

**Q.P. CORPORATION**

**BRIEF NOTE OF THE ACCOUNT**

**(CONSOLIDATION)**

**FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2002**

(Translation)

January 14, 2003

**BRIEF NOTE OF THE ACCOUNT (CONSOLIDATION)  
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2002**

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Listed corporate name:	KEWPIE KABUSHIKI-KAISHA
English corporate name:	Q.P. Corporation
Security code number:	2809
URL:	<a href="http://www.kewpie.co.jp/english/">http://www.kewpie.co.jp/english/</a>
Listed exchange:	Tokyo Stock Exchange
Location of head office:	4-13, Shibuya 1-chome, Shibuya-ku, Tokyo
Name and title of representative:	Gohsuke Ohyama President and Representative Director
Contact for inquires:	Toshio Sakagami Senior Managing Director and General Manager of Administration Division Tel. (03)3486-3331
Date of approval by board of directors:	January 14, 2003
Application of U S GAAP:	Not applied

1. Business results for the fiscal year ended November 30, 2002 (From December 1, 2001 to November 30, 2002):

(1) Operating results

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

	<u>Year ended November 30, 2002</u>	<u>Year ended November 30, 2001</u>
Net sales	¥ 434,480 million (9.5%)	¥ 396,697 million (3.2%)
Operating income	¥ 18,586 million (9.0%)	¥ 17,058 million (10.3%)
Ordinary income	¥ 18,262 million (7.2%)	¥ 17,039 million (15.5%)
Net income	¥ 9,306 million (16.3%)	¥ 8,005 million (-%)
Net income per share-primary	¥ 60.36	¥ 51.78
Net income per share-diluted	¥ 55.11	¥ 45.46
Return on equity	8.4%	7.5%
Ordinary income to total assets	6.9%	6.5%
Ordinary income to net sales	4.2%	4.3%
(Notes)		
1. Equity income	¥ 192 million	¥ 168 million
2. Weighted average number of shares	154,186,993 shares	154,618,407 shares
3. Changes in accounting principles in the current fiscal year		None
4. The percentage (%) of Net sales, Operating income, Ordinary income and Net income is the ratio of the increase or decrease compared with the previous year.		

(2) Financial conditions

	<u>Year ended November 30, 2002</u>	<u>Year ended November 30, 2001</u>
Total assets	¥ 270,181 million	¥ 257,679 million
Net worth	¥ 114,015 million	¥ 107,428 million
Net worth to gross capital	42.2%	41.7%
Net worth per share	¥ 744.11	¥ 696.21
(Note)		
Number of outstanding shares	153,224,028 shares	154,304,166 shares

### (3) Cash flows

	<u>Year ended November 30, 2002</u>	<u>Year ended November 30, 2001</u>
Net cash provided by operating activities	¥ 22,829 million	¥ 19,603 million
Net cash used in investing activities	¥ -25,388 million	¥ -15,157 million
Net cash used in financing activities	¥ -6,897 million	¥ -16,592 million
Cash and cash equivalents at end of the year	¥ 16,950 million	¥ 24,128 million

### (4) Scope of consolidated companies and companies accounted for by the equity method

Number of consolidated subsidiaries	43
Number of non-consolidated subsidiaries accounted for by the equity method	0
Number of affiliated companies accounted for by the equity method	4

### (5) Change in scope of consolidated companies and companies accounted for by the equity method

Number of newly consolidated companies	11
Number of companies excluded from consolidation	0
Number of companies newly accounted for by the equity method	0
Number of companies excluded from the application of the equity method	1

## 2. Estimate of operating results for the fiscal year ending November 30, 2003 (From December 1, 2002 to November 30, 2003):

	<u>Six months ending May 31, 2003</u>	<u>Year ending November 30, 2003</u>
Net sales	¥ 217,500 million	¥ 445,000 million
Ordinary income	¥ 9,400 million	¥ 18,500 million
Net income	¥ 4,700 million	¥ 9,310 million

(Reference) Estimate of yearly net income per share ¥ 60.76

The above estimate information is reported based on available information, conceivable circumstances and uncertain factors which may have an effect on the future operating results on the day of an official announcement of this report.

