

**Q.P. CORPORATION**

**BRIEFING OF THE ACCOUNT**

**(NON-CONSOLIDATION)**

**FOR THE INTERIM PERIOD ENDED MAY 31, 2002**

(Translation)

July 11, 2002

**BRIEFING OF THE ACCOUNT  
(NON-CONSOLIDATED)  
FOR THE INTERIM PERIOD ENDED MAY 31, 2002**

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
Directory for inquiries:	Toshio Sakagami Senior Managing Director and General Manager of Administration Division Tel.(03)3486-3331
Board of directors held for the interim closing:	July 11, 2002
Interim dividend:	Adoption
Trading unit share:	Adoption (100 shares per trading unit share)
Beginning date on payment of interim dividend:	August 6, 2002

1. Business results for the interim period ended May 31, 2002 (From December 1, 2001 to May 31, 2002):

(1) Operating results

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

	Interim period ended <u>May 31, 2002</u>	Interim period ended <u>May 31, 2001</u>	Year ended <u>November 30, 2001</u>
Net sales	¥ 134,351 million (3.2%)	¥ 130,160 million (-3.6%)	¥ 260,466 million
Operating income	¥ 6,051 million (7.8%)	¥ 5,613 million (3.7%)	¥ 10,836 million
Ordinary income	¥ 6,271 million (6.0%)	¥ 5,916 million (9.4%)	¥ 11,329 million
Net income	¥ 3,075 million (-8.4%)	¥ 3,358 million (26.4%)	¥ 6,268 million
Net income per share	¥ 19.93	¥ 21.60	¥ 40.54

(Notes)

1. Weighted average number of shares :

	154,280,413 shares	155,461,941 shares	154,618,407 shares
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2. Changes in accounting principles: None
3. The percentage (%) of Net sales, Operating income, Ordinary income and Net income is the ratio of increase or decrease **compared to** the previous interim period.

(2) Dividend per share

	Interim period ended <u>May 31, 2002</u>	Interim period ended <u>May 31, 2001</u>	Year ended <u>November 30, 2001</u>
Interim dividend	¥ 6.00	¥ 6.00	-
Annual dividend	-	-	¥ 12.00

(3) Financial conditions

	Interim period ended <u>May 31, 2002</u>	Interim period ended <u>May 31, 2001</u>	Year ended <u>November 30, 2001</u>
Total assets	¥ 187,796 million	¥ 194,527 million	¥ 185,861 million
Net worth	¥ 105,223 million	¥ 101,880 million	¥ 102,596 million
Ratio of net worth to gross capital	56.0%	52.4%	55.2%
Net worth per share	¥ 682.07	¥ 655.34	¥ 664.90

(Notes)

1.Number of outstanding shares at end of the respective periods:

May 31, 2002	154,271,472 shares
May 31, 2001	155,461,941 shares
November 30, 2001	154,304,166 shares

2.Number of treasury stock at end of the respective periods:

May 31, 2002	1,193,043 shares
November 30, 2001	1,159,451 shares

2. Forecast of operating results for the fiscal year ended November 30, 2002 (From December 1, 2001 to November 30, 2002):

	<u>Year ended November 30, 2002</u>
Net sales	¥ 274,000 million
Ordinary income	¥ 11,800 million
Net income	¥ 6,000 million
Dividend per share for the year	¥ 12.00
(at end of the year)	¥ 6.00
(Reference) Forecast of yearly net income per share	¥ 38.89

Caution:

The above forecast 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 forecast operating results may differ larger from the actual operating results due to uncertain various factors after the day.

Q.P. CORPORATION

**Non-Consolidated Balance Sheets**

(Millions of yen)

