscal year, the Company changed to the method reporting as an independent account by reclassifying other accounts, and its reversal profit included in Extraordinary gains-other in the previous fiscal year was ¥ 578 million.</p> <p>3. As provision of allowance for doubtful accounts included in Extraordinary losses-other in the prior fiscal year, exceeded 10% of the aggregate amount of Extraordinary losses in the current fiscal year, the Company changed to the method reporting as an independent account by reclassifying other accounts, and its provision included in Extraordinary losses-other in the previous fiscal year was ¥ 75 million.</p>	<p>(Consolidated Statements of Income)</p> <p>As reversal profit of reserve for directors' and corporate auditors' retirement pay included in Extraordinary gains-other in the prior fiscal year, exceeded 10% of the aggregate amount of Extraordinary gains in the current fiscal year, the Company changed to the method reporting as an independent account by reclassifying other accounts, and its reversal profit included in Extraordinary gains-other in the previous fiscal year was ¥ 103 million.</p>

Additional Information

Previous fiscal year (From December 1, 2001 to November 30, 2002)	Current fiscal year (From December 1, 2002 to November 30, 2003)
<p>(Accounting for treasury stock and withdrawal of legal reserves)</p> <p>The Company and consolidated subsidiaries applied the accounting standard for treasury stock and withdrawal of legal reserves (effective April, Financial Accounting Standard Exposure No.1 issued by Accounting Standards Board on February 21, 2002) in the current fiscal year.</p> <p>The effect which this change has on the consolidated financial statements of the current fiscal year, is immaterial.</p> <p style="text-align: center;">—————</p> <p style="text-align: center;">—————</p>	<p style="text-align: center;">—————</p> <p>(Consolidated Balance Sheet)</p> <p>The Regulations concerning the Terminology, Forms and Presentation Methods of the Consolidated Financial Statements were revised, and consequently the shareholders' equity of consolidated balance sheet is compiled in accordance with the revised regulations in the current fiscal year as follows.</p> <ol style="list-style-type: none"> (1) Capital surplus reserve is included in capital surplus. (2) Consolidated retained earnings are reclassified as earned surplus. <p>(Consolidated Statement of Retained Earnings)</p> <p>The Regulations concerning the Terminology, Forms and Presentation Methods of the Consolidated Financial Statements were revised, and consequently consolidated statement of retained earnings is compiled in accordance with the revised regulations in the current fiscal year as follows.</p> <ol style="list-style-type: none"> (1) Capital surplus are included in consolidated statement of retained earnings and reported by separating from earned surplus in the current fiscal year. (2) Consolidated retained earnings are unified to earned surplus on disclosure in the current fiscal year. (3) Net income which is accounted for individually in the prior fiscal year is disclosed as Increase of earned surplus in the current fiscal year.

Notes

Consolidated Balance Sheets

Previous fiscal year (As of November 30, 2002)	Current fiscal year (As of November 30, 2003)																																																						
<p>1. *1. Pledged assets and secured debts (Millions of yen)</p> <p>Pledged assets:</p> <table style="width: 100%; border-collapse: collapse;"> <tr><td>Time deposits</td><td style="text-align: right;">150</td></tr> <tr><td>Accounts receivable</td><td style="text-align: right;">122</td></tr> <tr><td>Inventories</td><td style="text-align: right;">170</td></tr> <tr><td>Buildings and structures</td><td style="text-align: right;">6,653</td></tr> <tr><td>Machinery, equipment and transportation equipment</td><td style="text-align: right;">301</td></tr> <tr><td>Land</td><td style="text-align: right;">9,258</td></tr> <tr><td>Other (Tangible fixed assets)</td><td style="text-align: right;">240</td></tr> <tr><td style="border-top: 1px solid black;">Total</td><td style="text-align: right; border-top: 1px solid black;">16,898</td></tr> </table> <p>Secured debts:</p> <table style="width: 100%; border-collapse: collapse;"> <tr><td>Accounts payable</td><td style="text-align: right;">32</td></tr> <tr><td>Accounts payable-other</td><td style="text-align: right;">68</td></tr> <tr><td>Short-term loans payable</td><td style="text-align: right;">3,842</td></tr> <tr><td>Bonds</td><td style="text-align: right;">300</td></tr> <tr><td>Long-term loans payable</td><td style="text-align: right;">4,741</td></tr> <tr><td style="border-top: 1px solid black;">Total</td><td style="text-align: right; border-top: 1px solid black;">8,984</td></tr> </table>	Time deposits	150	Accounts receivable	122	Inventories	170	Buildings and structures	6,653	Machinery, equipment and transportation equipment	301	Land	9,258	Other (Tangible fixed assets)	240	Total	16,898	Accounts payable	32	Accounts payable-other	68	Short-term loans payable	3,842	Bonds	300	Long-term loans payable	4,741	Total	8,984	<p>1. *1. Pledged assets and secured debts (Millions of yen)</p> <p>Pledged assets:</p> <table style="width: 100%; border-collapse: collapse;"> <tr><td>Time deposits</td><td style="text-align: right;">150</td></tr> <tr><td>Accounts receivable</td><td style="text-align: right;">109</td></tr> <tr><td>Inventories</td><td style="text-align: right;">230</td></tr> <tr><td>Buildings and structures</td><td style="text-align: right;">5,687</td></tr> <tr><td>Machinery, equipment and transportation equipment</td><td style="text-align: right;">73</td></tr> <tr><td>Land</td><td style="text-align: right;">8,592</td></tr> <tr><td>Other (Tangible fixed assets)</td><td style="text-align: right;">187</td></tr> <tr><td style="border-top: 1px solid black;">Total</td><td style="text-align: right; border-top: 1px solid black;">15,031</td></tr> </table> <p>Secured debts:</p> <table style="width: 100%; border-collapse: collapse;"> <tr><td>Accounts payable</td><td style="text-align: right;">34</td></tr> <tr><td>Short-term loans payable</td><td style="text-align: right;">2,989</td></tr> <tr><td>Bonds</td><td style="text-align: right;">300</td></tr> <tr><td>Long-term loans payable</td><td style="text-align: right;">5,711</td></tr> <tr><td style="border-top: 1px solid black;">Total</td><td style="text-align: right; border-top: 1px solid black;">9,035</td></tr> </table>	Time deposits	150	Accounts receivable	109	Inventories	230	Buildings and structures	5,687	Machinery, equipment and transportation equipment	73	Land	8,592	Other (Tangible fixed assets)	187	Total	15,031	Accounts payable	34	Short-term loans payable	2,989	Bonds	300	Long-term loans payable	5,711	Total	9,035
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<p>4. _____</p>	<p>4. *3. Outstanding shares Common share 155,464,515shares</p>																																																						
<p>5. *4. Treasury stock Common share 2,240,487shares (Including 1,140,000 shares for stock option granted)</p>	<p>5. *4. Shares of the Company held by the Company itself, consolidated subsidiaries and companies applied the equity method Common share 2,288,818shares (Including 1,118,000 shares for stock option granted)</p>																																																						
<p>6. (Additional information) *5. Regarding the accounting method of the matured notes holding at the balance sheet date, the companies adopt the method considering a clearing date to be a settlement date. The clearing of notes was not made in order that the balance sheet date was the holiday of banking facilities. Consequently, such notes ¥ 98 million which the companies held, are included in the balance of notes receivable.</p>	<p>6. (Additional information) *5. Regarding the accounting method of the matured notes holding at the balance sheet date, the companies adopt the method considering a clearing date to be a settlement date. The clearing of notes was not made in order that the balance sheet date was the holiday of banking facilities. Consequently, such notes ¥ 113 million which the companies held, are included in the balance of notes receivable.</p>																																																						

Consolidated Statements of Income

Previous fiscal year (From December 1, 2001 to November 30, 2002)	Current fiscal year (From December 1, 2002 to November 30, 2003)
<p>1. *1. Main components of selling, general and administrative expenses are as follows;</p> <p>Warehousing and carrying charges ¥ 24,572 million</p> <p>Sales promotion expense ¥ 22,764 million</p> <p>Research and development expense ¥ 2,422 million</p> <p>Advertising and general publicity expense ¥ 8,835 million</p> <p>Payroll expense ¥ 14,492 million</p> <p>Depreciation expense ¥ 1,710 million</p> <p>Reserve for bonuses ¥ 718 million</p> <p>Reserve for directors' and corporate auditors' retirement pay ¥ 398 million</p> <p>Reserve for retirement benefits ¥ 2,432 million</p>	<p>1. *1. Main components of selling, general and administrative expenses are as follows;</p> <p>Warehousing and carrying charges ¥ 24,864 million</p> <p>Sales promotion expense ¥ 21,889 million</p> <p>Research and development expense ¥ 2,753 million</p> <p>Advertising and general publicity expense ¥ 9,085 million</p> <p>Payroll expense ¥ 14,575 million</p> <p>Depreciation expense ¥ 1,712 million</p> <p>Reserve for bonuses ¥ 507 million</p> <p>Reserve for directors' and corporate auditors' retirement pay ¥ 482 million</p> <p>Reserve for retirement benefits ¥ 1,444 million</p>
<p>2. *2. The total amounts of research and development cost are ¥ 2,422 million and all of them are included in general and administrative expense.</p>	<p>2. *2. The total amounts of research and development cost are ¥ 2,753 million and all of them are included in general and administrative expense.</p>
<p>3. *3. Gains on sales of fixed assets are as follows;</p> <p>Buildings and structures ¥ 32 million</p> <p>Machinery, equipment and transportation equipment ¥ 43 million</p> <p>Land ¥ 49 million</p> <p>Other ¥ 10 million</p> <hr/> <p>Total ¥ 136 million</p>	<p>3. *3. Gains on sales of fixed assets are as follows;</p> <p>Machinery, equipment and transportation equipment ¥ 17 million</p> <p>Land ¥ 55 million</p> <hr/> <p>Total ¥ 73 million</p>
<p>4. *4. Losses on sales of fixed assets are as follows:</p> <p>Machinery, equipment and transportation equipment ¥ 11 million</p> <p>Land ¥ 26 million</p> <hr/> <p>Total ¥ 38 million</p>	<p>4. *4. Losses on sales of fixed assets are as follows:</p> <p>Machinery, equipment and transportation equipment ¥ 18 million</p> <p>Land ¥ 1 million</p> <hr/> <p>Total ¥ 19 million</p>
<p>5. *5. Losses on disposal of fixed assets are as follows:</p> <p>Buildings and structures ¥ 309 million</p> <p>Machinery, equipment and transportation equipment ¥ 405 million</p> <p>Other ¥ 8 million</p> <hr/> <p>Total ¥ 723 million</p>	<p>5. *5. Losses on disposal of fixed assets are as follows:</p> <p>Buildings and structures ¥ 40 million</p> <p>Machinery, equipment and transportation equipment ¥ 262 million</p> <p>Land ¥ 50 million</p> <hr/> <p>Total ¥ 353 million</p>