As a result, the estimate of operating results may differ significantly from the actual operating results due to uncertain various factors.

Q.P. CORPORATION

**Consolidated Balance Sheets**

**NOVEMBER 30, 2002 AND 2001**

(Millions of yen)

<b>ASSETS</b>	<b>2002</b>	<b>2001</b>
<b>CURRENT ASSETS:</b>		
Cash and deposits	18,034	24,369
Notes and accounts receivable	74,546	67,202
Securities	27	139
Inventories	18,591	18,855
Deferred tax assets	2,590	2,499
Other	2,858	4,660
Allowance for doubtful accounts	(1,042)	(1,090)
Total current assets	115,606	116,637
<b>FIXED ASSETS:</b>		
Tangible fixed assets		
Buildings and structures	100,616	88,982
Machinery, equipment and transportation equipment	102,975	86,588
Land	38,228	34,630
Construction in progress	4,619	3,885
Other	6,869	6,054
Accumulated depreciation	(133,038)	(115,957)
Total tangible fixed assets	120,271	104,183
Intangible fixed assets		
Consolidation adjustment accounts	135	-
Other	2,422	1,983
Total intangible fixed assets	2,558	1,983
Investments and other assets		
Investment in securities	15,780	17,400
Deferred tax assets	4,077	5,733
Other	12,178	12,576
Allowance for doubtful accounts	(292)	(836)
Total investments and other assets	31,744	34,873
Total fixed assets	154,573	141,040
<b>DEFERRED ASSETS:</b>		
Bond discounts	0	1
Total deferred assets	0	1
Total assets	270,181	257,679

**LIABILITIES, MINORITY INTERESTS AND  
SHAREHOLDERS' EQUITY**

	<b>2002</b>	<b>2001</b>
<b>CURRENT LIABILITIES:</b>		
Notes and accounts payable	46,694	40,134
Short-term loans payable	17,268	10,919
Current portion of bonds	-	1,000
Current portion of convertible bonds	-	3,648
Accounts payable-other	24,190	25,706
Accrued income taxes	2,769	2,781
Reserve for sales rebates	1,763	1,950
Reserve for bonuses	2,125	1,717
Other	4,539	5,888
<b>Total current liabilities</b>	<b>99,350</b>	<b>93,746</b>
<b>LONG-TERM LIABILITIES:</b>		
Bonds	1,500	1,500
Convertible bonds	18,629	18,629
Long-term loans payable	12,844	11,624
Deferred tax liabilities	101	106
Reserve for retirement benefits	5,952	9,818
Reserve for directors' and corporate auditors' retirement	2,702	2,006
Consolidation adjustment accounts	-	4
Other	1,743	2,158
<b>Total long-term liabilities</b>	<b>43,474</b>	<b>45,848</b>
<b>Total liabilities</b>	<b>142,824</b>	<b>139,594</b>
<b>MINORITY INTERESTS</b>	<b>13,340</b>	<b>10,657</b>
<b>SHAREHOLDERS' EQUITY:</b>		
Capital stock	24,104	24,103
Capital surplus reserve	29,418	29,418
Consolidated retained earnings	64,088	56,781
Unrealized valuation gain or (loss) on other securities	124	(53)
Cumulative foreign currency translation adjustments	(1,447)	(1,627)
Treasury stock	(2,272)	(1,194)
<b>Total shareholders' equity</b>	<b>114,015</b>	<b>107,428</b>
<b>Total liabilities, minority interests and shareholders' equity</b>	<b>270,181</b>	<b>257,679</b>

Q.P. CORPORATION

**Consolidated Statements of Income**  
**FOR THE FISCAL YEARS ENDED NOVEMBER 30, 2002 AND 2001**

(Millions of yen)

