

Q.P. CORPORATION

BRIEFING OF THE ACCOUNT

(NON-CONSOLIDATION)

FOR THE INTERIM PERIOD ENDED MAY 31, 2003

(Translation)

July 10, 2003

**BRIEFING OF THE ACCOUNT
(NON-CONSOLIDATED)
FOR THE INTERIM PERIOD ENDED MAY 31, 2003**

Listed corporate name:	KEWPIE KABUSHIKI-KAISHA
English corporate name:	Q.P. Corporation
Security code number:	2809
URL:	http://www.kewpie.co.jp/english/
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 inquiries:	Katsuhiko Sasaki General Manager of Administration Division Tel.(03)3486-3331
Board of directors held for the interim closing:	July 10, 2003
The Company makes interim dividends	
The unit of shares for one vote is 100 shares.	
Beginning date on payment of interim dividend:	August 5, 2003

1. Business results for the interim period ended May 31, 2003 (From December 1, 2002 to May 31, 2003):

(1) Operating results

	Interim period ended <u>May 31, 2003</u>	Interim period ended <u>May 31, 2002</u>	Year ended <u>November 30, 2002</u>
Net sales	¥ 135,145 million (0.6%)	¥ 134,351 million (3.2%)	¥ 271,208 million
Operating income	¥ 5,972 million (-1.3%)	¥ 6,051 million (7.8%)	¥ 10,457million
Ordinary income	¥ 6,658 million (6.2%)	¥ 6,271 million (6.0%)	¥ 10,582 million
Net income	¥ 3,362 million (9.3%)	¥ 3,075 million (-8.4%)	¥ 6,030 million
Net income per share	¥ 21.95	¥19.93	¥ 39.11

(Notes)

1. Weighted average number of shares

	153,212,045 shares	154,280,413 shares	154,186,993 shares
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2. Changes in accounting principles in the current interim period

	None
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3. The percentage (%) of Net sales, Operating income, Ordinary income and Net income is the ratio of the increase or decrease compared with the previous interim period.

(2) Dividend per share

	Interim period ended <u>May 31, 2003</u>	Interim period ended <u>May 31, 2002</u>	Year ended <u>November 30, 2002</u>
Interim dividend	¥ 6.00	¥ 6.00	-
Annual dividend	-	-	¥ 12.00

(3) Financial conditions

	Interim period ended <u>May 31, 2003</u>	Interim period ended <u>May 31, 2002</u>	Year ended <u>November 30, 2002</u>
Total assets	¥ 188,401 million	¥ 187,796 million	¥ 186,656 million
Net worth	¥ 108,481 million	¥ 105,223 million	¥ 105,794 million
Net worth to gross capital	57.6%	56.0%	56.7%
Net worth per share	¥ 708.05	¥ 682.07	¥ 690.46

(Notes)

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

May 31, 2003	155,464,515 shares
May 31, 2002	155,464,515 shares
November 30, 2002	155,464,515 shares

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

May 31, 2003	2,252,940 shares
May 31, 2002	1,193,043 shares
November 30, 2002	2,240,487 shares

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

	<u>Year ending November 30, 2003</u>
Net sales	¥ 275,000 million
Ordinary income	¥ 11,400 million
Net income	¥ 6,100 million
Dividend per share for the year	¥ 12.00
(at end of the year)	¥ 6.00
(Reference) Estimate of yearly net income per share	¥ 39.81

Figures of amounts are described by discarding fractions less than one million yen. The above estimate information is reported based on available information and uncertain factors which may have an effect on the future operating results. As a result, the estimate of operating results may differ significantly from the actual operating results due to uncertain various factors.

Q.P. CORPORATION

Non-Consolidated Balance Sheets

(Millions of yen)

ASSETS	May 31, 2003	May 31, 2002	November 30, 2002
CURRENT ASSETS:			
Cash and deposits	9,934	4,817	9,834
Notes	1,088	959	1,029
Accounts receivable	43,673	43,731	42,489
Inventories	11,052	13,441	12,918
Short-term loans receivable	19,405	15,665	16,961
Deferred tax assets	1,027	1,183	1,027
Other	2,763	2,599	2,414
Allowance for doubtful accounts	(65)	(255)	(64)
Total current assets	88,881	82,142	86,612
FIXED ASSETS:			
Tangible fixed assets			
Buildings and structures	25,569	24,276	25,301
Machinery and equipment	17,016	15,793	16,960
Land	15,859	15,856	15,856
Construction in progress	1,840	2,707	2,285
Other	2,735	2,675	2,753
Total tangible fixed assets	63,020	61,309	63,156
Intangible fixed assets	1,412	1,339	1,394
Investments and other assets			
Investment in securities	10,658	14,358	9,547
Stocks of subsidiaries and affiliated companies	18,559	18,472	19,443
Deferred tax assets	1,480	3,068	1,703
Other	4,881	7,307	5,404
Allowance for doubtful accounts	(492)	(201)	(606)
Total investments and other assets	35,087	43,004	35,493
Total fixed assets	99,520	105,654	100,044
Total assets	188,401	187,796	186,656