<b>ASSETS</b>	<b>May 31, 2002</b>	<b>May 31, 2001</b>	<b>November 30, 2001</b>
<b>CURRENT ASSETS:</b>			
Cash and deposits	4,817	24,106	14,770
Notes and accounts receivable	44,690	44,218	42,800
Securities	-	2	97
Inventories	13,441	12,677	13,276
Short-term loans receivable	15,665	11,268	13,265
Deferred tax assets	1,183	1,345	1,193
Other	2,599	1,197	2,180
Allowance for doubtful accounts	(255)	(905)	(242)
Total current assets	82,142	93,909	87,339
<b>FIXED ASSETS:</b>			
Tangible fixed assets			
Buildings and structures	26,389	23,955	24,184
Machinery and equipment	15,793	14,735	14,851
Land	15,856	15,090	15,864
Construction in progress	2,707	1,126	3,311
Other	562	491	533
Total tangible fixed assets	61,309	55,399	58,745
Intangible fixed assets	1,339	985	1,367
Investments and other assets			
Investment in securities	15,470	15,135	13,330
Investment in subsidiaries	17,360	19,422	17,170
Treasury stock	-	1,173	-
Deferred tax assets	3,068	3,965	3,469
Other	7,307	4,672	4,637
Allowance for doubtful accounts	(201)	(136)	(200)
Total investments and other assets	43,004	44,233	38,407
Total fixed assets	105,654	100,617	98,521
Total assets	187,796	194,527	185,861

**LIABILITIES AND SHAREHOLDERS' EQUITY**

	May 31, 2002	May 31, 2001	November 30, 2001
<b>CURRENT LIABILITIES:</b>			
Notes and accounts payable	27,197	26,344	26,022
Short-term loans payable	4,238	3,000	3,000
Current portion of convertible bonds	-	12,924	3,648
Account payable-other	10,389	11,267	13,287
Accrued corporate, inhabitant and enterprise taxes	2,375	2,416	1,207
Reserve for sales rebates	2,517	2,866	1,787
Reserve for bonuses	634	1,394	334
Other	1,972	2,889	4,570
Total current liabilities	49,325	63,102	53,857
<b>LONG-TERM LIABILITIES:</b>			
Convertible bonds	18,629	18,629	18,629
Long-term loans payable	2,236	-	-
Reserve for retirement benefits	5,777	6,893	6,263
Reserve for directors' and corporate auditors' retirement	1,161	919	1,059
Other	5,443	3,102	3,456
Total long-term liabilities	33,247	29,544	29,407
Total liabilities	82,573	92,646	83,265
<b>SHAREHOLDERS' EQUITY:</b>			
Capital stock	24,104	24,102	24,103
Capital reserve	29,418	28,780	29,418
Legal reserve	3,115	3,022	3,115
Voluntary retained earnings	45,417	41,256	41,256
Unappropriated retained earnings	4,185	4,360	6,252
Valuation difference of other securities	211	358	(354)
Treasury stock	(1,229)	-	(1,194)
Total shareholders' equity	105,223	101,880	102,596
Total liabilities and shareholders' equity	187,796	194,527	185,861

Q.P. Corporation

**Non-Consolidated Statements of Income**

(Millions of yen)

	Interim period ended May 31, 2002	Interim period ended May 31, 2001	Year ended November 30, 2001
NET SALES	134,351	130,160	260,466
COST OF SALES	92,023	89,241	177,434
Gross profit	42,327	40,918	88,031
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	36,276	35,305	72,194
Operating income	6,051	5,613	10,836
NON-OPERATING INCOME:			
Interest and dividends received	550	443	671
Other	112	220	520
NON-OPERATING EXPENSES:			
Interest expense	185	206	402
Other	257	153	296
Ordinary income	6,271	5,916	11,329
EXTRAORDINARY GAINS:			
Gain on establishments in trusts to cover retirement benefit obligations	-	3,611	3,611
Effects of the amendments on the application of the new accounting standards for retirement benefits	-	3,706	3,706
Gain on sales of investment in securities	44	-	-
Other	23	-	854
EXTRAORDINARY LOSSES:			
Loss on disposal of fixed assets	204	253	445
Cost for establishments in trusts to cover retirement benefit obligations	-	7,154	7,154
Valuation loss on investment in securities	273	-	1,060
Other	55	0	65
Net income before tax adjustments	5,805	5,825	10,775
Corporate, inhabitant and enterprise taxes	2,730	2,466	3,341
Interperiod tax allocation	-	-	1,165
Net income	3,075	3,358	6,268
Retained earnings, beginning of year	1,110	1,002	1,002
Interim dividends	-	-	925
Legal reserve	-	-	92
Unappropriated retained earnings	4,185	4,360	6,252

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

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

### 1. Valuation basis and valuation method of assets

#### (1) Securities

- a. Held-to-maturity bonds are stated at amortized cost. Discounts and premiums are amortized by the straight-line method.
- b. Stocks of subsidiaries and affiliated companies are stated at moving average cost.
- c. Other securities with fair value are stated at fair value based on market price at the closing date. Valuation differences are stated in Shareholders' equity as valuation difference of other securities. Sales costs when sold are determined by the moving average method.  
Other securities with no fair value are stated at moving average cost.