	<b>2002</b>	<b>2001</b>
NET SALES	434,480	396,697
COST OF SALES	322,022	290,824
Gross profit	112,457	105,873
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	93,871	88,814
Operating income	18,586	17,058
NON-OPERATING INCOME:		
Interest income and dividend received	603	750
Equity income	192	168
Amortization of consolidation adjustment accounts	3	3
Other	589	489
NON-OPERATING EXPENSES:		
Interest expense	904	1,018
Other	808	411
Ordinary income	18,262	17,039
EXTRAORDINARY GAINS:		
Gain on sales of fixed assets	136	0
Gain on establishments in trust to cover retirement benefit obligations	-	3,611
Effects of the amendments on the application of the new accounting standards for retirement benefits	-	3,407
Gain on the return of the entrusted government's portion of the welfare pension fund	4,034	-
Other	922	1,095
EXTRAORDINARY LOSSES:		
Loss on sales and disposal of fixed assets	761	712
Cost for establishments in trust to cover retirement benefit obligations	-	7,154
Valuation loss on investment in securities	2,094	1,073
Other	1,733	673
Net income before income taxes and minority interests	18,766	15,540
Income taxes	6,556	6,208
Income taxes deferred	1,678	448
Minority interests	1,225	877
Net income	9,306	8,005

Q.P. CORPORATION

**Consolidated Statements of Retained Earnings**  
**FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2002 AND 2001**

(Millions of yen)

	<u>2002</u>	<u>2001</u>
CONSOLIDATED RETAINED EARNINGS AT BEGINNING OF THE YEAR	56,781	52,380
DECREASE OF CONSOLIDATED RETAINED EARNINGS		
Cash dividends	1,851	2,791
Directors' and corporate auditors' bonuses	127	141
Exclusion from consolidation of subsidiary for merger	-	670
Losses of newly consolidated subsidiaries	20	-
Decrease of consolidated retained earnings	1,999	3,604
NET INCOME	9,306	8,005
CONSOLIDATED RETAINED EARNINGS AT END OF THE YEAR	64,088	56,781

Q.P. CORPORATION

**Consolidated Statements of Cash Flows**  
**FOR THE FISCAL YEARS ENDED NOVEMBER 30, 2002 AND 2001**

(Millions of yen)

	2002	2001
<b>I . CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income before income taxes and minority interests	18,766	15,540
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	10,162
Amortization of consolidation adjustment accounts	(4)	(4)
Equity income	(192)	(196)
Valuation loss on investment in securities	2,094	1,073
Valuation loss on golf course memberships	52	84
Decrease in reserve for employees' retirement	-	(14,415)
Increase (decrease) in reserve for retirement benefits	(4,184)	9,818
Increase (decrease) in reserve for directors' and corporate auditors' retirement	278	(164)
Increase (decrease) in reserve for sales rebates	(186)	209
Increase (decrease) in reserve for bonuses	(73)	52
Increase (decrease) in allowance for doubtful accounts	(662)	162
Interest income and dividend received	(603)	(750)
Interest expense	904	1,018
Loss on sales of securities	24	1
Gain on sales of investment in securities	(67)	(142)
Loss on sales and disposal of fixed assets	625	712
Investment in securities established in trust to cover retirement benefit obligations	-	3,543
Increase in notes and accounts receivable	(3,439)	(1,227)
Decrease in inventories	562	357
Increase in notes and accounts payable	4,705	1,579
Decrease in accrued consumption taxes	(228)	(550)
Directors' and corporate auditors' bonuses paid	(127)	(141)
Directors' and corporate auditors' bonuses payment charged to minority shareholders	(46)	(35)
Other	(840)	128
Sub total	29,729	26,815
Interest income and dividends received	688	950
Interest paid	(914)	(1,020)
Income taxes paid	(6,674)	(7,142)
Net cash provided by operating activities	22,829	19,603
<b>II . CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of securities	(14)	(34,268)
Sales of securities	151	34,267
Purchases of tangible fixed assets	(22,555)	(15,158)
Purchases of intangible fixed assets	(922)	(998)
Purchases of investment in securities	(3,717)	(371)
Sales of investment in securities	2,877	1,930
Loans receivable made	(1,890)	(19,105)
Collection of loans receivable	878	18,373
Disbursements for deposit money in bank	(979)	(418)
Withdrawal of time deposits	686	566
Other	95	25
Net cash used in investing activities	(25,388)	(15,157)

