

**Term ended March 31, 2004 Summary of First Quarter Results (Consolidated)**

August 29, 2003

Name of Company **LEOC JAPAN Co., Ltd.** (for Sodexho Japan Co., Ltd.) (Code Number: 2366 Registered Issue)  
 (URL <http://www.leoc-j.com>)

Representative Name of Post Representative Director and President  
 Name Hiroshi Onodera

Contact Person Name of Post Corporate officer and Strategic Planning Office Manager

Name Shinichi Kubouchi Tel: (03) 5774-7050(main number)

**1. Matters related to preparation of quarterly results summary**

Sodexho Japan Co., Ltd. (the former registered issue on JASDAQ) established LEOC JAPAN Co., Ltd. (“the Company”) as a pure holding company on August 1, 2003 through a transfer of shares and delisted from JASDAQ. First quarter results are those of Sodexho Japan Co., Ltd., before the establishment of the Company, but LEOC JAPAN Co., Ltd. as parent and 100% owner of Sodexho Japan Co., Ltd. reports this subsidiary’s quarterly results.

Existence of difference between accounting methods and recognition methods in the latest accounting term : Yes

(Accounting standard for corporate income tax calculation)

The assessment of taxes including corporation tax is based on legal effective tax rates.

Existence of changes in coverage of consolidation and equity method : No

Number of consolidated subsidiaries 7

Involvement of certified public accountants and auditing corporations : No

**2. Summary of consolidated results for the first quarter of the term ended March 31, 2004 (April 1, 2003 – June 30, 2003)**
**(1) Earnings Results**

(Omit figures below million yen)

|  | Sales       |         | Operating profit |        | Ordinary profit |         | Net profit  |        |
|--|-------------|---------|------------------|--------|-----------------|---------|-------------|--------|
|  | Million Yen | %       | Million Yen      | %      | Million Yen     | %       | Million Yen | %      |
| 1 <sup>st</sup> Quarter in fiscal 2003 | 11,555      | -       | 316              | -      | 306             | -       | 77          | -      |
| 1 <sup>st</sup> Quarter in fiscal 2002 | -           | -       | -                | -      | -               | -       | -           | -      |
| (Reference) Fiscal 2002                | 35,303      | (110.9) | 540              | ( 1.6) | 456             | ( 15.9) | 433         | ( 8.8) |

|  | Net profit per share |           | Net profit per share after adjustment of potential shares |           |
|--|----------------------|-----------|---|-----------|
|  | Yen                  | 1/100 Yen | Yen   | 1/100 Yen |
| 1 <sup>st</sup> Quarter in fiscal 2003 | 5                    | 60        | -   | -         |
| 1 <sup>st</sup> Quarter in fiscal 2002 | -                    | -         | -   | -         |
| (Reference) Fiscal 2002                | 31                   | 03        | -   | -         |

(NOTES) 1. Percentages of sales and operating profit indicate changes relative to the same period in the previous year.

2. Results for the first quarter in the previous year and percentage changes are not shown since the disclosure of quarterly results begins in the first quarter in the current year.

[Qualitative information about earnings results (consolidated)]

In the current year, first quarter sales reached 11,555 million yen and gross profit was 1,609 million yen. The gross profit margin ratio rose a substantial 12.1 percentage points from the previous consolidated accounting period, to 13.9%, thanks to more efficient distribution of food materials and an improved earnings rate.

Operating profit was 316 million yen (the operating profit ratio was 2.7%). While the selling, general and administrative expenses ratio rose from the previous year because of an increase in expenses associated with business reorganization, including the establishment of a pure holding company, the improvement of gross profit margin more than offset the increase.

Ordinary profit was 306 million yen and income before income taxes was 302 million yen. However, income taxes were 224 million yen because of the effect of the amortization of the consolidated adjustment account (161 million yen) recorded in selling, general and administrative expenses.

As the result, net profit in the first quarter was 77 million yen (the ratio of net profit to sales was 0.7%). The ratio to the full-year estimate of 130 million yen was 59.9%.

(2) Changes of Financial Position (Consolidated)

(Omit figures below million yen)

|  | Total Assets | Shareholders' Equity | Equity Ratio | Shareholders' Equity per share |           |
|--|--------------|----------------------|--------------|--------------------------------|-----------|
|  | Million Yen  | Million Yen          | %            | Yen                            | 1/100 Yen |
| 1 <sup>st</sup> Quarter in fiscal 2003 | 17,321       | 2,818                | 16.2         | 206                            | 09        |
| 1 <sup>st</sup> Quarter in fiscal 2002 | -            | -                    | -            | -                              | -         |
| (Reference) Fiscal 2002                | 17,662       | 3,024                | 17.1         | 216                            | 36        |

(NOTE) Results for the first quarter in the previous year are not shown since the disclosure of quarterly results begins in the first quarter of the current year.