Consolidated Statements of Cash Flow

Previous fiscal year (From December 1, 2001 to November 30, 2002)	Current fiscal year (From December 1, 2002 to November 30, 2003)
<p>1. Cash and cash equivalents comprise as follows: (As of November 30, 2002)</p> <p>Cash and deposits ¥ 18,034 million</p> <p>(Deduction)</p> <p>Time deposits with maturity over three months ¥ (1,083 million)</p> <hr/> <p>Cash and cash equivalents ¥ 16,950 million</p>	<p>1. Cash and cash equivalents comprise as follows: (As of November 30, 2003)</p> <p>Cash and deposits ¥ 22,382 million</p> <p>(Deduction)</p> <p>Time deposits with maturity over three months ¥ (2,513 million)</p> <hr/> <p>Cash and cash equivalents ¥ 19,868 million</p>

Lease Transactions

Previous fiscal year (From December 1, 2001 to November 30, 2002)				Current fiscal year (From December 1, 2002 to November 30, 2003)			
1. Finance lease transactions other than those which are deemed to transfer the ownership of leased assets to lessees				1. Finance lease transactions other than those which are deemed to transfer the ownership of leased assets to lessees			
(1) Estimated acquisition cost, accumulated depreciation, and estimated value of lease properties				(1) Estimated acquisition cost, accumulated depreciation, and estimated value of lease properties			
(Millions of yen)				(Millions of yen)			
	Estimated acquisition cost	Accumulated depreciation	Estimated value		Estimated acquisition cost	Accumulated depreciation	Estimated value
Machinery, equipment and transportation equipment	10,568	5,715	4,853	Machinery, equipment and transportation equipment	11,743	5,709	6,033
Tangible asset – other	7,929	4,556	3,373	Tangible asset – other	8,237	4,872	3,365
Computer software	137	74	63	Computer software	211	139	72
Total	18,635	10,346	8,289	Total	20,192	10,720	9,472
(2) Future lease payments				(2) Future lease payments			
Due within one year				Due within one year			
¥ 2,986 million				¥ 3,458 million			
Due over one year				Due over one year			
¥ 5,286 million				¥ 6,185 million			
Total				Total			
¥ 8,272 million				¥ 9,644 million			
(3) Lease payments, depreciation and interest expenses				(3) Lease payments, depreciation and interest expenses			
Lease payments				Lease payments			
¥ 3,504 million				¥ 3,995 million			
Depreciation expenses				Depreciation expenses			
¥ 3,256 million				¥ 3,716 million			
Estimated interest expense				Estimated interest expense			
¥ 253 million				¥ 275 million			
(4) Method of depreciation				(4) Method of depreciation			
Depreciation expense is calculated by the straight-line method by considering lease period to be useful life and scrap value to be zero.				The same method with the previous fiscal year.			
(5) Calculation method of estimated interest expense				(5) Calculation method of estimated interest expense			
Interest which is separated from the aggregate lease amounts, is calculated as the difference between the aggregate lease amounts on contracts and the presumed costs considered to be acquired by lesser. Such calculated interest is allocated to the respective fiscal years by the interest-method.				The same method with the previous fiscal year.			
2. Operating lease transactions				2. Operating lease transactions			
Future lease payments				Future lease payments			
Due within one year				Due within one year			
¥ 80 million				¥ 212 million			
Due over one year				Due over one year			
¥ 376 million				¥ 458 million			
Total				Total			
¥ 456 million				¥ 671 million			

Securities

Securities

1. Held-to-maturity bonds with fair value

(Millions of yen)

	Description	Previous fiscal year (As of November 30, 2002)			Current fiscal year (As of November 30, 2003)		
		Book value	Fair value	Unrealized gain (loss)	Book value	Fair value	Unrealized gain (loss)
Bonds whose fair value exceeds their book value	(1) Government and local bonds	—	—	—	—	—	—
	(2) Debentures	—	—	—	—	—	—
	(3) Other	—	—	—	—	—	—
	Sub-total	—	—	—	—	—	—
Bonds whose book value exceeds their fair value	(1) Government and local bonds	—	—	—	—	—	—
	(2) Debentures	—	—	—	—	—	—
	(3) Other	27	27	—	—	—	—
	Sub-total	27	27	—	—	—	—
Total		27	27	—	—	—	—

2. Other securities with fair value

(Millions of yen)

	Description	Previous fiscal year (As of November 30, 2002)			Current fiscal year (As of November 30, 2003)		
		Acquisition cost	Book value	Unrealized gain (loss)	Acquisition cost	Book value	Unrealized gain (loss)
Securities whose book value exceeds their acquisition cost	(1) Stocks	2,619	3,527	908	4,081	6,347	2,265
	(2) Bonds						
	(a) Government and local bonds	—	—	—	—	—	—
	(b) Debentures	—	—	—	—	—	—
	(c) Other	—	—	—	—	—	—
	(3) Other	—	—	—	11	13	1
	Sub-total	2,619	3,527	908	4,093	6,360	2,267
Securities whose acquisition cost exceeds their book value	(1) Stocks	6,573	5,885	(687)	5,047	4,148	(898)
	(2) Bonds						
	(a) Government and local bonds	—	—	—	—	—	—
	(b) Debentures	—	—	—	—	—	—
	(c) Other	42	36	(6)	—	—	—
	(3) Other	—	—	—	31	28	(3)
	Sub-total	6,616	5,922	(693)	5,078	4,177	(901)
Total		9,235	9,450	214	9,171	10,537	1,366

(Note) The Company wrote down by ¥ 2,094 million (including ¥ 2,018 million of other securities with fair value) in the previous fiscal year and ¥ 96 million (including ¥ 58 million of other securities with fair value) in the current fiscal year against securities with a remarkable decline in the value of investment, respectively. These amounts were disclosed as a write-down of investment in securities.

3. Sales of held-to-maturity bonds in the previous fiscal year and the current fiscal year

(Millions of yen)

	Previous fiscal year (From December 1, 2001 to November 30, 2002)			Current fiscal year (From December 1, 2002 to November 30, 2003)		
	Cost of sales	Aggregate sales amount	Gain	Cost of sales	Aggregate sales amount	Gain
Other	1,446	1,474	27	—	—	—
Reason for sales	By the reason why stock prices will decline further by the aggravation of the movement of the market.			—		

4. Sales of other securities in the previous fiscal year and the current fiscal year

(Millions of yen)

Previous fiscal year (From December 1, 2001 to November 30, 2002)			Current fiscal year (From December 1, 2002 to November 30, 2003)		
Aggregate sales amount	Gain	Loss	Aggregate sales amount	Gain	Loss
221	58	17	776	192	4

5. Principal securities with no fair value

(Millions of yen)

Description	Previous fiscal year (As of November 30, 2002)	Current fiscal year (As of November 30, 2003)
	Book value	Book value
(1) Held-to-maturity bonds		
Domestic bonds of private placement	12	40
(2) Other securities		
Unlisted stocks (except for over-the-counter securities)	2,408	3,093
Other	19	19

6. Redemption schedule of securities with maturity and held-to-maturity bonds of other securities

(Millions of yen)

Description	Previous fiscal year (As of November 30, 2002)				Current fiscal year (As of November 30, 2003)			
	Within one year	Over one year within five years	Over five years within ten years	Over ten years	Within one year	Over one year within five years	Over five years within ten years	Over ten years
1. Bonds								
(1) Government and local bonds	—	—	—	—	—	—	—	—
(2) Debentures	26	24	—	—	5	10	—	—
(3) Other	—	—	—	—	27	—	—	—
Total	26	24	—	—	32	10	—	—

Derivative Financial Transactions

1. Matters concerning derivative financial transactions

Previous fiscal year (From December 1, 2001 to November 30, 2002)	Current fiscal year (From December 1, 2002 to November 30, 2003)
<p>(1) Types of derivative financial transactions The Company and three consolidated subsidiaries, Nishifu Meat Co., Ltd., Dispen Pak Japan Co., Inc. and Gourmet Delika Co., Ltd. enter into the forward exchange contracts, option contracts, currency swap agreements, and interest rate swap agreements.</p> <p>(2) Policies of derivative financial transactions The Company and three consolidated subsidiaries never conduct speculative transactions.</p> <p>(3) Purposes of derivative financial transactions The Company and three consolidated subsidiaries enter into derivative agreements to hedge risks from fluctuations in foreign exchange rates and from fluctuating of interest rate and never make use of them for the purpose of speculative transactions.</p> <p>(4) Risk in derivative financial transactions Derivative financial transactions' contracts involve risks of fluctuation in foreign exchange rates and from fluctuating of interest rate. Those risks are offset by the mutual risks of assets and liabilities of hedge items. The Company and three consolidated subsidiaries recognize that there are little credit risks from non-fulfillment of contract, because the business connections are creditable domestic banks.</p> <p>(5) Risk management The Company executes derivative financial transactions according to the internal regulations by Production Division and Treasury Division and all the results of derivative financial transaction are reported to the head of Treasury Division. And the control division mainly controls derivative financial transactions of three consolidated subsidiaries and all the results of them are reported to the director in charge of its division.</p>	<p>(1) Types of derivative financial transactions The Company and four consolidated subsidiaries, Nishifu Meat Co., Ltd., Dispen Pak Japan Co., Inc., Gourmet Delika Co., Ltd., and Y.M. Kyuso Corporation enter into the forward exchange contracts, option contracts, currency swap agreements, and interest rate swap agreements.</p> <p>(2) Policies of derivative financial transactions The Company and four consolidated subsidiaries never conduct speculative transactions.</p> <p>(3) Purposes of derivative financial transactions The Company and four consolidated subsidiaries enter into derivative agreements to hedge risks from fluctuations in foreign exchange rates and from fluctuating of interest rate and never make use of them for the purpose of speculative transactions.</p> <p>(4) Risk in derivative financial transactions Derivative financial transactions' contracts involve risks of fluctuation in foreign exchange rates and from fluctuating of interest rate. Those risks are offset by the mutual risks of assets and liabilities of hedge items. The Company and four consolidated subsidiaries recognize that there are little credit risks from non-fulfillment of contract, because the business connections are creditable domestic banks.</p> <p>(5) Risk management The Company executes derivative financial transactions according to the internal regulations by Production Division and Treasury Division and all the results of derivative financial transaction are reported to the head of Treasury Division. And the control division mainly controls derivative financial transactions of four consolidated subsidiaries and all the results of them are reported to the director in charge of its division.</p>

2. Matters concerning fair value

Contract amount, fair value, and unrealized gain (loss) on derivative instruments

(1) Forward exchange contracts, option contracts and currency swap agreements

(Millions of yen)

Classification	Description	Previous fiscal year (As of November 30, 2002)				Current fiscal year (As of November 30, 2003)			
		Contract amount	Contract amount over one year	Fair value	Unrealized gain(loss)	Contract amount	Contract amount over one year	Fair value	Unrealized gain(loss)
Non-market transactions	Forward exchange contracts Purchase USD	2,934	2,370	3,183	248	2,400	1,557	2,424	24
	Option contracts Sell Put USD	4,071	3,980	(172)	(172)	3,980	2,894	(208)	(208)
	Purchase Call USD	1,357	1,326	137	137	1,326	964	67	67
	Currency swap agreements Purchase USD	5,853	5,853	48	48	5,853	—	3	3
Total		14,216	13,531	3,196	261	13,561	5,417	2,286	(113)

(Notes) 1. Basis of fair value

(1) Fair value of forward exchange contracts is based on the future rate quoted by Financial Institutions.