LIABILITIES AND SHAREHOLDERS' EQUITY

	May 31, 2003	May 31, 2002	November 30, 2002
CURRENT LIABILITIES:			
Accounts payable	28,432	27,197	28,598
Short-term loans payable	4,981	4,238	4,740
Accounts payable-other	10,155	10,389	10,743
Accrued income taxes	2,050	2,375	768
Reserve for sales rebates	2,036	2,517	1,763
Reserve for bonuses	653	634	277
Other	3,115	1,972	3,477
Total current liabilities	51,426	49,325	50,370
LONG-TERM LIABILITIES:			
Convertible bonds	18,629	18,629	18,629
Long-term loans payable	1,972	2,236	2,104
Reserve for retirement benefits	369	5,777	1,649
Reserve for directors' and corporate auditors' retirement	674	1,161	1,264
Other	6,848	5,443	6,844
Total long-term liabilities	28,493	33,247	30,490
Total liabilities	79,920	82,573	80,861
SHAREHOLDERS' EQUITY:			
Capital stock	-	24,104	24,104
Capital surplus reserve	-	29,418	29,418
Earned surplus reserve	-	3,115	3,115
Voluntary retained earnings	-	45,417	45,417
Unappropriated retained earnings	-	4,185	6,215
Unrealized valuation gain (loss) on other securities – net	-	211	(203)
Treasury stock	-	(1,229)	(2,272)
Capital stock	24,104	-	-
Capital surplus	29,418	-	-
Capital surplus reserve	29,418	-	-
Earned surplus	57,137	-	-
Earned surplus reserve	3,115	-	-
Voluntary retained earnings	49,590	-	-
Unappropriated retained earnings	4,431	-	-
Unrealized valuation gain on other securities – net	105	-	-
Treasury stock	(2,284)	-	-
Total shareholders' equity	108,481	105,223	105,794
Total liabilities and shareholders' equity	188,401	187,796	186,656

Q.P. Corporation

Non-Consolidated Statements of Income

(Millions of yen)

	Interim period ended May 31, 2003	Interim period ended May 31, 2002	Year ended November 30, 2002
NET SALES	135,145	134,351	271,208
COST OF SALES	93,689	92,023	186,953
Gross profit	41,456	42,327	84,255
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	35,483	36,276	73,798
Operating income	5,972	6,051	10,457
NON-OPERATING INCOME:			
Interest income and dividend receivable	1,001	550	828
Other	101	112	195
NON-OPERATING EXPENSES:			
Interest expense	150	185	343
Other	265	257	555
Ordinary income	6,658	6,271	10,582
EXTRAORDINARY GAINS:			
Gain on return of the entrusted government's portion of the welfare pension fund	-	-	3,092
Other	113	68	426
EXTRAORDINARY LOSSES:			
Loss on disposal of fixed assets	150	204	598
Write-down of investment in securities	974	273	2,059
Other	68	55	655
Net income before income taxes	5,578	5,805	10,788
Income taxes	2,215	2,730	2,935
Income taxes deferred	-	-	1,821
Net income	3,362	3,075	6,030
Retained earnings at beginning of the year	1,068	1,110	1,110
Interim dividends	-	-	925
Unappropriated retained earnings	4,431	4,185	6,215

1. SIGNIFICANT ACCOUNTING POLICIES

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

a. Valuation basis and valuation methods for significant assets

Securities

1. Stocks of subsidiaries and affiliated companies are stated at moving average cost.
2. 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 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.

Derivative financial instruments

Derivative financial instruments are stated at fair value.

Hedge accounting is adopted for derivative financial instruments which conform to the requirements of hedge accounting.

Inventories

Products, purchased goods, raw materials, supplies, and work in progress are principally stated at monthly moving average cost.

Some joint products are stated at retail periodic average cost.

b. Depreciation of fixed assets

Tangible fixed assets

Tangible fixed assets are depreciated by the declining balance method except for the following assets.

Buildings (except for equipment fixed inside buildings) acquired on and after April 1, 1998, are depreciated by the straight-line method.

The same basis with the Corporation Tax Law is adopted for useful life and scrap value.

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 and scrap value.

Computer software purchased for internal use is amortized as no scrap value by the straight-line method for five years based on the estimated useful life for internal use.

Long-term prepaid expenses

Long-term prepaid expenses are amortized by the straight-line method.

c. Accounting standards for significant reserves

Allowance for doubtful accounts

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

Reserve for sales rebates

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

Reserve for bonuses

Reserve for bonuses is based on the specific computation period.

Reserve for retirement benefits

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

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

Retirement benefit systems of the Company consist of a tax-qualified pension system and a welfare pension system.

(Additional information)

For the purpose of 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, 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 and recognized the relinquishment of the obligations and the related pension fund assets. The amounts of pension fund assets to be returned were ¥ 9,602 million at end of the current interim period.