3. Consolidated earnings estimates for the term ending March 31, 2004 (April 1, 2003 – March 31, 2004)

|           | Estimated Sales | Estimated Ordinary Profit | Estimated Net Profit | Estimated net profit per share |           |
|-----------|-----------------|---------------------------|----------------------|--------------------------------|-----------|
|           | Million Yen     | Million Yen               | Million Yen          | Yen                            | 1/100 Yen |
| Half Year | 23,000          | 460                       | 100                  | 7                              | 15        |
| Full Year | 45,500          | 700                       | 130                  | 9                              | 30        |

[Qualitative information on earnings estimates]

Earnings for the first quarter in the current year showed steady growth and ratios to full-year estimates were 25.4% for sales, 43.7% for ordinary profit and 59.9% for net profit. However, since expenses associated with the business reorganization are expected to be incurred in and after the second quarter, earnings estimates for interim and full-year results have not changed.

**(APPENDICES)****(1) Consolidated Balance Sheet**

(Unit : Thousand Yen)

| Account Title                              | Period | First Quarter in Current Term<br>(As of June 30, 2003) |              | Previous Term<br>(As of March 31, 2003) |              |
|--|--------|--|--------------|---|--------------|
|  |        | Amount   | Distribution | Amount                                  | Distribution |
| (Assets)                                   |        |  | %            |   | %            |
| Current assets                             |        |  |              |   |              |
| Cash and deposits                          |        | 5,429,039  |              | 5,505,992                               |              |
| Notes and trade accounts receivable        |        | 4,491,191  |              | 4,461,636                               |              |
| Inventories                                |        | 166,989  |              | 152,777                                 |              |
| Deferred tax assets                        |        | 578,083  |              | 558,594                                 |              |
| Other current assets                       |        | 248,828  |              | 293,292                                 |              |
| Allowance for doubtful accounts            |        | 39,503   |              | 39,533                                  |              |
| Total current assets                       |        | 10,874,628   | 62.8         | 10,932,759                              | 61.9         |
| Fixed assets                               |        |  |              |   |              |
| Tangible fixed assets                      |        | 855,492  |              | 958,683                                 |              |
| Intangible assets                          |        | 4,887,844  |              | 5,050,507                               |              |
| Investments and other assets               |        | 703,316  |              | 720,864                                 |              |
| Total fixed assets                         |        | 6,446,652  | 37.2         | 6,730,055                               | 38.1         |
| Total assets                               |        | 17,321,281   | 100.0        | 17,662,814                              | 100.0        |
| (Liabilities)                              |        |  |              |   |              |
| Current liabilities                        |        |  |              |   |              |
| Notes and trade payable                    |        | 2,232,815  |              | 2,146,128                               |              |
| Short-term borrowings                      |        | 550,000  |              | 616,000                                 |              |
| Bonds due within one year                  |        | 100,000  |              | 100,000                                 |              |
| Long-term debt due within one year         |        | 735,896  |              | 747,821                                 |              |
| Accounts payable                           |        | 1,331,464  |              | 1,193,531                               |              |
| Accrued expenses                           |        | 887,748  |              | 933,607                                 |              |
| Income taxes payable                       |        | 241,444  |              | 296,179                                 |              |
| Bonus reserve                              |        | 522,268  |              | 809,192                                 |              |
| Other current liabilities                  |        | 867,015  |              | 666,941                                 |              |
| Total current liabilities                  |        | 7,468,653  | 43.1         | 7,509,402                               | 42.5         |
| Fixed liabilities                          |        |  |              |   |              |
| Bonds                                      |        | 1,300,000  |              | 1,300,000                               |              |
| Long-term debt                             |        | 5,719,146  |              | 5,814,148                               |              |
| Other fixed liabilities                    |        | 14,830   |              | 15,151                                  |              |
| Total fixed liabilities                    |        | 7,033,976  | 40.6         | 7,129,300                               | 40.4         |
| Total liabilities                          |        | 14,502,630   | 83.7         | 14,638,703                              | 82.9         |
| (Shareholders' equity)                     |        |  |              |   |              |
| Capital stock                              |        | 700,158  | 4.0          | 700,158                                 | 4.0          |
| Capital surplus                            |        | 354,327  | 2.1          | 354,327                                 | 2.0          |
| Earned surplus                             |        | 1,886,680  | 10.9         | 1,976,504                               | 11.1         |
| Gains or losses on appraisal of securities |        | 4,049  | 0.0          | 5,472                                   | 0.0          |
| Treasury stocks                            |        | 118,465  | 0.7          | 1,405                                   | 0.0          |
| Total shareholders' equity                 |        | 2,818,650  | 16.3         | 3,024,111                               | 17.1         |
| Total liabilities and shareholders' equity |        | 17,321,281   | 100.0        | 17,662,814                              | 100.0        |