(2) Fair value of option contracts is based on the price quoted by Financial Institutions.

(3) Fair value of currency swaps is based on the price quoted by Financial Institutions.

2. Derivative financial transactions, for which hedge accounting is applied, are excluded from the above table.

(2) Interest rate swap agreements

(Millions of yen)

Classification	Description	Previous fiscal year (As of November 30, 2002)				Current fiscal year (As of November 30, 2003)			
		Contract amount	Contract amount over one year	Fair value	Unrealized gain(loss)	Contract amount	Contract amount over one year	Fair value	Unrealized gain(loss)
Non-market transactions	Interest rate swap floating rate receipt, fixed rate payment	1,100	1,100	(33)	(33)	1,400	1,400	(20)	(20)
Total		1,100	1,100	(33)	(33)	1,400	1,400	(20)	(20)

(Notes) 1. Fair value is based on the price quoted by Financial Institutions.

2. Derivative financial transactions, for which hedge accounting is applied, are excluded from the above table.

Retirement Benefits

1. Summary of retirement benefit system

- (1) The Company and fourteen consolidated subsidiaries except thirty consolidated subsidiaries including Q.P.Egg Corporation, Kewpie Jyozo Co., Ltd., K.R.S. Corporation, Kanae Foods Co., Ltd., Zenno Q.P.Egg Station Co., Ltd., Aid Co., Ltd., Akishima Yasai Kako Co., Ltd., Family Chef Co., Ltd., Hashikami Q.P.Co., Ltd., Kowa Derika Co., Ltd. and Dispen Pak Japan Co., Ltd. have an employees' welfare pension plan and a tax-qualified pension system covering all of the retirement payable for their employees as a defined benefit pension plan. And the Company established trust to cover retirement benefit obligations.
- (2) Nineteen consolidated companies including Q.P.Egg Corporation, Kewpie Jyozo Co., Ltd., K.R.S. Corporation, Kanae Foods Co., Ltd., Zenno Q.P.Egg Station Co., Ltd., Aid Co., Ltd., Akishima Yasai Kako Co., Ltd., Family Chef Co., Ltd., Hashikami Q.P.Co., Ltd., Kowa Derika Co., Ltd. and Dispen Pak Japan Co., Ltd. have three systems of an employees' welfare pension plan, a tax-qualified pension system, and a lump-sum grants system covering a part of the retirement payable for their employees as a defined benefit pension plan. As a result, nineteen companies of the Company and the consolidated subsidiaries have the lump-sum grants system, three companies of them have established the employees' welfare pension funds, and ten companies of them have adopted the tax-qualified pension system.

2. Retirement benefit obligations

(Millions of yen)

	Previous fiscal year (As of November 30, 2002)	Current fiscal year (As of November 30, 2003)
(1) Retirement benefit obligations	(56,139)	(58,823)
(2) Pension fund assets	41,090	45,085
(3) Unrecognized retirement benefit obligations	(15,049)	(13,737)
(4) Unrecognized effects of the amendments on the application of the new accounting standards for retirement benefits	1,147	764
(5) Unrecognized actuarial losses	17,532	18,067
(6) Unrecognized prior service liabilities	(9,581)	(8,777)
(7) Reserve for retirement benefits	(5,952)	(3,683)

(Note) Retirement benefit obligations are accounted for on the fact that those corresponding to the entrusted government's portion of an employees' welfare pension fund were extinguished.

3. Retirement benefit costs

(Millions of yen)

	Previous fiscal year (From November 30, 2001 to November 30, 2002)	Current fiscal year (From November 30, 2002 to November 30, 2003)
(1) Service costs (Note 1)	3,158	2,667
(2) Interest costs	2,138	1,270
(3) Expected return on pension fund assets	(1,980)	(1,518)
(4) Recognition of prior service liabilities	(133)	(801)
(5) Amortization of actuarial losses (Note 2)	1,020	1,963
(6) Amortization of effects of the amendments on the application of the new accounting standards for retirement benefits (Note 3)	602	382
Retirement benefit costs	4,805	3,963

- (Notes) 1. The costs, which the companies to which employees are on loan, and employees themselves should bear, are excluded from service costs.
 2. As the result of the return of the entrusted government's portion of welfare pension fund, the actuarial losses ¥ 3,580 million (equal to the return portion) are deducted from extraordinary gains in the previous fiscal year.
 3. As the result of the return of the entrusted government's portion of welfare pension fund, the amortization expenses ¥ 837 million (equal to the return portion) of effects of the amendments on the application of the new accounting standards for retirement benefits are deducted from extraordinary gains in the previous fiscal year.

4. Calculation basis of retirement benefit obligations

	Previous fiscal year (As of November 30, 2002)	Current fiscal year (As of November 30, 2003)
(1) Discount rate	2.5%	2.3%
(2) Expected return rate on pension fund assets	4.5%	4.0%
(3) Recognition method of the projected retirement benefit obligations	Straight-line method	Straight-line method
(4) Recognition term of prior service liabilities	Twelve years except for K.R.S. Corporation (thirteen years)	Twelve years except for K.R.S. Corporation (between ten to thirteen years)
(5) Amortization term of actuarial gains or losses	Twelve years except for K.R.S. Corporation (thirteen years) Actuarial gains or losses are amortized by the straight-line method over a certain period within an average remaining service period of employees from the next year of the respective accrual years.	Twelve years except for K.R.S. Corporation (between ten to thirteen years) Actuarial gains or losses are amortized by the straight-line method over a certain period within an average remaining service period of employees from the next year of the respective accrual years.
(6) Amortization term of effects of the amendments on the application of the new accounting standards for retirement benefits	————— (K.R.S. Corporation, Yamamoto Kyuso Corporation and Mizushima Kyuso Corporation amortized by the straight-line method over five years.)	————— (K.R.S. Corporation and Y.M. Kyuso Corporation amortized by the straight-line method over five years.)

Tax-Effect Accounting

(Millions of yen)

	Previous fiscal year (As of November 30, 2002)	Current fiscal year (As of November 30, 2003)
1. The principal details of deferred tax assets and liabilities are as follows:		
Deferred tax assets		
Unrealized gains	1,348	1,275
Reserve for sales rebates	740	474
Reserve for bonuses	689	838
Accrued enterprise taxes	246	238
Reserve for directors' and corporate auditors' retirement pay	1,141	671
Reserve for retirement benefits	2,290	1,668
Trust to cover retirement benefit obligations	1,488	1,442
Allowance for doubtful accounts	284	440
Write-down of golf course memberships	438	368
Unrealized valuation loss on other securities	180	—
Other	605	413
Sub-total deferred tax assets	9,454	7,831
Valuation reserve	(138)	(203)
Total deferred tax assets	9,315	7,627
Deferred tax liabilities		
Prepaid pension costs	—	(344)
Valuation difference of fixed assets	(992)	(965)
Reserve for deduction entry of property by purchase	(1,637)	(1,570)
Unrealized valuation gain on other securities	(6)	(394)
Other	(112)	(67)
Total deferred tax liabilities	(2,748)	(3,341)
Net deferred tax assets	6,567	4,285
Net deferred tax assets included in the consolidated balance sheets are as follows:		
Current assets-deferred tax assets	2,590	2,297
Fixed assets-deferred tax assets	4,077	2,008
Current liabilities-deferred tax liabilities	—	(1)
Long-term liabilities-deferred tax liabilities	(101)	(19)
2. The principal details of the material differences between the statutory effective tax rate and the actual burden tax rate after application of tax-effect accounting		
The statutory effective tax rate (Adjustments)	42.0 %	42.0 %
Loss carry forward of consolidated subsidiaries not to have recognized tax-effect	(0.2 %)	(0.1 %)
Permanent exclusion from expenses	1.1 %	1.1 %
Tax free income	(0.3 %)	(0.2 %)
Capita levy on inhabitant tax	0.9 %	1.0 %
Reduction adjustment on deferred tax assets resulting from change in the statutory effective tax rate	—	0.5 %
Other	0.4 %	(0.6 %)
Actual burden tax rate after the application of tax effect accounting	43.9 %	43.7 %
3. The effective tax rate used in the calculation of deferred tax assets and liabilities.		(Additional Information) Enterprise tax which is imposed on the basis of an outward form of enterprises as a part of objects of taxation is introduced newly by the revision of local tax law (2003, Law No. 9) and enforced from the fiscal year beginning at April 1, 2004, and thereby enterprise tax rate imposed on earnings is reduced. As a result, the statutory effective tax rate applied to objects of tax effect which continue as undeductible expenses on taxation on and after December 1, 2004, is changed from the prior rate 42.0% to 40.7%. The effect, which this change has on the current consolidated financial statement, is immaterial.

Segment Information

1. Segment information of business line

Previous fiscal year (From December 1, 2001 to November 30, 2002)

(Millions of yen)

	Foodstuffs	Distribution	Total	Elimination and/or addition	Consolidated
1. Sales and operating income					
Sales					
(1) Sales to customers	355,616	78,863	434,480	—	434,480
(2) Internal sales or transfers to/from segments	27	25,046	25,073	(25,073)	—
Total	355,643	103,909	459,553	(25,073)	434,480
Operating expenses	335,654	99,675	435,330	(19,436)	415,893
Operating income	19,988	4,234	24,222	(5,636)	18,586
2. Allocated assets, depreciation expense, and capital expenditure					
Assets	183,525	63,704	247,229	22,952	270,181
Depreciation expense	9,793	2,497	12,290	80	12,371
Capital expenditure	18,314	4,107	22,421	516	22,938

(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	Mayonnaise and dressings, Canned and retort foods, Egg products, Healthcare products, Vegetables and salads
Distribution	Storage and transportation

c. Operating expenses unable to allocate to segments, mainly belong to general control division in the head office of the Company and K.System Co., Ltd.. Those amounts included in Elimination and/or addition on the column of the above table, are ¥ 5,636 million.

d. Assets unable to allocate segments are mainly spare working fund and investment capital (cash, deposits and investment in securities) and belong to general control division in the head office of the Company and K.System Co., Ltd.. Those amounts included in Elimination and/or addition on the column of the above table, are ¥ 26,939 million.

e. Long-term prepaid expenses are included in capital expenditure, and their depreciation in depreciation expense.