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 the Company's bylaw.

d. Accounting for lease transactions

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

e. Hedge accounting

1. Deferral hedge is adopted in hedge accounting.

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

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.

f. Accounting for consumption tax

Consumption taxes are recorded in separate accounts.

g. 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 calculated like that are included in income taxes.

The amendment of portion of Local Tax Law (Cabinet Order No.9 promulgated on 2003) was officially announced on March 31, 2003.

Relating to the calculation of estimated effective tax rate, the statutory tax rate which is used to calculate long transitory differences decreased from 42.0% to 40.7%.

The effect which this change has on the current interim financial statement, is immaterial.

h. The Regulations concerning the Terminology, Forms and Preparation Methods of the Interim Financial Statements were revised, and consequently the shareholders' equity of interim balance sheet is complied in accordance with the revised regulations.

Additional information

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 immaterial.

NOTES TO BALANCE SHEETS

	Millions of yen		
	May 31, 2003	May 31, 2002	November 30, 2002
(1) Accumulated depreciation of tangible fixed assets	83,345	79,137	81,029
(2) Contingent liabilities (guarantees)	3,524	3,193	3,051
(3) Treasury stock	2,284	1,229	2,272
(Including treasury stock for stock option granted)	2,252,940 shares	1,193,043 shares	2,240,487 shares

NOTES TO STATEMENTS OF INCOME

	Millions of yen		
	Interim period ended May 31, 2003	Interim period ended May 31, 2002	Year ended November 30, 2002
Details of extraordinary losses - other			
Allowance for doubtful accounts	-	-	451
Depreciation expense			
Tangible fixed assets	3,241	3,040	6,516
Intangible fixed assets	217	194	397
Long-term prepaid expenses	191	223	444

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, 2003

- a. Estimated acquisition cost, accumulated depreciation and estimated value of lease properties

(Millions of yen)

	Estimated acquisition cost	Accumulated depreciation	Estimated value
Tools, furniture and fixtures	2,429	1,679	750
Auto and transportation equipment	855	528	327
Computer software	160	86	74
Total	3,445	2,293	1,151

- b. Future lease payments

Due within one year	¥ 628 million
Due over one year	¥ 540 million
Total	¥ 1,168 million

- c. Lease payments, depreciation and estimated interest expense

Lease payments	¥ 448 million
Depreciation expense	¥ 433 million
Estimated interest expense	¥ 11 million

- d. Method of depreciation

Depreciation is calculated by the straight-line method 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.

Interim period ended May 31, 2002

a. Estimated acquisition cost, accumulated depreciation and estimated value of lease properties

(Millions of yen)

	Estimated acquisition cost	Accumulated depreciation	Estimated 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	¥ 716 million
Due over one year	¥ 745 million
Total	<u>¥ 1,461 million</u>

c. Lease payments, depreciation and estimated interest expense

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

d. Method of depreciation

Depreciation is calculated by the straight-line method 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, 2002

a. Estimated acquisition cost, accumulated depreciation and estimated value of lease properties

(Millions of yen)

	Estimated acquisition cost	Accumulated depreciation	Estimated value
Tools, furniture and fixtures	2,427	1,639	787
Auto and transportation equipment	917	520	396
Computer software	132	71	61
Total	3,477	2,231	1,246

b. Future lease payments

Due within one year	¥ 704 million
Due over one year	¥ 561 million
Total	<u>¥ 1,265 million</u>

c. Lease payments, depreciation and estimated interest expense

Lease payments	¥ 888 million
Depreciation expense	¥ 855 million
Estimated interest expense	¥ 29 million

d. Method of depreciation

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

e. The 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.

SECURITIES

Stocks of subsidiaries and affiliated companies with fair value

Interim period ended May 31, 2003

(Millions of yen)

Description	Book value	Fair value	Unrealized gain (loss)
Stocks of subsidiaries	3,719	6,655	2,936
Stocks of affiliated companies	290	941	650
Total	4,009	7,596	3,587

Interim period ended May 31, 2002

(Millions of yen)

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

Year ended November 30, 2002

(Millions of yen)

Description	Book value	Fair value	Unrealized gain (loss)
Stocks of subsidiaries	3,719	6,118	2,399
Stocks of affiliated companies	290	806	515
Total	4,009	6,924	2,915

SIGNIFICANT SUBSEQUENT EVENT

None

Details of Sales

(Millions of yen)

	Interim period ended May 31, 2003		Interim period ended May 31, 2002		Year ended November 30,2002	
	Amount	Component ratio	Amount	Component ratio	Amount	Component ratio
		%		%		%
Mayonnaise and dressings	50,489	37.36	50,768	37.79	101,512	37.43
Canned and retort foods	26,025	19.26	25,734	19.16	50,937	18.78
Egg products	38,378	28.40	37,527	27.93	77,221	28.47
Healthcare products	6,306	4.67	6,958	5.18	13,340	4.92
Vegetables and salads	12,302	9.10	11,854	8.82	25,112	9.26
Rental of facilities	1,643	1.21	1,508	1.12	3,083	1.14
Total	135,145	100.00	134,351	100.00	271,208	100.00