(NOTE) Figures are rounded to the nearest thousand yen.

## (2) Consolidated Income Statement

(Unit : Thousand Yen)

| Account Title                                | Period  |              | Previous Term                               |              |
|--|---|--------------|---|--------------|
|  | First Quarter in Current Term<br>( From April 1, 2003<br>To June 30, 2003 ) |              | ( From April 1, 2002<br>To March 31, 2003 ) |              |
|  | Amount  | Distribution | Amount                                      | Distribution |
|  |   | %            |   | %            |
| Sales  | 11,555,167  | 100.0        | 35,303,027                                  | 100.0        |
| Cost of sales                                | 9,945,271   | 86.1         | 31,042,055                                  | 87.9         |
| Gross profit on sales                        | 1,609,895   | 13.9         | 4,260,972                                   | 12.1         |
| Selling, general and administrative expenses | 1,293,116   | 11.2         | 3,720,365                                   | 10.6         |
| Operating profit                             | 316,778   | 2.7          | 540,606                                     | 1.5          |
| Non-operating revenue                        | 30,160  | 0.3          | 94,492                                      | 0.3          |
| Non-operating expenses                       | 40,695  | 0.4          | 178,258                                     | 0.5          |
| Ordinary profit                              | 306,243   | 2.6          | 456,840                                     | 1.3          |
| Extraordinary profit                         | 20,758  | 0.2          | 436,041                                     | 1.2          |
| Extraordinary losses                         | 24,205  | 0.2          | 331,893                                     | 0.9          |
| Income before taxes                          | 302,797   | 2.6          | 560,988                                     | 1.6          |
| Income tax, etc.                             | 224,894   | 1.9          | 133,130                                     | 0.4          |
| Loss from minority interest                  | -   | -            | 5,839                                       | 0.0          |
| Net profit                                   | 77,902  | 0.7          | 433,697                                     | 1.2          |

(NOTE) Figures are rounded to the nearest thousand yen.

## (3) Consolidated Statement of Retained Earnings

(Unit : Thousand Yen)

| Account Title  | Period  |           | Previous Term                               |           |
|--|---|-----------|---|-----------|
|  | First Quarter in Current Term<br>( From April 1, 2003<br>To June 30, 2003 ) |           | ( From April 1, 2002<br>To March 31, 2003 ) |           |
|  | Amount  |           | Amount                                      |           |
| (Capital surplus)  |   |           |   |           |
| Balance of capital surplus at beginning of the term                          |   |           |   |           |
| Balance of capital surplus at beginning of the term                          | 354,327   | 354,327   | 354,327                                     | 354,327   |
| Balance of capital surplus at end of first quarter<br>(at end of the term)   |   | 354,327   |   | 354,327   |
| (Retained earnings)  |   |           |   |           |
| Balance of retained earnings at beginning of the term                        |   |           |   |           |
| Balance of retained earnings at beginning of the term                        | 1,976,504   | 1,976,504 | 1,654,628                                   | 1,654,628 |
| Increase of retained earnings  |   |           |   |           |
| Net profit   | 77,902  | 77,902    | 433,697                                     | 433,697   |
| Decrease of retained earnings  |   |           |   |           |
| Dividends paid   | 167,727   | 167,727   | 111,821                                     | 111,821   |
| Balance of retained earnings at end of first quarter<br>(at end of the term) |   | 1,886,680 |   | 1,976,504 |

(NOTE) Figures are rounded to the nearest thousand yen.