Current fiscal year (From December 1, 2002 to November 30, 2003)

(Millions of yen)

	Foodstuffs	Distribution	Total	Elimination and/or addition	Consolidated
1. Sales and operating income					
Sales					
(1) Sales to customers	357,030	80,002	437,032	—	437,032
(2) Internal sales or transfers to/from segments	8	24,233	24,242	(24,242)	—
Total	357,039	104,235	461,275	(24,242)	437,032
Operating expenses	337,372	100,001	437,374	(18,597)	418,776
Operating income	19,666	4,233	23,900	(5,644)	18,255
2. Allocated assets, depreciation expense, and capital expenditure					
Assets	179,454	66,589	246,043	23,515	269,559
Depreciation expense	10,663	2,303	12,966	86	13,053
Capital expenditure	11,675	1,766	13,441	63	13,504

(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	Mayonnaise and dressings, Canned and retort foods, Egg products, Healthcare products, Vegetables and salads
Distribution	Storage and transportation

c. Operating expenses unable to allocate to segments, mainly belong to general control division in the head office of the Company and K.System Co., Ltd.. Those amounts included in Elimination and/or addition on the column of the above table, are ¥ 5,839 million.

d. Assets unable to allocate to segments are mainly spare working fund and investment capital (cash, deposits and investment in securities) and belong to general control division in the head office of the Company and K.System Co., Ltd.. Those amounts included in Elimination and/or addition on the column of the above table, are ¥ 33,136 million.

e. Long-term prepaid expenses are included in capital expenditure and their depreciation in depreciation expense.

2. Geographical business

Segment information of geographical business is not disclosed since the proportion of domestic sales and assets in the fiscal years ended November 30, 2002 and 2003, exceeds 90% to the total amounts of segment sales and segment assets, respectively.

3. Overseas sales amounts

Segment information of overseas sales amounts is not disclosed since the overseas sales amounts in the fiscal years ended November 30, 2002 and 2003, is less than 10% of consolidated sales, respectively.

Related Party Transactions

Previous fiscal year (From December 1, 2001 to November 30, 2002)

Parent company, principal corporate shareholders, and other

(Millions of yen)

Attribution	Corporate name	Address	Capital stock	Principal business	Percentage of voting right	Relationship		Transaction	Amount	Account	Ending of year	
						Number of interlocking directors and corporate auditors	On business					
Principal corporate shareholders and other affiliated companies	Nakashimato Co., Ltd.	Shibuya-ku, Tokyo	119	Sales of processed foodstuffs	Direct 17.2% Indirect 3.1%	4 persons	Purchase of products	Operating	Purchase of products	44,663	Account payable-trade	8,070
								Non-operating	Consignment calculation office work	2,153	Account payable-other	195

Transaction's term and policy

Purchase prices of products and charges of consignment calculation office work are determined in accordance with the general transaction's term in consideration of the market prices.

(Note) Amounts in Ending of year include consumption taxes and those of Transactions exclude them.

Current fiscal year (From December 1, 2002 to November 30, 2003)

Parent company, principal corporate shareholders, and other

(Millions of yen)

Attribution	Corporate name	Address	Capital stock	Principal business	Percentage of voting right	Relationship		Transaction	Amount	Account	Ending of year	
						Number of interlocking directors and corporate auditors	On business					
Principal corporate shareholders and other affiliated companies	Nakashimato Co., Ltd.	Shibuya-ku, Tokyo	119	Sales of processed foodstuffs	Direct 17.2% Indirect 3.1%	3 persons	Purchase of products	Operating	Purchase of products	43,046	Account payable -trade	7,282
								Non-operating	Consignment calculation office work	2,251	Account payable -other	201

Transaction's term and policy

Purchase prices of products and charges of consignment calculation office work are determined in accordance with the general transaction's term in consideration of the market prices.

(Note) Amounts in Ending of year include consumption taxes and those of Transactions exclude them.

Consolidated Per Share Data

	Previous fiscal year (From December 1, 2001 to November 30, 2002)	Current fiscal year (From December 1, 2002 to November 30, 2003)
Net worth per share	¥ 744.11	¥ 786.15
Net income per share-primary	¥ 60.36	¥ 56.08
Net income per share-diluted	¥ 55.11	¥ 51.53
		<p>The Company applies the Accounting Standard for Net Income per Share (Accounting Standard No.2) and the Guideline for Accounting Standard Application for Net Income per Share (Accounting Standard Application Guideline No.4).</p> <p>Those data in the case where the above account standards were adopted in the previous fiscal year are as follows:</p> <p>Net worth per share ¥ 743.29</p> <p>Net income per share ¥ 59.54</p> <p>Net income per share - diluted ¥ 54.37</p>

(Note) Calculation Basis of net income per share and net income per share-diluted are as follows:

Consolidated Per Share Data

(Millions of yen)

	Previous fiscal year (From December 1, 2001 to November 30, 2002)	Current fiscal year (From December 1, 2002 to November 30, 2003)
Net income per share		
Net income	—	8,675
Amounts not attributable to common share	—	85
(Including directors' and corporate auditors' bonuses)	—	(85)
Net income attributable to common share	—	8,589
Weighted average number of common share	—	153,177 thousand shares
Net income per share-diluted		
Adjustments to net income	—	108
(Including interest expense after tax adjustment)	—	(108)
Increase in common share	—	15,619 thousand shares
(Including convertible bonds)	—	(15,619 thousand shares)
Summary of potential shares which were not included in calculation basis of net income per share-diluted in order that they do not have dilutive effects	—	(For stock option granted of total treasury stock number regulated article 210, No.2 of Commercial Code before revision) 1,118,000shares

Significant Subsequent Events

Previous fiscal year (From December 1, 2001 to November 30, 2002)	Current fiscal year (From December 1, 2002 to November 30, 2003)
None	None

(e) Consolidated Supplementary Statements

1. Description of bonds

(Millions of yen)

Corporate name	Issue	Issue date	Beginning balance	Ending balance	Interest rate/per annum	Pledged	Maturity
*1	The 4th unsecured convertible bonds	June 3, 1994	18,629	18,629 (—)	1.0%	—	November 30, 2005
*2	Bonds	From July 10, 1997 to August 26, 1998	300	300 (100)	From 2.2% to 2.6%	Pledged	From July 9, 2004 to August 26, 2005
*3	Bonds	From March 5, 1997 to July 17, 1997	1,200	1,200 (1,200)	From 2.5% to 2.74%	—	From March 5, 2004 to July 16, 2004
	Total		20,129	20,129 (1,300)			

(Notes) 1. The figures in parentheses under ending balance indicates the amounts redeemed within one year.

2. Terms for conversion of the convertible bonds are as follows:

(Millions of yen)

Issue	Term of validity for conversion	Conversion price	Shares to be issued	Capitalized amount per share
The 4th unsecured convertible bonds	From July 1, 1994 to November 29, 2005	1,192.70	Common share	597

*1: Issued by the Company

*2: Issued by the domestic subsidiaries, Q.P. Egg Corporation and Kewpie Jyozo Co., Ltd..

*3: Issued by the domestic subsidiary, K.R.S. Corporation.

The aggregate amount, which will be redeemed every year in annual maturities for the next five years, are as follows:

(Millions of yen)

Within one year	Over one year within two years	Over two years within three years	Over three years within four years	Over four years within five years
1,300	18,829	—	—	—

2. Description of bank loans and other

(Millions of yen)

Item	Beginning balance	Ending balance	Average interest rate per annum	Maturity
Short-term loans payable	12,313	12,886	1.503%	—
Current portion of long-term loans payable	4,955	5,099	1.789%	—
Long-term loans payable	12,844	11,795	1.818%	From December 2004 to September 2012
Other interest-bearing debt	684	537	5.749%	From December 2004 to September 2010
Total	30,797	30,318	—	—

(Notes) 1. Average interest rates are calculated using interest rates and balance of loans payable at the balance sheet date.

2. The annual aggregate amount repaid to banks for the next five years are as follows:

(Millions of yen)

	Over one year within two years	Over two years within three years	Over three years within four years	Over four years within Five years
Long-term loans payable and other	2,697	2,304	2,813	1,984

(2) Other

None

Independent Auditors' Report

February 20, 2004

The Board of Directors
KEWPIE KABUSHIKI-KAISHA
(Q.P. Corporation)

Shin Nihon & Co.

Representative and
Engagement Partner

Uda Hiromi

Certified Public Accountant
(signed and sealed)

Representative and
Engagement Partner

Kitabayashi Hiroshi

Certified Public Accountant
(signed and sealed)

Representative and
Engagement Partner

Takahashi Hidenori

Certified Public Accountant
(signed and sealed)

Pursuant to Article 193-2 of "The Securities and Exchange Law", we have audited the financial statements of KEWPIE KABUSHIKI-KAISHA presented in "Financial Conditions", of the 91st fiscal year from December 1, 2002 to November 30, 2003, namely, the balance sheet, the statement of income, the statement of appropriated retained earnings, and the supplementary statements, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to independently express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards, procedures and practices generally accepted and applied in Japan. Those standards, procedures and practices require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of KEWPIE KABUSHIKI-KAISHA at November 30, 2003, and the results of their operations for the years then ended in conformity with accounting principles and practices generally accepted in Japan.

We have no interest in the Company, which should be disclosed pursuant to the provision of the Certified Public Accountants' Law.

Audit Report

February 20, 2003

Mr. Gohsuke Ohyama,
 President and Representative Director
 KEWPIE KABUSHIKI-KAISHA
 (Q.P. Corporation)

Shin Nihon & Co.

Representative and
 Engagement Partner

Uda Hiromi

Certified Public Accountant
 (signed and sealed)

Representative and
 Engagement Partner

Kitabayashi Hiroshi

Certified Public Accountant
 (signed and sealed)

Pursuant to Article 193-2 of "The Securities and Exchange Law", we have audited the consolidated financial statements of KEWPIE KABUSHIKI-KAISHA presented in "Financial Conditions" from December 1, 2001 to November 30, 2002, namely, the consolidated balance sheet, the consolidated statement of income, the consolidated statement of retained earnings, the consolidated statement of cash flows and the consolidated supplementary statements.

Our Audit was made in accordance with generally accepted auditing standards and all relevant auditing procedures are normally required were carried out.

Based on our audit, we express the opinion that:

The accounting principle and practices adopted by the Company for the consolidated financial statements are in conformity with generally accepted accounting principle applied on a consistent basis and the consolidated financial statements are presented in accordance with the "Regulations concerning the Terminology, Forms, and Preparation Methods of the Consolidated Financial Statements (MOF Ordinance No.28, 1976)".

As a result, it is our opinion that the above-mentioned consolidated financial statements present fairly the financial position of KEWPIE KABUSHIKI-KAISHA and its consolidated subsidiaries as of November 30, 2002, and the results of their operations and cash flows for the fiscal year then ended.

We have no interest in the Company, which should be disclosed pursuant to the provision of the Certified Public Accountants' Law.

(Note) As described in note of additional information of consolidated financial statements, the Company compiled the consolidated financial statements, according to Accounting Standards for treasury stock and withdrawal of legal reserves applied from the current fiscal year.

