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CORPORATE FINANCE



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Q.P. CORPORATION

SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FIRST QUARTER

OF THE FISCAL YEAR ENDING NOVEMBER 30, 2004

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April 5, 2004

**SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FIRST QUARTER
OF THE FISCAL YEAR ENDING NOVEMBER 30, 2004**

| | |
|-----------------------------------|--|
| 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 |
| Name and title of representative: | Yutaka Suzuki President and Representative Director |
| Contact for inquiries: | Katsuhiko Sasaki General Manager of Administration Division Tel. +81-3-3486-3331 |

1. Basis of preparation for the first quarter consolidated financial statements:
 - (1) Change in accounting method compared to the previous consolidated fiscal year: None
 - (2) Change in scope of consolidated companies and companies accounted for by the equity method

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

2. Consolidated business results for the first quarter (From December 1, 2003 to February 29, 2004) of the fiscal year ending November 30, 2004:

(1) Consolidated operating results

| | First quarter of the fiscal year ending <u>November 30, 2004</u> | First quarter of the fiscal year ended <u>November 30, 2003</u> | (Reference) Year ended <u>November 30, 2003</u> |
|------------------------------|--|---|---|
| Net sales | ¥ 95,296 million - % | _____ | ¥ 437,032 million 0.6 % |
| Operating income | ¥ 2,438 million - % | _____ | ¥ 18,255 million (1.8 %) |
| Ordinary income | ¥ 2,480 million - % | _____ | ¥ 17,532 million (4.0 %) |
| Net income | ¥ 885 million - % | _____ | ¥ 8,675 million (6.8 %) |
| Net profit per share-primary | ¥ 5.78 | _____ | ¥ 56.08 |
| Net profit per share-diluted | ¥ 5.41 | _____ | ¥ 51.53 |

Notes:

1. The quarterly business results are disclosed from the current fiscal year, accordingly the actual business results and the increase or decrease in comparison with the same period in the previous year are not stated.
2. The percentage figures in the above table are the ratio of the increase or decrease compared with the previous period.

(2) Changes in consolidated financial conditions

| | First quarter of the fiscal year ending <u>November 30, 2004</u> | First quarter of the fiscal year ended <u>November 30, 2003</u> | (Reference) Year ended <u>November 30, 2003</u> |
|----------------------------|--|---|---|
| Total assets | ¥ 255,454 million | ————— | ¥ 269,559 million |
| Net worth | ¥ 120,751 million | ————— | ¥ 120,504 million |
| Net worth to gross capital | 47.3% | ————— | 44.7% |
| Net worth per share | ¥ 788.41 | ————— | ¥ 786.15 |

3. Estimate of consolidated operating results for the fiscal year ending November 30, 2004

(From December 1, 2003 to November 30, 2004):

| | Interim period ending <u>May 31, 2004</u> | Year ending <u>November 30, 2004</u> |
|---|--|---|
| Net sales | ¥ 210,000 million | ¥ 434,000 million |
| Ordinary income | ¥ 8,160 million | ¥ 17,000 million |
| Net income | ¥ 3,930 million | ¥ 8,280 million |
| (Reference) Estimate of yearly net income per share | | ¥ 53.50 |

(Notes)

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 consolidated operating results.

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

Q.P. CORPORATION

Consolidated Balance Sheets

(Millions of yen)

| ASSETS | February 29, 2004 | November 30, 2003 |
|---|-------------------|-------------------|
| CURRENT ASSETS: | | |
| Cash and deposits | 18,241 | 22,382 |
| Notes and accounts receivable | 64,658 | 75,920 |
| Securities | 42 | 32 |
| Inventories | 17,918 | 15,692 |
| Deferred tax assets | 2,008 | 2,297 |
| Other | 3,023 | 3,978 |
| Allowance for doubtful accounts | (610) | (1,381) |
| Total current assets | 105,284 | 118,922 |
| FIXED ASSETS: | | |
| Tangible fixed assets | | |
| Buildings and structures | 106,881 | 106,702 |
| Machinery, equipment and transportation equipment | 108,251 | 108,395 |
| Land | 38,380 | 38,382 |
| Construction in progress | 2,323 | 1,350 |
| Other | 7,020 | 6,977 |
| Accumulated depreciation | (144,165) | (142,035) |
| Total tangible fixed assets | 118,691 | 119,773 |
| Intangible fixed assets | | |
| Consolidation adjustment accounts | 116 | 127 |
| Other | 2,708 | 2,728 |
| Total Intangible fixed assets | 2,824 | 2,855 |
| Investments and other assets | | |
| Investment in securities | 18,426 | 17,248 |
| Deferred tax assets | 1,597 | 2,008 |
| Other | 8,843 | 8,969 |
| Allowance for doubtful accounts | (214) | (218) |
| Total investments and other assets | 28,653 | 28,008 |
| Total fixed assets | 150,169 | 150,636 |
| DEFERRED ASSETS: | | |
| Bond discounts | 0 | 0 |
| Total deferred assets | 0 | 0 |
| Total assets | 255,454 | 269,559 |