**(Sales)****(1) Sales by Business Segment**

(Unit : Thousand Yen)

| Division             |  | Fist Quarter in Current Term<br>( From April 1, 2003<br>To June 30, 2003 ) |              | Previous Term<br>( From April 1, 2002<br>To March 31, 2003 ) |              |
|----------------------|--|--|--------------|--|--------------|
|                      |  | Amount   | Distribution | Amount   | Distribution |
| Catering<br>Services | HC: Catering services to hospitals         | 5,763,687  | 49.8         | 19,361,444   | 54.8         |
|                      | B&I: Catering services to business offices | 5,640,820  | 48.8         | 14,154,117   | 40.1         |
|                      | (Subtotal)                                 | 11,404,507   | 98.7         | 33,515,561   | 94.9         |
| Others               |  | 150,660  | 1.3          | 1,787,466  | 5.1          |
| Total                |  | 11,555,167   | 100.0        | 35,303,027   | 100.0        |

- (NOTES) 1. Catering services to hospitals include sales to medical institutions (hospitals and clinics) and welfare facilities.  
2. Catering services to business offices include sales to company cafeterias, schools and dormitories.  
3. Others include sales of stores.  
4. The sales volume is not listed since the type of items varies widely and listing is difficult.  
5. The above amounts do not include consumption tax.

**(2) Sales by Contract Type**

(Unit : Thousand Yen)

| Contract type        |                      | Fist Quarter in Current Term<br>( From April 1, 2003<br>To June 30, 2003 ) |              | Previous Term<br>( From April 1, 2002<br>To March 31, 2003 ) |              |
|----------------------|----------------------|--|--------------|--|--------------|
|                      |                      | Amount   | Distribution | Amount   | Distribution |
| Catering<br>services | Management contracts | 5,923,965  | 51.3         | 19,023,795   | 53.9         |
|                      | Unit price contracts | 5,366,389  | 46.4         | 14,778,058   | 41.8         |
|                      | (Subtotal)           | 11,290,354   | 97.7         | 33,801,853   | 95.7         |
| Other                |                      | 264,813  | 2.3          | 1,501,174  | 4.3          |
| Total                |                      | 11,555,167   | 100.0        | 35,303,027   | 100.0        |

- (NOTES) 1. Management contract ... Under this contract, customers who take meals pay an amount equivalent to material costs and clients entrusted pay as a management cost an amount equivalent to the estimated sum of the personnel costs and operating expenses required for the management of the catering services and profits. This type of contract is generally called a "Management Contract".  
2. Unit price contract ... Under this contract, sales to customers who take meals are recorded as our operating revenues and we pay material costs, personnel expense and operating expenses required for the management of catering services. This type of contract is called a "Unit Price Contract" or "Meal Unit Price Contract" since sales prices become an important factor for deciding our operating profit.  
3. Others include sales of stores.  
4. The above amounts do not include consumption tax.

## (3) Sales by Region

(Unit : Thousand Yen)

| Region      | Period | Fist Quarter in Current Term<br>( From April 1, 2003<br>To June 30, 2003 ) |              |                                | Previous Term<br>( From April 1, 2002<br>To March 31, 2003 ) |              |                                |
|-------------|--------|--|--------------|--------------------------------|--|--------------|--------------------------------|
|             |        | Amount   | Distribution | No. of sites at<br>quarter end | Amount   | Distribution | No. of sites at<br>quarter end |
|             |        |  | %            | Number                         |  | %            | 数                              |
| North Japan |        | 2,520,169  | 21.8         | 382                            | 9,588,802  | 27.2         | 378                            |
| East Japan  |        | 5,508,743  | 47.7         | 695                            | 15,665,045   | 44.4         | 665                            |
| Kansai      |        | 1,825,823  | 15.8         | 270                            | 5,654,492  | 16.0         | 251                            |
| West Japan  |        | 1,700,432  | 14.7         | 227                            | 4,394,688  | 12.4         | 227                            |
| Total       |        | 11,555,167   | 100.0        | 1,574                          | 35,303,027   | 100.0        | 1,521                          |

(NOTES) Consumption tax is not included in the amounts listed above. A classification of regions is as follows.

North Japan...Hokkaido, Aomori, Iwate, Miyagi, Akita, Yamagata, Fukushima

East Japan...Ibaraki, Tochigi, Gunma, Saitama, Chiba, Tokyo, Kanagawa, Niigata, Yamanashi, Nagano, Shizuoka

Kansai...Toyama, Ishikawa, Fukui, Gifu, Aichi, Mie, Shiga, Kyoto, Osaka, Hyogo, Nara, Wakayama

West Japan...Okayama, Hiroshima, Yamaguchi, Kagawa, Ehime, Kochi, Fukuoka, Saga, Nagasaki, Kumamoto,

Oita, Miyazaki, Kagoshima, Okinawa