2. Financial Statements (Non-Consolidated)

(1) Financial Statements

(a) Balance Sheets

(Millions of yen)

Account	Term	Previous fiscal year (As of November 30, 2002)		Current fiscal year (As of November 30, 2003)	
		Amount	Component ratio	Amount	Component ratio
(Assets)			%		%
I. Current assets					
1. Cash and deposits		9,834		16,460	
2. Notes receivable (Note*4)		1,029		1,097	
3. Accounts receivable-trade (Note*1)		42,489		43,505	
4. Purchased goods		6,002		3,539	
5. Products		3,951		2,857	
6. Raw materials		2,377		1,966	
7. Work in progress		90		84	
8. Supplies		496		445	
9. Advance payments		221		904	
10. Prepaid expenses		184		154	
11. Deferred tax assets		1,027		901	
12. Short-term loans receivable from employees		39		55	
13. Short-term loans receivable from subsidiaries and affiliated companies		16,921		17,645	
14. Accounts receivable-other (Note*1)		934		930	
15. Other (Note*1)		1,073		1,246	
16. Allowance for doubtful accounts		(64)		(238)	
Total current assets		86,612	46.4	91,555	48.1
II. Fixed assets					
(1) Tangible fixed assets					
1. Buildings		51,504		53,155	
Accumulated depreciation		26,202	25,301	28,164	24,991
2. Structures		6,126		6,281	
Accumulated depreciation		4,040	2,086	4,287	1,993
3. Machinery and equipment		64,479		67,804	
Accumulated depreciation		47,519	16,960	50,981	16,823
4. Auto and transportation equipment		59		59	
Accumulated depreciation		53	5	54	4
5. Tools, furniture, and fixtures		3,874		3,930	
Accumulated depreciation		3,213	660	3,287	642
6. Land			15,856		15,822
7. Construction in progress			2,285		1,032
Total tangible fixed assets		63,156	33.8	61,311	32.2

(Millions of yen)

Account	Term	Previous fiscal year (As of November 30, 2002)		Current fiscal year (As of November 30, 2003)	
		Amount	Component ratio	Amount	Component ratio
(2) Intangible fixed assets			%		%
1. Patent rights		26		15	
2. Leasehold rights		37		37	
3. Trade mark		14		10	
4. Computer software		1,225		1,345	
5. Telephone rights and other		90		89	
Total intangible fixed assets		1,394	0.8	1,499	0.8
(3) Investments and other assets					
1. Investment in securities		9,547		11,097	
2. Shares of subsidiaries and affiliated companies		19,443		19,636	
3. Sundry investments in companies		10		10	
4. Sundry investments in subsidiaries		1,286		1,286	
5. Long-term loans receivable		20		16	
6. Long-term loans receivable from employees		57		44	
7. Prepaid pension costs		—		956	
8. Long-term prepaid expenses		552		306	
9. Deferred tax assets		1,703		—	
10. Guarantee deposit		1,567		1,542	
11. Other		1,910		1,479	
12. Allowance for doubtful accounts		(606)		(405)	
Total investments and other assets		35,493	19.0	35,970	18.9
Total fixed assets		100,044	53.6	98,780	51.9
Total assets		186,656	100.0	190,335	100.0
(Liabilities)					
I. Current liabilities					
1. Accounts payable-trade (Note*1)		28,598		26,937	
2. Short-term loans payable		4,740		6,428	
3. Accounts payable-other (Note*1)		10,743		10,313	
4. Accrued expenses		2,837		3,191	
5. Accrued income taxes		768		1,554	
6. Advance received		428		601	
7. Deposits received		142		153	
8. Reserve for sales rebates		1,763		1,127	
9. Reserve for bonuses		277		298	
10. Other		69		84	
Total current liabilities		50,370	27.0	50,691	26.6

(Millions of yen)

Account	Term	Previous fiscal year (As of November 30, 2002)		Current fiscal year (As of November 30, 2003)	
		Amount	Component ratio	Amount	Component ratio
II. Long-term liabilities			%		%
1. Convertible bonds		18,629		18,629	
2. Long-term loans payable		2,104		1,840	
3. Reserve for retirement benefits		1,649		—	
4. Reserve for directors' and corporate auditors' retirement pay		1,264		845	
5. Deferred tax liabilities		—		86	
6. Deposits on contract (Note*1)		6,839		6,844	
7. Other		4		4	
Total long-term liabilities		30,490	16.3	28,249	14.9
Total liabilities		80,861	43.3	78,940	41.5
(Shareholders' equity)					
I. Capital stock (Note *2)		24,104	12.9	—	—
II. Capital surplus reserve		29,418	15.7	—	—
III. Earned surplus reserve		3,115	1.7	—	—
IV. Retained earnings					
(1) Voluntary retained earnings					
1. Special depreciation reserve		69		—	
2. Reserve for deduction entry of property replaced by purchase		2,147		—	
3. General reserve		43,200	45,417	—	—
(2) Unappropriated retained earnings			6,215	—	—
Total retained earnings			51,632	—	—
V. Unrealized valuation loss on other securities		(203)	(0.1)	—	—
VI. Treasury stock (Note *3)		(2,272)	(1.2)	—	—
Total shareholders' equity		105,794	56.7	—	—
I. Capital stock (Note*2)			—	24,104	12.7
II. Capital surplus					
(1) Capital surplus reserve		—		29,418	
Total capital surplus		—	—	29,418	15.4
III. Earned surplus					
(1) Earned surplus reserve		—		3,115	
(2) Voluntary retained earnings					
1. Special depreciation reserve		—		63	
2. Reserve for deduction entry of property replaced by purchase		—		2,127	
3. General reserve		—		47,400	
(3) Unappropriated retained earnings		—		6,954	
Total earned surplus		—	—	59,660	31.3
IV. Unrealized valuation gain on other securities		—	—	498	0.3
V. Treasury stock (Note*3)		—	—	(2,287)	(1.2)
Total shareholders' equity		—	—	111,395	58.5
Total liabilities and shareholders' equity		186,656	100.0	190,335	100.0

(b) Statements of Income

(Millions of yen)

Account	Term	Previous fiscal year (From December 1, 2001 to November 30, 2002)		Current fiscal year (From December 1, 2002 to November 30, 2003)		
		Amount		Amount		Percentage
						Percentage
I. Net sales			271,208		268,958	100.0
II. Cost of sales						
1. Products and purchased goods at beginning of the year		10,261		9,953		
2. Cost of products manufactured		70,198		69,999		
3. Purchases of goods (Note*2)		117,812		115,735		
Total		198,272		195,689		
4. Products and purchased goods at end of the year		9,953		6,396		
5. Transfer to other title of accounts (Note*1)		1,365	186,953	4,136	185,156	68.8
Gross profit			84,255		83,801	31.2
III. Selling, general and administrative expenses (Notes *3, 4)			73,798		73,184	27.2
Operating income			10,457		10,617	4.0
IV. Non-operating income						
1. Interest income (Note*2)		168		182		
2. Dividend receivable (Note*2)		558		1,044		
3. Interest income on securities		101		33		
4. Other (Note*2)		195	1,024	187	1,447	0.5
V. Non-operating expenses						
1. Interest expense		121		116		
2. Interest expense on bonds		222		186		
3. Loss on scrapped inventories		322		347		
4. Other		233	899	167	817	0.3
Ordinary income			10,582		11,248	4.2
VI. Extraordinary gains						
1. Gain on sales of fixed assets(Note*5)		—		56		
2. Gain on sales of investment in securities		—		191		
3. Reversal profit of allowance for doubtful accounts		—		116		
4. Gain on the return of the entrusted government's portion of the welfare pension fund		3,092		—		
5. Other		426	3,518	110	475	0.2
VII. Extraordinary losses						
1. Loss on disposal of fixed assets (Note*6)		598		244		
2. Write-down of investment in securities		2,059		82		
3. Allowance for doubtful accounts		451		—		
4. Write-down of golf course memberships		2		4		
5. Other		201	3,312	167	500	0.2
Net income before income taxes			10,788		11,223	4.2
Income taxes		2,935		3,009		
Income taxes deferred		1,821	4,757	1,407	4,417	1.7
Net income			6,030		6,805	2.5
Retained earnings at beginning of the year			1,110		1,068	
Interim dividends			925		919	
Unappropriated retained earnings			6,215		6,954	

Cost Reports

(Millions of yen)

Account	Term	Previous fiscal year (From December 1, 2001 to November 30, 2002)		Current fiscal year (From December 1, 2002 to November 30, 2003)	
		Amount	Component ratio	Amount	Component ratio
Material costs		49,907	71.1 %	49,745	71.1 %
Labor costs		6,627	9.4	6,994	10.0
Manufacturing expenses		13,663	19.5	13,254	18.9
Total manufacturing costs		70,197	100.0	69,994	100.0
Work in progress at beginning of the year		91		90	
Total		70,288		70,084	
Work in progress at end of the year		90		84	
Cost of products manufactured		70,198		69,999	

<Notes>	Previous fiscal year	<Notes>	Current fiscal year																
1.	<p>The method of cost accounting</p> <p>The method of cost accounting applied in all factories is the standard cost accounting.</p> <p>Product costs are decided by multiplying output quantities of each product line by standard product cost per unit which consists of material cost (calculated by multiplying standard used quantities by a predetermined price), standard labor cost, and standard manufacturing expenses.</p> <p>Comparatively large cost variance (over 1% of total manufacturing cost during the period) incurring in the current period are allocated to cost of sales and inventories at end of the year.</p>	1.	<p>The method of cost accounting</p> <p>The same method with the previous term.</p>																
2.	<p>Principal manufacturing expenses are as follows;</p> <table> <tr> <td>Depreciation expense</td> <td>¥ 4,687 million</td> </tr> <tr> <td>Taxes and public dues</td> <td>¥ 427 million</td> </tr> <tr> <td>Carrying charges</td> <td>¥ 1,155 million</td> </tr> <tr> <td>Consignment processing costs</td> <td>¥ 3,301 million</td> </tr> </table>	Depreciation expense	¥ 4,687 million	Taxes and public dues	¥ 427 million	Carrying charges	¥ 1,155 million	Consignment processing costs	¥ 3,301 million	2.	<p>Principal manufacturing expenses are as follows;</p> <table> <tr> <td>Depreciation expense</td> <td>¥ 4,982 million</td> </tr> <tr> <td>Taxes and public dues</td> <td>¥ 455 million</td> </tr> <tr> <td>Carrying charges</td> <td>¥ 1,206 million</td> </tr> <tr> <td>Consignment processing costs</td> <td>¥ 2,788 million</td> </tr> </table>	Depreciation expense	¥ 4,982 million	Taxes and public dues	¥ 455 million	Carrying charges	¥ 1,206 million	Consignment processing costs	¥ 2,788 million
Depreciation expense	¥ 4,687 million																		
Taxes and public dues	¥ 427 million																		
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Depreciation expense	¥ 4,982 million																		
Taxes and public dues	¥ 455 million																		
Carrying charges	¥ 1,206 million																		
Consignment processing costs	¥ 2,788 million																		
3.	<p>Reserve for bonuses, ¥ 73 million and reserve for retirement benefits, ¥ 261 million are included in labor costs.</p>	3.	<p>Reserve for bonuses, ¥ 78 million and reserve for retirement benefits, ¥ 190 million are included in labor costs.</p>																

(c) Statements of Appropriated Retained Earnings

(Millions of yen)

Account	Term	Previous fiscal year (The date of an approval of shareholders' meeting) February 20, 2003		Current fiscal year (The date of an approval of shareholders' meeting) February 20, 2004	
		Amount		Amount	
I. Unappropriated retained earnings			6,215		6,954
II. Reversal of voluntary retained earnings					
1. Special depreciation reserve		15		19	
2. Reserve for deduction entry of property replaced by purchase		20	36	1	20
Total			6,251		6,975
III. Appropriation of retained earnings					
1. Cash dividends ¥ 6 per share		919		919	
2. Directors' and corporate auditors' bonuses (Including corporate auditors' bonuses)		54 (6)		52 (6)	
3. Reserve for voluntary retained earnings					
(1) Special depreciation reserve		9		16	
(2) Special account reserve for deduction entry of property replaced by purchase		—		59	
(3) General reserve		4,200		4,800	
Total			5,183		5,848
IV. Unappropriated retained earnings of carry forward to next year			1,068		1,126

(Note) Special depreciation reserve, reserve for deduction entry of property replaced by purchase, and special account reserve for deduction entry of property replaced by purchase are accounted for in conformity with Corporation Tax Law and the Special Taxation Measures Law.