	<b>2002</b>	<b>2001</b>
<b>III. CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Borrowing on short-term loans	99,515	73,934
Repayment of short-term loans	(102,670)	(73,864)
Borrowing on long-term loans	6,468	253
Repayment of long-term loans	(3,070)	(2,734)
Redemption of bonds	(1,000)	(100)
Redemption of convertible bonds	(3,647)	(9,984)
Paid in from minority shareholders	596	-
Cash dividends paid	(1,851)	(2,791)
Cash dividends paid to minority shareholders	(160)	(111)
Repurchase of treasury stock	(1,078)	(1,173)
Other	-	(19)
Net cash used in financing activities	(6,897)	(16,592)
<b>IV. EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	<b>9</b>	<b>0</b>
<b>V. DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(9,447)</b>	<b>(12,146)</b>
<b>VI. CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>	<b>24,128</b>	<b>36,274</b>
<b>VII. INCREASE IN CASH AND CASH EQUIVALENTS RESULTING FROM NEWLY CONSOLIDATED SUBSIDIARIES</b>	<b>2,269</b>	<b>-</b>
<b>VIII. CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	<b>16,950</b>	<b>24,128</b>

## 2. NOTES TO CONSOLIDATED BALANCE SHEETS

	Millions of yen	
	<u>November 30, 2002</u>	<u>November 30, 2001</u>
(1) Contingent liabilities (guarantees)	2,111	2,024
(2) Treasury stock (Including treasury stock to be reserved for stock option granted)	2,240,487 shares (1,140,000 shares)	1,159,451 shares (1,140,000 shares)
(3) Pledged assets and secured debts		
Pledged assets		
Time deposits	150	-
Accounts receivable and inventories	293	-
Tangible fixed assets	<u>16,454</u>	<u>18,320</u>
Total	<u>16,898</u>	<u>18,320</u>
Secured debts		
Accounts payable and accounts payable-other	100	-
Short-term loans payable	3,842	2,239
Long-term loans payable	4,741	7,314
Bonds	<u>300</u>	<u>1,300</u>
Total	<u>8,984</u>	<u>10,853</u>

## 3. NOTES TO CONSOLIDATED STATEMENTS OF INCOME

	Millions of yen	
	<u>November 30, 2002</u>	<u>November 30, 2001</u>
Research and development costs included in selling, general and administrative expenses	2,422	2,403

#### 4. LEASE TRANSACTIONS

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

Year ended November 30, 2002

- a. Acquisition cost, accumulated depreciation and fair value of lease properties  
(Millions of yen)

	Acquisition cost	Accumulated depreciation	Fair value
Machinery, equipment and transportation equipment	10,568	5,715	4,853
Tangible fixed assets – Other	7,929	4,556	3,373
Computer software	137	74	63
Total	18,635	10,346	8,289

- b. Future lease payments

Due within one year	2,986	million
Due over one year	<u>5,286</u>	million
Total	<u>8,272</u>	million

- c. Lease payments, depreciation and estimated interest expense

Lease payment	3,504	million
Depreciation expense	3,256	million
Estimated interest expense	253	million

- d. Method of depreciation

Depreciation is calculated by the straight-line method by considering lease period to be useful life and scrap value to be zero.

- e. Calculation method of estimated interest expense

Interest which is separated from the aggregate lease amounts, is calculated as the difference between the aggregate lease amounts on contracts and the presumed costs considered to be acquired by lesser. Such calculated interest is allocated to the respective fiscal years by the interest-method.