#### (2) Derivative financial instruments

Derivative financial instruments are stated at fair value.  
Hedge accounting is adopted for derivative financial instruments which conform to requirements of hedge accounting.

#### (3) Inventories

- a. Products (except for b.), purchased goods, raw materials, supplies, and work in progress are stated at monthly moving average cost.
- b. Some joint products are stated at retail periodic average cost.

### 2. Depreciation

#### (1) Tangible fixed assets are depreciated by the declining balance method.

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 about useful life and scrap value.

#### (2) Intangible fixed assets are depreciated by the straight-line method.

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 of internal use.

#### (3) Long-term prepaid expenses are amortized by the straight-line method.

### 3. Reserves

#### (1) Allowance for doubtful accounts

Allowance for doubtful accounts is based on the amounts calculated by an estimated uncollectible rate considering the ratio of past actual bad debt losses to general credits, and on the estimated uncollectible amounts in consideration of the possibility of collection to specific credits of apprehension credits of bad debt, etc.

#### (2) Reserve for sales rebates

Reserve for sales rebates is based on a proportion to sales on an accrual basis.

#### (3) Reserve for bonuses

Reserve for bonuses is based on the specific computation period.

#### (4) Reserve for retirement benefits

Reserve for retirement benefits is provided at the necessary amounts on an accrual basis at end of the current interim period based on the estimated liability for retirement benefits and pension fund assets at end of the current fiscal year.

Actuarial gains or losses are equally amortized on the straight-line method over twelve years based on the average remaining employees' service years, and its amortization is to be started from the next year.

Retirement benefits systems of the Company consist of a tax-qualified pension system and an employees' welfare pension system.

#### (5) Reserve for directors' and corporate auditors' retirement

The Company provides a reserve for directors' and corporate auditors' retirement at 100% of estimated amounts payable at end of the current interim period according to Company's Bylaw.

### 4. Accounting for lease transactions

Finance lease transactions other than those which are deemed to transfer the ownership of leased assets to lessees, are accounted for by the same method as applied to ordinary operating leases.

### 5. Hedge accounting

#### (1) Deferral hedge is adopted in hedge accounting.

Designation transactions are applied to debts and credits in foreign currency which conform to a certain requirements of hedge accounting.

#### (2) Hedge instruments are forward exchange contracts.

#### (3) Hedge items are purchase transactions in foreign currencies.

#### (4) The Company enters into forward exchange contracts to hedge risks from fluctuation in foreign exchange rate and never makes use of them for the purpose of speculative transactions.

(5) Assessment of the effectiveness of hedge accounting

Control procedures of hedge transactions are executed according to the 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.

6. Accounting for consumption taxes

Consumption taxes are recorded in separate accounts.

7. Tax effect accounting

The Company adopts a tax effect accounting, a so called the simple method that the Company rationally estimated an effective tax rate gotten by dividing yearly estimated tax expenses by yearly estimated net income before taxes, calculated by multiplying interim net income before taxes by the above tax rate, and as a result, tax adjustment amounts are included in corporate, inhabitant and enterprise taxes.

(Additional information)

Treasury stock, which was disclosed as Assets in the previous interim period, is classified as a deduction of shareholders' equity in the current interim period in accordance with the revision of the Regulations concerning the Terminology, Forms and Preparation Methods of Interim Financial Statements.