Significant Accounting Policies

	Previous fiscal year (From December 1, 2001 to November 30, 2002)	Current fiscal year (From December 1, 2002 to November 30, 2003)				
1. Securities	<p>(1) Shares of subsidiaries and affiliated companies are stated at moving average cost.</p> <p>(2) Other securities with fair value are stated at fair value based on market price at the closing date. Valuation differences comprise shareholders' equity as unrealized valuation gain (loss) on other securities. When sold, cost of sales is determined by the moving average method. Other securities with no fair value are stated at moving average cost.</p>	<p>(1) The same standards with the previous fiscal year.</p> <p>(2) The same standards with the previous fiscal year.</p>				
2. Derivative financial instruments	<p>Derivative financial instruments are stated at fair value.</p> <p>Hedge accounting is adopted for derivative financial instruments which conform to the requirements of hedge accounting.</p>	The same standards with the previous fiscal year.				
3. Inventories	<p>(Valuation basis)</p> <p>Purchased goods, products, raw materials, work in progress and supplies are stated at cost.</p> <p>(Valuation method)</p> <p>(a) Purchased goods, products (except for the following (b)), raw materials, work in progress and supplies are determined by the monthly moving average method.</p> <p>(b) Some joint products are determined by the retail periodic average method.</p>	<p>(Valuation basis)</p> <p>The same standards with the previous fiscal year.</p> <p>(Valuation method)</p> <p>The same standards with the previous fiscal year.</p>				
4. Depreciation of fixed assets	<p>(1) Tangible fixed assets are depreciated by the declining balance method except for the following assets.</p> <p>Buildings (except for equipment fixed inside buildings) acquired on and after April 1, 1998, are depreciated by the straight-line method.</p> <p>The same basis with the Corporation Tax Law is adopted for useful life and scrap value.</p> <p>The main useful life is as follows.</p> <table style="margin-left: 20px;"> <tr> <td>Buildings</td> <td style="text-align: right;">3-50 years</td> </tr> <tr> <td>Machinery and equipment</td> <td style="text-align: right;">2-17 years</td> </tr> </table> <p>(2) Intangible fixed assets are depreciated by the straight-line method.</p> <p>The same basis with the Corporation Tax Law is adopted for useful life.</p> <p>Computer software is amortized as no scrap value by the straight-line method for five years based on the estimated useful life for internal use.</p> <p>(3) Long-term prepaid expenses are amortized by the straight-line method.</p>	Buildings	3-50 years	Machinery and equipment	2-17 years	<p>(1) The same standards with the previous fiscal year.</p> <p>(2) The same standards with the previous fiscal year.</p> <p>(3) The same standards with the previous fiscal year.</p>
Buildings	3-50 years					
Machinery and equipment	2-17 years					
5. Reserve	<p>(1) Allowance for doubtful accounts</p> <p>Allowance for doubtful accounts is provided for on the amounts calculated by an estimated uncollectible rate to general credits considering 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.</p> <p>(2) Reserve for sales rebates</p> <p>Reserve for sales rebates is based on a proportion to sales on an accrual basis.</p> <p>(3) Reserve for bonuses</p> <p>Reserve for bonuses is based on the specific computation period.</p>	<p>(1) Allowance for doubtful accounts</p> <p>The same standards with the previous fiscal year.</p> <p>(2) Reserve for sales rebates</p> <p>The same standards with the previous fiscal year.</p> <p>(3) Reserve for bonuses</p> <p>The same standards with the previous fiscal year.</p>				

	Previous fiscal year (From December 1, 2001 to November 30, 2002)	Current fiscal year (From December 1, 2002 to November 30, 2003)
	<p>(4) Reserve for retirement benefits Reserve for retirement benefits is provided for at the necessary amounts on an accrual basis considering the estimated retirement benefit obligations and pension fund assets at end of the current fiscal year. Prior service liabilities are amortized by the straight-line method over a certain period twelve years within an average remaining service period of employees, and their amortization starts in the respective accrual years. Actuarial gains or losses are amortized by the straight-line method over a certain period twelve years within an average remaining service period of employees, and their amortizations start in the next year of the respective accrual years.</p> <p>(Additional information) For the purpose of the return of a role as an agent regarding the operations of welfare pension fund, the relinquishment of the entrusted government's portion of retirement benefit obligations and the exemption of future payment obligations in accordance with the Defined Benefit Corporation Law promulgated on June 15, 2001, the Company applied to the Minister of Health, Labour and Welfare to obtain permission of them and was officially approved on the date of October 1, 2002. Thereby, the Company considered the above date to be the returned date, according to the transitional measures of Article 47-2 of "Practical Guidelines of Accounting for Retirement Benefits (Interim Report)" of Accounting Committee Report No. 13 published by the JICPA on September 14 1999 and recognized the differences ¥ 3,092 million between the obligations relinquished and the related pension fund assets as extraordinary gains in the current fiscal year and the amounts of pension fund assets to be returned were ¥ 9,602 million at end of the current fiscal year. In addition, the Company revised the agreements of an employees' welfare pension plan and a tax-qualified pension system. The result of these revisions brought about prior service liabilities.</p>	<p>(4) Reserve for retirement benefits Reserve for retirement benefits is provided for at the necessary amounts on an accrual basis considering the estimated retirement benefit obligations and pension fund assets at end of the current fiscal year. Prior service liabilities are amortized by the straight-line method over a certain period twelve years within an average remaining service period of employees, and their amortization starts in the respective accrual years. Actuarial gains or losses are amortized by the straight-line method over a certain period twelve years within an average remaining service period of employees, and their amortizations start in the next year of the respective accrual years. As the pension fund assets exceeded retirement benefit obligations in the current fiscal year, its excess amounts were accounted for as prepaid pension costs in investments and other assets.</p> <p>(Additional information) For the purpose of the return of a role as an agent regarding the operations of welfare pension fund, the relinquishment of the entrusted government's portion of retirement benefit obligations and the exemption of future payment obligations in accordance with the Defined Benefit Corporation Law promulgated on June 15, 2001, the Company applied to the Minister of Health, Labour and Welfare to obtain permission of them and was officially approved on the date of October 1, 2002. Thereby, the Company considered the above date to be the returned date, according to the transitional measures of Article 47-2 of "Practical Guidelines of Accounting for Retirement Benefits (Interim Report)" of Accounting Committee Report No. 13 published by the JICPA on September 14 1999 (Latest revision on September 2, 2003) and recognized the relinquishment of the obligations and the related pension fund assets. The amounts of pension fund assets to be returned were ¥ 9,446 million at end of the current fiscal year.</p>

	Previous fiscal year (From December 1, 2001 to November 30, 2002)	Current fiscal year (From December 1, 2002 to November 30, 2003)
6. Lease transactions	<p>(5) Reserve for directors' and corporate auditors' retirement pay Reserve for directors' and corporate auditors' retirement pay is accounted for by amounts payable which will be required in accordance with the Company's bylaw, if all directors and corporate auditors terminate their services with the Company at end of the year.</p> <p>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 applied to ordinary operating leases.</p>	<p>(5) Reserve for directors' and corporate auditors' retirement pay The same standards with the previous fiscal year.</p> <p>The same standards with the previous fiscal year.</p>
7. Hedge accounting	<p>(1) Hedge accounting Deferral hedge is adopted in the method of hedge accounting. Designation transactions are applied to debts and credits in foreign currency which conform to the requirements of hedge accounting.</p> <p>(2) Hedge instruments and hedge items Hedge instruments are forward exchange contracts. Hedge items are purchase transactions in foreign currencies.</p> <p>(3) Hedge policy The Company enters into forward exchange contracts to hedge risks from fluctuations in foreign exchange rate and never makes use of them for the purpose of speculative transactions.</p> <p>(4) Assessment of the effectiveness of hedge accounting Control procedures of hedge transactions are executed according to the Company's bylaw. The effectiveness of hedge is measured by comparing movements in the fair value of hedge items with those of hedge instruments. Hedge transactions are strictly controlled, analyzed and assessed.</p>	<p>(1) Hedge accounting The same standards with the previous fiscal year.</p> <p>(2) Hedge instruments and hedge items The same standards with the previous fiscal year.</p> <p>(3) Hedge policy The same standards with the previous fiscal year.</p> <p>(4) Assessment of the effectiveness of hedge accounting The same standards with the previous fiscal year.</p>
8. Other	<p>(1) Accounting for consumption taxes Consumption taxes are recorded in separate accounts. Accrued consumption taxes are included in accounts payable-other.</p>	<p>(1) Accounting for consumption taxes The same standards with the previous fiscal year.</p> <p>(2) Accounting Standard for Net Income per Share The Company applied the Accounting Standard for Net Income per Share (Accounting Standard No.2) and the Guideline for Accounting Standard Application for Net Income per Share (Accounting Standard Application Guideline No.4). The effect on net income per share is reported in Per Share Data.</p>

Reclassification

Previous fiscal year (From December 1, 2001 to November 30, 2002)	Current fiscal year (From December 1, 2002 to November 30, 2003)
<p>(Statements of Income)</p> <p>1. As loss on scrapped inventories included in Non-operating expenses-other in the prior fiscal year, exceeded 10% of the aggregate amount of Non-operating expenses in the current fiscal year, the Company changed to the method reporting as an independent account by reclassifying other accounts, and their losses included in Non-operating expenses-other in the previous fiscal year were ¥ 88 million.</p> <p>2. As provision of allowance for doubtful accounts included in Extraordinary losses-other in the prior fiscal year, exceeded 10% of the aggregate amount of Extraordinary losses in the current fiscal year, the Company changed to the method reporting as an independent account by reclassifying other accounts, and its provision included in Extraordinary losses-other in the previous fiscal year was ¥ 24 million.</p>	<p>(Statements of Income)</p> <p>1. As gain on sales of investment in securities included in Extraordinary gains-other in the prior fiscal year, exceeded 10% of the aggregate amount of Extraordinary gains in the current fiscal year, the Company changed to the method reporting as an independent account by reclassifying other accounts, and its gain included in Extraordinary gains-other in the previous fiscal year was ¥ 208 million.</p> <p>2. As reversal profit of allowance for doubtful accounts included in Extraordinary gains-other in the prior fiscal year, exceeded 10% of the aggregate amount of Extraordinary gains in the current fiscal year, the Company changed to the method reporting as an independent account by reclassifying other accounts, and its profit included in Extraordinary gains-other in the previous fiscal year was ¥ 208 million.</p>