Year ended November 30, 2001

a. Acquisition cost, accumulated depreciation and fair value of lease properties  
(Millions of yen)

	Acquisition cost	Accumulated depreciation	Fair value
Machinery, equipment and transportation equipment	7,198	4,146	3,051
Tangible fixed assets – Other	7,205	3,828	3,377
Computer software	138	48	89
Total	14,542	8,024	6,518

b. Future lease payments

Due within one year	2,505	million
Due over one year	4,171	million
Total	<u>6,676</u>	million

c. Lease payments, depreciation and estimated interest expense

Lease payment	2,864	million
Depreciation expense	2,636	million
Estimated interest expense	200	million

d. Method of depreciation

Depreciation is calculated by the straight-line method by considering lease period to be useful life and scrap value to be zero.

e. Calculation method of estimated interest expense

Interest which is separated from the aggregate lease amounts, is calculated as the difference between the aggregate lease amounts on contracts and the presumed costs considered to be acquired by lesser. Such calculated interest is allocated to the respective fiscal years by the interest-method.

(2) Operating lease transactions

Year ended November 30, 2002

Future lease payments

Due within one year	80	million
Due over one year	376	million
Total	<u>456</u>	million

Year ended November 30, 2001

Future lease payments

Due within one year	66	million
Due over one year	285	million
Total	<u>351</u>	million

## 5. NOTES TO CONSOLIDATED STATEMENTS OF CASH FLOWS

Cash and cash equivalents comprise as follows:

	Millions of yen	
	<u>November 30, 2002</u>	<u>November 30, 2001</u>
Cash and deposits	18,034	24,369
(Deduction)		
Time deposits with maturity over three months	(1,083)	(241)
Cash and cash equivalents	<u>16,950</u>	<u>24,128</u>

## 6. SECURITIES

Current consolidation fiscal year (as of November 30, 2002)

### Securities

#### 1. Held-to-maturity bonds with fair value

(Millions of yen)

	Description	Book value	Fair value	Unrealized gain(loss)
Securities whose fair value exceeds their book value	(1)Government and local bonds	-	-	-
	(2)Debentures	-	-	-
	(3)Other	-	-	-
	Sub-total	-	-	-
Securities 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	Acquisition cost	Book value	Unrealized gain(loss)
Securities whose book value exceeds their acquisition cost	(1)Stocks	2,619	3,527	908
	(2)Bonds			
	(a)Government and local bonds	-	-	-
	(b)Debentures	-	-	-
	(c)Other	-	-	-
	(3)Other	-	-	-
	Sub-total	2,619	3,527	908
Securities whose acquisition cost exceeds their book value	(1)Stocks	6,573	5,885	(687)
	(2)Bonds			
	(a)Government and local bonds	-	-	-
	(b)Debentures	-	-	-
	(c)Other	42	36	(6)
	(3)Other	-	-	-
	Sub-total	6,616	5,922	(693)
Total		9,235	9,450	214

(Note) The Company wrote down by ¥2,018 million against securities with a remarkable decline in the value of investment. This amount was disclosed as a valuation loss on investment in securities in Extraordinary losses.

3.Sales of other securities in the current fiscal year

(Millions of yen)

Aggregate sales amount	Gain	Loss
221	58	17

4.Sales of held-to-maturity bonds in the current fiscal year

(Millions of yen)

	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 stock market.		

5.Principal securities with no fair value

(Millions of yen)

	Book value	Remarks
(1)Held-to-maturity bonds Domestic bonds of private placement	12	
(2)Other securities Unlisted stocks (except for over-the-counter securities)	2,408	
Other	19	

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

(Millions of yen)

	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	-	-
(3)Other	-	-	-	-
2.Other	-	-	-	-
Total	26	24	-	-

Previous consolidation fiscal year (as of November 30, 2001)

Securities

1.Held-to-maturity bonds with fair value

(Millions of yen)

	Description	Book value	Fair value	Unrealized gain(loss)
Securities whose fair value exceeds their book value	(1)Government and local bonds	-	-	-
	(2)Debentures	19	20	0
	(3)Other	-	-	-
	Sub-total	19	20	0
Securities whose book value exceeds their fair value	(1)Government and local bonds	-	-	-
	(2)Debentures	-	-	-
	(3)Other	1,020	1,009	(11)
	Sub-total	1,020	1,009	(11)
Total		1,039	1,029	(10)

2.Other securities with fair value

(Millions of yen)