LIABILITIES, MINORITY INTERESTS

AND SHAREHOLDERS' EQUITY

February 29, 2004

November 30, 2003

| | February 29, 2004 | November 30, 2003 |
|---|-------------------|-------------------|
| CURRENT LIABILITIES: | | |
| Notes and accounts payable | 40,242 | 43,744 |
| Short-term loans payable | 15,998 | 17,985 |
| Current portion of bonds | 1,300 | 1,300 |
| Accounts payable-other | 19,629 | 24,384 |
| Accrued income taxes | 1,070 | 2,676 |
| Reserve for sales rebates | 1,441 | 1,127 |
| Reserve for bonuses | 1,713 | 1,870 |
| Deferred tax liabilities | 0 | 1 |
| Other | 2,891 | 4,530 |
| Total current liabilities | 84,288 | 97,619 |
| LONG-TERM LIABILITIES: | | |
| Bonds | 200 | 200 |
| Convertible bonds | 18,629 | 18,629 |
| Long-term loans payable | 11,547 | 11,795 |
| Deferred tax liabilities | 84 | 19 |
| Reserve for retirement benefits | 3,047 | 3,683 |
| Reserve for directors' and corporate auditors' retirement pay | 1,424 | 1,620 |
| Other | 1,483 | 1,639 |
| Total long-term liabilities | 36,416 | 37,587 |
| Total liabilities | 120,705 | 135,207 |
| MINORITY INTERESTS | 13,998 | 13,847 |
| SHAREHOLDERS' EQUITY: | | |
| Capital stock | 24,104 | 24,104 |
| Capital surplus | 29,418 | 29,418 |
| Earned surplus | 70,184 | 70,833 |
| Unrealized valuation gain on other securities – net | 1,302 | 793 |
| Cumulative foreign currency translation adjustments | (2,556) | (2,349) |
| Treasury stock | (2,301) | (2,295) |
| Total shareholders' equity | 120,751 | 120,504 |
| Total liabilities, minority interests and shareholders' equity | 255,454 | 269,559 |

Q.P. CORPORATION

Consolidated Statements of Income

(Millions of yen)

| | First quarter ended February 29, 2004 | Year ended November 30, 2003 |
|---|--|---------------------------------|
| NET SALES | 95,296 | 437,032 |
| COST OF SALES | 70,324 | 325,878 |
| Gross profit | 24,971 | 111,154 |
| SELLING, GENERAL AND ADMINISTRATIVE EXPENSES | 22,533 | 92,898 |
| Operating income | 2,438 | 18,255 |
| NON-OPERATING INCOME: | | |
| Interest income and dividend receivable | 117 | 512 |
| Equity income | 78 | 152 |
| Other | 101 | 456 |
| NON-OPERATING EXPENSES: | | |
| Interest expense | 183 | 755 |
| Other | 72 | 1,089 |
| Ordinary income | 2,480 | 17,532 |
| EXTRAORDINARY GAINS: | | |
| Gain on sales of fixed assets | 3 | 73 |
| Other | 8 | 959 |
| EXTRAORDINARY LOSSES: | | |
| Loss on sales and disposal of fixed assets | 110 | 373 |
| Other | 276 | 991 |
| Net income before income taxes and minority interests | 2,104 | 17,199 |
| Income taxes | 954 | 5,735 |
| Income taxes deferred | 77 | 1,774 |
| Minority interests | 187 | 1,014 |
| Net income | 885 | 8,675 |