## NOTES TO BALANCE SHEETS

	Millions of yen		
	May 31, 2002	May 31, 2001	November 30, 2001
(1) Accumulated depreciation of tangible fixed assets	79,137	75,090	77,132
(2) Contingent liabilities (guarantees)	3,193	3,555	3,527
(3) Treasury stock	1,193,043 shares	1,143,625 shares	1,159,451 shares
 (Treasury stock for stock option granted)	 (1,140,000 shares)	 (1,141,000 shares)	 (1,140,000 shares)

## NOTES TO STATEMENTS OF INCOME

	Millions of yen		
	Interim period ended May 31, 2002	Interim period ended May 31, 2001	Year ended November 30, 2001
Depreciation expense			
Tangible fixed assets	3,040	2,820	5,975
Intangible fixed assets	194	139	311
Long-term prepaid expenses	223	220	442

## LEASE TRANSACTIONS

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

Interim period ended May 31, 2002

- a. Acquisition cost, accumulated depreciation and fair value of lease properties

(Millions of yen)

	Acquisition cost	Accumulated depreciation	Fair value
Tools, furniture and fixtures	2,348	1,268	1,079
Auto and transportation equipment	597	323	274
Computer software	132	57	75
Total	3,078	1,649	1,428

- b. Future lease payments

Due within one year	716million
Due over one year	<u>745million</u>
Total	<u>1,461 million</u>

- c. Lease payments, depreciation and estimated interest expense

Lease payments	476million
Depreciation expense	454million
Estimated interest expense	20million

- d. The calculation method of depreciation

Depreciation is calculated by the straight-line method as no scrap value.

- e. The calculation method of estimated interests

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

Interim period ended May 31, 2001

a. Acquisition cost, accumulated depreciation and fair value of lease properties

(Millions of yen)

	Acquisition cost	Accumulated depreciation	Fair value
Tools, furniture and fixtures	2,461	1,283	1,178
Auto and transportation equipment	704	408	296
Computer software	68	24	43
Total	3,234	1,716	1,518

b. Future lease payments

Due within one year	735 million
Due over one year	<u>805 million</u>
Total	<u>1,541 million</u>

c. Lease payments, depreciation and estimated interest expense

Lease payments	472 million
Depreciation expense	452 million
Estimated interest expense	17 million

d. The calculation method of depreciation

Depreciation is calculated by the straight-line method as no scrap value.

e. The calculation method of estimated interests

Interests, which are separated from the aggregate lease amounts, are calculated as the difference between the aggregate lease amounts on contracts and the presumed costs considered to be acquired by lesser. Such calculated interests are 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
Tools, furniture and fixtures	2,257	1,219	1,037
Auto and transportation equipment	651	315	336
Computer software	132	43	88
Total	3,041	1,578	1,462

b. Future lease payments

Due within one year	739million
Due over one year	<u>751million</u>
Total	<u>1,490million</u>

c. Lease payments, depreciation and estimated interest expense

Lease payments	929million
Depreciation expense	890million
Estimated interest expense	34million

d. The calculation method of depreciation

Depreciation is calculated by the straight-line method as no scrap value.

e. The calculation method of estimated interests

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

## SECURITIES

Stocks of subsidiaries and affiliated companies with fair value

Interim period ended May 31, 2002

(Millions of yen)

Description	Book value	Fair value	Difference
Stocks of subsidiaries	3,719	6,215	2,495
Stocks of affiliated companies	290	859	569
Total	4,009	7,074	3,064

Interim period ended May 31, 2001

(Millions of yen)

Description	Book value	Fair value	Difference
Stocks of subsidiaries	3,719	7,964	4,245
Stocks of affiliated companies	290	870	579
Total	4,009	8,835	4,825

Year ended November 30, 2001

(Millions of yen)

Description	Book value	Fair value	Difference
Stocks of subsidiaries	3,719	6,770	3,050
Stocks of affiliated companies	290	848	558
Total	4,009	7,618	3,609

## SIGNIFICANT SUBSEQUENT EVENT

None

## Details of Sales

(Millions of yen)

	May 31, 2002		May 31, 2001		November 30, 2001	
	Amount	Component ratio	Amount	Component ratio	Amount	Component ratio
		%		%		%
Mayonnaise and dressings	50,768	37.79	50,065	38.46	100,038	38.41
Canned and retort foods	25,734	19.16	24,686	18.96	49,286	18.92
Egg products	37,527	27.93	36,401	27.97	72,912	27.99
Healthcare products	6,958	5.18	6,022	4.63	12,087	4.64
Vegetables and salads	11,854	8.82	11,565	8.89	23,279	8.94
Rental of facilities	1,508	1.12	1,418	1.09	2,862	1.10
Total	134,351	100.00	130,160	100.00	260,466	100.00