	Description	Acquisition cost	Book value	Unrealized gain(loss)
Securities whose book value exceeds their acquisition cost	(1)Stocks	3,682	4,841	1,158
	(2)Bonds			
	(a)Government and local bonds	-	-	-
	(b)Debentures	-	-	-
	(c)Other	-	-	-
	(3)Other	-	-	-
	Sub-total	3,682	4,841	1,158
Securities whose acquisition cost exceeds their book value	(1)Stocks	6,534	5,322	(1,212)
	(2)Bonds			
	(a)Government and local bonds	-	-	-
	(b)Debentures	-	-	-
	(c)Other	130	98	(31)
	(3)Other	-	-	-
	Sub-total	6,665	5,421	(1,244)
Total		10,347	10,262	(84)

(Note) The Company wrote down by ¥1,073 million against securities with a remarkable decline in the value of investment. This amount was disclosed as a valuation loss on investment in securities in Extraordinary losses.

3.Sales of other securities in the current fiscal year

(Millions of yen)

Aggregate sales amount	Gain	Loss
626	152	9

4.Principal securities with no fair value

(Millions of yen)

	Book value	Remarks
(1)Held-to-maturity bonds Domestic bonds of private placement	22	
(2)Other securities Unlisted stocks (except for over-the-counter securities)	2,284	
Other	51	

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

(Millions of yen)

	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	20	23	-	-
(3)Other	-	-	1,000	-
2.Other				
Investment in trust	100	-	-	-
Total	120	23	1,000	-

## 7. DERIVATIVE FINANCIAL TRANSACTIONS

### 1. Forward exchange contracts and currency swap agreements

(Millions of yen)

Classification	Description	As of November 30, 2002				As of November 30, 2001			
		Contract amount		Fair value	Unrealized gain(loss)	Contract amount		Fair value	Unrealized gain(loss)
			Over one year				Over one year		
Non-market transactions	Forward exchange contracts Purchase USD	8,362	7,677	8,575	213	3,491	2,934	3,514	22
	Currency swap agreements Purchase USD	5,853	5,853	48	48	5,853	5,853	36	36
Total		14,216	13,531	8,624	261	9,345	8,788	3,550	58

(Notes)

1. Fair value of forward exchange contracts is made use of future rate quoted by Financial Institutions.
2. Fair value of currency swaps is based on the price quoted by Financial Institutions.
3. 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	As of November 30, 2002				As of November 30, 2001			
		Contract amount		Fair value	Unrealized gain(loss)	Contract amount		Fair value	Unrealized gain(loss)
			Over one year				Over one year		
Non-market transactions	Interest rate swap Floating rate receipt, fixed rate payment	1,100	1,100	(33)	(33)	1,200	1,100	(47)	(47)
Total		1,100	1,100	(33)	(33)	1,200	1,100	(47)	(47)

(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.

## 8.TAX-EFFECT ACCOUNTING

	(Millions of yen)	
	Current fiscal year (As of November 30, 2002)	Previous fiscal year (As of November 30, 2001)
1.The principal details of deferred tax assets and liabilities are as follows:		
Deferred tax assets		
Unrealized gains	1,348	1,250
Reserve for sales rebates	740	819
Reserve for bonuses	689	445
Accrued enterprise taxes	246	252
Reserve for directors' and corporate auditors' retirement	1,141	852
Reserve for retirement benefits	2,290	4,030
Trust to cover retirement benefit obligations	1,488	1,488
Allowance for doubtful accounts	284	919
Valuation loss on golf course memberships	438	339
Unrealized valuation loss on other securities	180	258
Other	605	549
Sub-total deferred tax assets	9,454	11,206
Valuation reserve	(138)	(111)
Total deferred tax assets	9,315	11,094
Deferred tax liabilities		
Valuation difference of fixed assets	(992)	(992)
Reserve for deduction entry of property by purchase	(1,637)	(1,653)
Unrealized valuation gain on other securities	(6)	(221)
Other	(112)	(99)
Total deferred tax liabilities	(2,748)	(2,967)
Net deferred tax assets	6,567	8,126
Net deferred tax assets included in the consolidated balance sheets are as follows:		
Current assets-Deferred tax assets	2,590	2,499
Fixed assets-Deferred tax assets	4,077	5,733
Current liabilities-Deferred tax liabilities	-	-
Long-term liabilities-Deferred tax liabilities	(101)	(106)
2.The principal details of the material differences between the legal effective tax rate and the actual burden tax rate after application of tax-effect accounting		
The legal effective tax rate (Adjustments)	42.0 %	42.0 %
Loss carry forward of consolidated subsidiaries not to have recognized tax-effect	(0.2 %)	0.4 %
Permanent exclusion from expenses	1.1 %	1.2 %
Tax free income	(0.3 %)	(0.4 %)
Capita levy on inhabitant tax	0.9 %	1.0 %
Other	0.4 %	(1.4 %)
Actual burden tax rate after the application of tax effect accounting	43.9 %	42.8 %