Additional Information

Previous fiscal year (From December 1, 2001 to November 30, 2002)	Current fiscal year (From December 1, 2002 to November 30, 2003)
<p>1. Accounting for treasury stock and withdrawal of legal reserves The Company applied the accounting standard for treasury stock and withdrawal of legal reserves (effective April, Financial Accounting Standard Exposure No.1 issued by Accounting Standards Board on February 21, 2002) in the current fiscal year. The effect, which this change has on the financial statements of the current fiscal year, is immaterial.</p> <p>2. _____</p> <p>3. _____</p>	<p>1. _____</p> <p>2. Business transfer of sales department of egg materials The Company separated the sales department of egg materials and transferred its department to the subsidiary QP egg corporation on October 1, 2003. The amounts of inventories transferred totaled ¥2,849 millions.</p> <p>3. Non-Consolidated Balance Sheet The Regulations concerning the Terminology, Forms and Presentation Methods of the Non-Consolidated Financial Statements were revised, and consequently the shareholders' equity of non-consolidated balance sheet is compiled in accordance with the revised regulations as follows. (1) Capital surplus include capital surplus reserve in the current fiscal year. (2) Earned surplus include earned surplus reserve, voluntary retained earnings and unappropriated retained earnings in the current fiscal year.</p>

Notes

Balance Sheets

Previous fiscal year (As of November 30, 2002)	Current fiscal year (As of November 30, 2003)																																																																																	
<p>1. *1. The amounts of credits and debts to subsidiaries and affiliated companies excluding those disclosed as an individual account, are included in the following titles of account:</p> <table style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 80%;">Accounts receivable-trade</td><td style="text-align: right;">¥ 2,971 million</td></tr> <tr><td>Accounts receivable-other</td><td style="text-align: right;">¥ 823 million</td></tr> <tr><td>Other (Current assets)</td><td style="text-align: right;">¥ 823 million</td></tr> <tr><td>Accounts payable-trade</td><td style="text-align: right;">¥ 13,630 million</td></tr> <tr><td>Accounts payable-other</td><td style="text-align: right;">¥ 1,769 million</td></tr> <tr><td>Deposits on contract</td><td style="text-align: right;">¥ 6,327 million</td></tr> </table> <p>2. *2. Authorized shares 250,004,000 shares Common share</p> <p>Outstanding shares 155,464,515 shares Common share</p> <p>*3. Treasury stock Common share 2,240,487 shares (Including 1,140,000 shares for stock option granted)</p> <p>3. Contingent liabilities Liabilities for Guarantee The amounts of liabilities guaranteed under joint signature (Millions of yen)</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Debtor</th> <th style="text-align: center;">Amount</th> <th style="text-align: center;">Contents</th> </tr> </thead> <tbody> <tr><td>Employees</td><td style="text-align: center;">1,400</td><td>Bank loan, etc.</td></tr> <tr><td>Henningsen Foods, Inc.</td><td style="text-align: center;">734</td><td>Bank loan</td></tr> <tr><td></td><td style="text-align: center;">695</td><td>Re-guarantee for loan from David City, Nebraska</td></tr> <tr><td>Union Frost Co., Ltd.</td><td style="text-align: center;">27</td><td>Bank loan</td></tr> <tr><td>Thai Q.P. 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<p>4. *4. The matured notes holding at the balance sheet date Regarding the accounting method of the matured notes holding at the balance sheet date, the Company adopts the method considering a clearing date to be a settlement date. The clearing of notes was not made in order that the balance sheet date was the holiday of banking facilities. Consequently, such notes ¥ 84 million which the Company held, are included in the balance of notes receivable.</p> <p>5. _____</p>	<p>4. *4. The matured notes holding at the balance sheet date Regarding the accounting method of the matured notes holding at the balance sheet date, the Company adopts the method considering a clearing date to be a settlement date. The clearing of notes was not made in order that the balance sheet date was the holiday of banking facilities. Consequently, such notes ¥ 95 million which the Company held, are included in the balance of notes receivable.</p> <p>5. Restriction of dividends Increase of shareholders' equity regulated the Commercial Code Enforcement Regulation article 124-3 is ¥ 498 million.</p>																																																																																	

Securities

Securities

Shares of subsidiaries and affiliated companies with fair value

(Millions of yen)

Description	Previous fiscal year (As of November 30, 2002)			Current fiscal year (As of November 30, 2003)		
	Book value	Fair value	Unrealized gain (loss)	Book value	Fair value	Unrealized gain (loss)
Shares of subsidiaries	3,719	6,118	2,399	3,719	6,806	3,087
Shares of affiliated companies	290	806	515	290	1,088	797
Total	4,009	6,924	2,915	4,009	7,894	3,884

Tax-Effect Accounting

(Millions of yen)

	Previous fiscal year (As of November 30, 2002)	Current fiscal year (As of November 30, 2003)
1. The principal details of deferred tax assets and liabilities are as follows:		
Deferred tax assets		
Current assets		
Reserve for sales rebates	740	473
Reserve for bonuses	91	111
Accrued enterprise taxes	70	155
Other	125	161
Total	1,027	901
Fixed assets		
Reserve for retirement benefits	691	—
Trust to cover retirement benefit obligations	1,488	1,442
Reserve for directors' and corporate auditors' retirement pay	531	343
Write-down of golf course memberships	213	136
Unrealized valuation loss on other securities	147	—
Other	214	217
Total	3,284	2,139
Total deferred tax assets	4,312	3,040
Deferred tax liabilities		
Long-term liabilities		
Prepaid pension costs	—	(344)
Reserve for deduction entry of property replaced by purchase	(1,540)	(1,478)
Special depreciation reserve	(40)	(42)
Unrealized valuation gain on other securities	—	(360)
Total	(1,581)	(2,225)
Total deferred tax liabilities	(1,581)	(2,225)
Net deferred tax assets	2,731	815

	Previous fiscal year (As of November 30, 2002)	Current fiscal year (As of November 30, 2003)
2. The principal details of the material differences between the statutory effective tax rate and the actual burden tax rate after application of tax-effect accounting		
The statutory effective tax rate (Adjustments)	42.0 %	42.0 %
Permanent exclusion from expenses of entertainment expense and other	0.6 %	0.7%
Tax free income of dividends receivable and other	(1.8 %)	(3.4 %)
Capita levy on inhabitant tax	0.7 %	0.7 %
Reduction adjustment on deferred tax assets resulting from change in the statutory effective tax rate	—	0.2%
Prior taxes and other	2.6 %	(0.8 %)
Actual burden tax rate after the application of tax effect accounting	44.1 %	39.4 %
3. The effective tax rate used in the calculation of deferred tax assets and liabilities		Enterprise tax which is imposed on the basis of our outward form of enterprises as a part of objects of taxation was introduced newly by the revision of local tax law (2003, Law No.9) announced officially on March 31, 2003, and thereby the enterprise tax rate imposed on earning is reduced. As a result, the statutory effective tax rate applied to objects of tax effect, which continue as undeductible expenses on taxation on and after December 1, 2004, is changed from the prior rate 42.0% to 40.7%. The effect, which this change has on the current fiscal statement, is immaterial.

Per Share Data

	Previous fiscal year (From December 1, 2001 to November 30, 2002)	Current fiscal year (From December 1, 2002 to November 30, 2003)
Net worth per share	¥ 690.46	¥ 726.74
Net income per share-primary	¥ 39.11	¥ 44.08
Net income per share-diluted	¥ 35.97	¥ 40.64
		The Company applies the Accounting Standard for Net Income per Share (Accounting Standard No.2) and the Guideline for Accounting Standard Application for Net Income per Share (Accounting Standard Application Guideline No.4). Those data in the case where the above account standards were adopted in the previous fiscal year are as follows: Net worth per share ¥ 690.10 Net income per share ¥ 38.76 Net income per share - diluted ¥ 35.65

(Notes) Calculation Basis of net income per share and net income per share-diluted are as follows:

(Millions of yen)

	Previous fiscal year (From December 1, 2001 to November 30, 2002)	Current fiscal year (From December 1, 2002 to November 30, 2003)
Net income per share		
Net income	—	6,805
Amounts not attributable to common share (Including directors' and corporate auditors' bonuses)	—	52 (52)
Net income attributable to common share	—	6,753
Weighted average number of common share	—	153,210 thousand shares
Net income per share-diluted		
Adjustments to net income (Including interest expense after tax adjustment)	—	108 (108)
Increase of common share (Including convertible bonds)	—	15,619 thousand shares (15,619 thousand shares)
Summary of potential shares which were not included in calculation basis of net income per share-diluted because they do not have dilutive effects	—	(For stock option granted of total treasury stock number regulated article 210, No.2 of Commercial Code before revision) 1,118,000 shares

Significant Subsequent Events

Previous fiscal year (From December 1, 2001 to November 30, 2002)	Current fiscal year (From December 1, 2002 to November 30, 2003)
None	None

(d) Supplementary Statements

1. Description of securities

(Shares)

(Millions of yen)

Investment in securities	Other securities	Issue	Number of shares	Book value
		Mitsubishi Tokyo Financial Group, Inc.	1,527	1,249
		Mizuho Financial Group, Inc.	2,354	1,030
		Nichirei Corporation	3,109,000	1,029
		Kato Sangyo Co., Ltd.	840,329	819
		Sumitomo Mitsui Financial Group, Inc.	1,396	746
		Kirin Brewery Co., Ltd.	814,500	712
		Yoshinoya D&C Co., Ltd.	2,796	461
		Ono Pharmaceutical Co., Ltd.	77,000	317
		Inageya Co., Ltd.	287,707	273
		Hotel Okura Co., Ltd.	50,000	200
		148 issues including Casio Computer Co., Ltd.	5,852,919	3,867
		Total	11,039,528	10,706

(Bonds)

(Millions of yen)

Investment in securities	Other securities	Name	Face value	Book value
		Suehiro Co., Ltd. "unsecured bonds (#1) "	10	10
		Dkb Finance (Aruba)	400	380
		Total	410	390

2. Description of fixed assets

(Millions of yen)