## 9. SEGMENT INFORMATION

### (1) Segment information of business line

Current 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

Previous fiscal year (From December 1, 2000 to November 30, 2001)

(Millions of yen)

	Foodstuffs	Distribution	Total	Elimination and/or addition	Consolidated
1.Sales and operating income					
Sales					
(1) Sales to customers	334,317	62,380	396,697	-	396,697
(2) Internal sales or transfers to/from segments	162	23,117	23,279	(23,279)	-
Total	334,479	85,497	419,977	(23,279)	396,697
Operating expenses	315,996	81,750	397,746	(18,107)	379,639
Operating income	18,483	3,747	22,230	(5,172)	17,058
2.Allocated assets, depreciation expense and capital expenditure					
Assets	178,475	48,476	226,952	30,727	257,679
Depreciation expense	8,771	1,436	10,208	75	10,283
Capital expenditure	14,724	2,351	17,076	119	17,196

(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 be allocated, mainly belong to general control division in the head office of the Company.

Those amounts included in Elimination and/or addition on the column of the above table, are ¥ 5,636 million and ¥ 5,172 million for the fiscal years ended November 30, 2002 and 2001, respectively.

d. Assets unable to be allocated to segments are mainly excess working funds and investment capital (cash, deposits, securities and investment in securities) and belong to general control division in the head office of the Company.

Those amounts included in Elimination and/or addition on the column of the above table, are ¥ 26,939 million and ¥ 35,358 million for the fiscal years ended November 30, 2002 and 2001, respectively.

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 2001, 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 2001, is less than 10% of consolidated sales, respectively.

## 10. RELATED PARTY TRANSACTIONS

Current 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	End of the year	
						Number of interlocking directors and corporate auditors	On business					
Principal corporate shareholders and other affiliated companies	Nakashimoto 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	Accounts payable-trade	8,070
								Non-operating	Consignment calculation office work	2,153	Accounts 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 End of the year, include consumption taxes and those of Transactions exclude them.

## DESCRIPTION OF PRODUCTION, PRODUCTION BUSINESS UNDER CONTRACT RECEIVED AND SALES

### 1. Production results

(Millions of yen)

Business segment	Current fiscal year	
		Percentage to the previous fiscal year
Foodstuffs	184,850	109.6 %
Total	184,850	109.6 %

### 2. Purchasing results

(Millions of yen)

Business segment	Current fiscal year	
		Percentage to the previous fiscal year
Foodstuffs	70,217	104.0 %
Distribution	5,576	91.4 %
Total	75,793	103.0 %

### 3. Production business under contract received

The Company and subsidiaries do not conduct production business under contract received.

### 4. Sales results

(Millions of yen)

Business segment	Line of Products	Current fiscal year	Previous fiscal year
Foodstuffs	Mayonnaise and dressings	110,637	107,715
	Canned and retort foods	52,754	51,617
	Egg products	82,670	78,919
	Healthcare products	13,333	12,092
	Vegetables and salads	96,220	83,971
	Sub-total		355,616
Distribution		78,863	62,380
Total		434,480	396,697