Item		Beginning balance	Increase	Decrease	Ending balance	Accumulated depreciation	Depreciation expense	Book value
Tangible fixed assets	Buildings	51,504	1,675	24	53,155	28,164	1,978	24,991
	Structures	6,126	167	13	6,281	4,287	250	1,993
	Machinery and equipment	64,479	4,422	1,097	67,804	50,981	4,424	16,823
	Auto and transportation equipment	59	—	—	59	54	1	4
	Tools, furniture and fixtures	3,874	171	115	3,930	3,287	182	642
	Land	15,856	16	49	15,822	—	—	15,822
	Construction in progress	2,285	2,573	3,826	1,032	—	—	1,032
	Total	144,186	9,026	5,125	148,086	86,775	6,838	61,311
Intangible fixed assets	Patent rights	—	—	—	88	73	11	15
	Leasehold rights	—	—	—	37	—	—	37
	Trade mark	—	—	—	49	39	4	10
	Computer software	—	—	—	2,583	1,237	435	1,345
	Telephone rights and other	—	—	—	93	3	0	89
	Total	—	—	—	2,852	1,353	452	1,499
Long-term prepaid expenses		3,822	198	86	3,934	3,628	361	306
Deferred assets	—	—	—	—	—	—	—	—
	Total	—	—	—	—	—	—	—

(Notes) 1. Principal fixed assets increasing in the current year are as follows;

(Millions of yen)

Classification	Amount	Contents
Buildings	850	Facilities for Goka factory
	267	Facilities for Itami factory
Machinery and equipment	939	Manufacturing facilities of Itami factory
	810	Manufacturing facilities of Nakagawara factory
Construction in progress	656	Manufacturing facilities of Itami factory

2. Principal fixed assets decreasing in the current year are as follows;

(Millions of yen)

Classification	Amount	Contents
Machinery and equipment	434	Manufacturing facilities of Itami factory
	233	Manufacturing facilities of Nakagawara factory
	151	Manufacturing facilities of Koromo factory

3. The description of beginning balance and increase and decrease of intangible fixed assets are omitted by the reasons why those amounts are less than 1% of total assets.

3. Description of capital stock and other

(Millions of yen)

Classification		Beginning balance	Increase	Decrease	Ending balance
Capital stock		24,104	—	—	24,104
Outstanding shares	Common shares (Notes 2)	(155,464,515 shares)	(—)	(—)	(155,464,515 shares)
		24,104	—	—	24,104
	Total	(155,464,515 shares)	(—)	(—)	(155,464,515 shares)
		24,104	—	—	24,104
Capital surplus reserve and Other capital surplus	(Capital surplus reserve)				
	Paid in surplus	28,268	—	—	28,268
	Profit from merger	1,134	—	—	1,134
	Reserve of revaluation	16	—	—	16
	Total	29,418	—	—	29,418
Earned surplus reserve and Voluntary retained earnings	(Earned surplus reserve)	3,115	—	—	3,115
	(Voluntary retained earnings)				
	Special depreciation reserve (Note 1)	69	9	15	63
	Reserve for deduction entry of property replaced by purchase (Note 1)	2,147	—	20	2,127
	General reserve (Note 1)	43,200	4,200	—	47,400
	Total	48,533	4,209	35	52,706

(Notes) 1. Increase and decrease of voluntary retained earnings are caused by appropriation of retained earnings concerning the previous closing of accounts.

2. Number of treasury stock at end of the previous fiscal year was 2,240,487 shares, and that of the current fiscal year is 2,255,833 shares.

4. Description of reserve

(Millions of yen)

Classification	Beginning balance	Increase	Decrease		Ending balance
			Used with purpose	Other	
Allowance for doubtful accounts	671	195	86	135	644
Reserve for sales rebates	1,763	1,127	1,763	—	1,127
Reserve for bonuses	277	298	277	—	298
Reserve for directors' and corporate auditors' retirement pay	1,264	341	761	—	845

(Note) Decrease-Other on the column of allowance for doubtful accounts consists of reversal of allowance prepared for individual accounts ¥ 116 million and for general credits ¥ 18 million.

(2) Principal Assets and Liabilities

Description of the principal titles of accounts in the balance sheet as of November 30, 2003 is as follows:

Assets

Current assets

1. Cash and deposits

(Millions of yen)

Account	Amount
Cash on hand	3
Type of deposits	
Current deposits	16,455
Ordinary deposits	—
Notice deposits	—
Time deposits	—
Special deposits	1
Sub-total	16,456
Total	16,460

2. Notes receivable

(1) Customer

(Millions of yen)

Customer	Amount
Takase Bussan Co., Ltd.	225
Nipro Pharma Corporation	203
Daito Corporation	99
Shimizu Seiyaku Shoji Co., Ltd.	87
Nippon Zoki Pharmaceutical Co., Ltd.	69
Other	411
Total	1,097

(2) Monthly maturity

(Millions of yen)

Item \ Maturity	December 2003	January 2004	February	On and after March	Total
	Notes receivable	655	116	193	131

3. Accounts receivable—trade

(1) Customer

(Millions of yen)

Customer	Amount
Mitsubishi Corporation	3,323
Kato Sangyo Co., Ltd.	2,682
Kokubu Co., Ltd.	1,734
Itochu Corporation	1,638
Mitsui & Co., Ltd.	1,522
Other	32,604
Total	43,505

(2) Turnover of accounts receivable—trade

(Millions of yen)

Item	Amount
A. Beginning balance	42,489
B. Turnover	282,406
C. Ending balance	43,505
D. Collection	281,390
E. Collection ratio ($D \div \{ (A + B) \} \times 100$)	86.61 %
F. Turnover ratio ($B \div \{ (A + C) \div 2 \}$)	6.57 times
G. Turnover period ($365 \div F$)	55.56 days

(Note) Consumption taxes are included in the above amounts.

4. Inventories

(Millions of yen)

Item	Amount
Purchased goods	
Canned foods	1,235
Egg products and other	2,303
Sub-total	3,539
Products	
Mayonnaise, dressings and other	1,598
Egg products	1,258
Sub-total	2,857
Raw materials	
Eggs and the yolk	693
Cooking oil and other	1,273
Sub-total	1,966
Work in progress	
Mayonnaise and other	84
Supplies	
Machine parts	267
Expendables for sale and other	178
Sub-total	445
Total	8,892

5. Short-term loans receivable to subsidiaries and affiliated companies

(Millions of yen)

Corporate name	Amount
K pack Co., Ltd.	1,899
Daily Mate Co., Ltd.	1,497
Saika Co., Ltd.	1,289
Gourmet Delica Co., Ltd.	1,258
Co-op Food Products Co., Ltd.	1,072
Other	10,627
Total	17,645

Fixed assets
Investments in subsidiaries and affiliated companies

(Millions of yen)

Issue	Amount
Kifuki U.S.A Co., Inc.	9,207
K.R.S. Corporation	3,719
Nakashimato Co., Ltd.	1,050
Kewpie Jyozo Co., Ltd.	797
Potato Delica Co., Ltd.	543
Other	4,318
Total	19,636

Liabilities

Current liabilities

1. Accounts payable-trade

(Millions of yen)

Supplier	Amount
Nakashimato Co.,Ltd.	7,282
Toshoku. Ltd.	1,542
Kyoraku Co., Ltd.	1,243
Kewpie Jyozo Co., Ltd.	1,180
Toyo Seikan Co., Ltd.	1,163
Other	14,525
Total	26,937

2. Accounts payable-other

(Millions of yen)

Vendor	Amount
Agency and other	2,600
Tou Kewpie Co.,Ltd.	1,829
Tokai Corporation and other	1,238
K.R.S. Corporation	1,163
Municipal property taxes	366
Nakashimato Co.,Ltd.	201
Other	2,914
Total	10,313

Long-term liabilities

Convertible bonds

(Millions of yen)

Name	Amount
The 4th unsecured convertible bonds	18,629
Total	18,629

(3) Other

None

VI. Stock Information of Reporting Company

End of fiscal year	November 30	The General Shareholders' Meeting		Held in February
Shareholder list closure period	—	Record date		November 30
Stock certificate denominations	6 denominations, including 100,000-share, 10,000-share, 1,000-share, 500-share, 100-share, and less than 100-share certificates	Interim dividend record date		May 31
		Shares per trading unit		100
Stock transfer agency	Handling office	Stock Transfer Agency Dept. The Sumitomo Trust & Banking Co., Ltd. 4-4, Marunouchi 1-chome, Chiyoda-ku, Tokyo		
	Agent	The Sumitomo Trust & Banking Co., Ltd. 5-33, Kitahama 4-chome, Chuo-ku, Osaka		
	Customer contact	The Sumitomo Trust & Banking Co., Ltd. (head office and branches nationwide)		
	Stock transfer fee	Free	Stock certificate issuance fee	Revenue stamp in equivalent amount plus ¥100
Purchase of stock in less than the minimum trading unit	Handling office	Stock Transfer Agency Dept. The Sumitomo Trust & Banking Co., Ltd. 4-4, Marunouchi 1chome, Chiyoda-ku, Tokyo		
	Agent	The Sumitomo Trust & Banking Co., Ltd. 5-33, Kitahama 4-chome, Chuo-ku, Osaka		
	Customer contact	The Sumitomo Trust & Banking Co., Ltd. (head office and branches nationwide)		
	Stock transfer fee	By resolution of the Board of Directors on December 25, 2002, the Company's balance sheets and income statements will be posted on its website (http://www.kewpie.co.jp/) from the term under review, instead of in the newspaper stipulated in the Articles of Incorporation.		
Newspaper for announcements	The Nihon Keizai Shimbun (Note)			
Shareholder privileges	Shareholders receive an annual gift of the Company's product(s), of a value determined by the number of shares in their possession as of November 30 of each year. More than 1,000 shares: Company product(s) valued at ¥3,000 More than 100 shares (but less than 1,000): Company product(s) valued at ¥1,000			

(Note) 1. The calculating method below shall be used to determine fees for purchase of stock in less than the minimum trading unit on the basis of the method below, in which total purchase fees per trading unit are divided by the total number of shares purchased and multiplied by the number of shares held by the shareholder in question.

(Calculation Method) Purchase prices per share, determined by the final TSE market price, are multiplied by the number of shares per trading unit, and the sum total amount derived therefrom is applied, as in the following table, to find the percentage fee charged.

Total amount	Percentage fee
¥1 million or less	1.150%
Over ¥1 million – ¥5 million	0.900%
Over ¥5 million – ¥10 million	0.700%
Over ¥10 million – ¥30 million	0.575%
Over ¥30 million – ¥50 million	0.375%

(Figures of less than ¥1 are rounded down.)

However, if the purchase fee per trading unit calculated above is less than ¥2,500, the fee shall be ¥2,500.

2. Announcement of earnings results: the Balance Sheet and the Statement of Income are posted on the Company's Web site (<http://www.kewpie.co.jp/>).

American Depositary Receipts:

Ratio (ADR : ORD): 1 : 2

Exchange: OTC (Over-the-Counter)

Symbol: QPCPY

CUSIP: 746941103

Depository:

The Bank of New York

101 Barclay Street, New York, NY 10286, U.S.A.

Tel: (212) 815-2042

U.S. toll free: 888-269-2377 (888-BNY-ADRS)