

Interim Financial Results (Non-Consolidated) for the Term Ending March 2003

November 14, 2002

Name of Listed Company: Kaneka Corporation
Code Number: 4118

Stock Exchanges Listed:
Tokyo, Osaka, Nagoya, Fukuoka and Sapporo
Prefecture where headquarters are located:
Osaka Prefecture

(URL: <http://www.kaneka.co.jp>)

Representative Title: President, Representative Director Name: Masatoshi Takeda
Contact: Title: General Manager - Finance and Accounting Name: Setsuo Shimazaki

Date of board of directors meeting for closing of interim accounts: November 14, 2002

Start of payments of interim dividends: December 10, 2002

1. Business performance for the interim term ended September 2002 (from April 1, 2002 to September 30, 2002)

(1) Business performance

	Net sales		Operating income		Ordinary income	
	¥million	%	¥million	%	¥million	%
Interim term ended September 2002	119,270	0.9	7,583	(18.1)	7,220	(27.8)
Interim term ended September 2001	118,202	(5.2)	9,262	(2.8)	10,001	(4.2)
Term ended March 2002	234,743		16,269		16,912	

	Interim net income		Interim net income per share
	¥million	%	¥
Interim term ended September 2002	4,298	(35.9)	12.03
Interim term ended September 2001	6,701	(5.4)	18.74
Term ended March 2002	7,650		21.39

Notes: 1. Average number of shares: 357,211,892 in interim term ended September 2002, 357,608,997 in interim term ended September 2000, 357,601,011 in term ended March 2002
2. Changes to accounting policies: None
3. The percentages in the net sales, operating income, ordinary income, and interim net income columns, represent increases (decreases) compared with interim results for the previous year.

(2) Status of Dividend Payments

	Interim dividend per share	Annual dividend per share
	¥	¥
Interim term ended September 2002	4.00	-
Interim term ended September 2001	4.00	-
Term ended March 2002	-	8.00

Note: Breakdown of interim dividend in the interim term ended September 2002

(3) Financial Position

	Total assets	Shareholders' equity	Shareholders' equity ratio		Shareholders' equity per share
	¥million	¥million			¥
Interim term ended September 2002	316,757	167,395	52.8	%	470.86
Interim term ended September 2001	324,801	168,072	51.7	%	469.99
Term ended March 2002	315,365	165,680	52.5	%	463.36

Notes: 1. Number of shares issued at end of term: 355,512,477 in interim term ended September 2002, 357,611,514 in interim term ended September 2001, 357,566,620 in term ended March 2002
2. Number of treasury stock at the end of term: 2,099,941 in interim term ended September 2002, 904 in interim term ended September 2001, 45,798 in term ended March 2002

2. Forecast for consolidated business performance in the term ending March 2003 (from April 1, 2001 to March 31, 2002)

	Net sales	Ordinary income	Current net income	Annual dividend per share	
				End of term	
	¥million	¥million	¥million	¥	¥
The overall term	242,000	15,000	9,000	4.00	8.00

(Reference) Projected net income per share (whole year): ¥25.32

*The above performance forecasts are regarded as reasonable on the basis of information available at the time of announcement, therefore, readers should be aware that actual results may vary from these forecasts due to the various uncertain factors involved.

Interim Balance Sheet

(Unit: ¥million)

Item	Interim term ended Sept. 30, 2002	Term ended March 31, 2002	Interim term ended Sept. 30, 2001	Item	Interim term ended Sept. 30, 2002	Term ended March 31, 2002	Interim term ended Sept. 30, 2001
Assets	316,757	315,365	324,801	Liabilities	149,361	149,684	156,729
Current Assets	142,918	142,374	144,202	Current Liabilities	73,640	77,979	76,451
Cash and deposits	29,511	8,492	1,409	Notes payable	1,577	1,891	1,730
Notes receivable	6,064	6,886	7,809	Accounts payable	28,750	30,045	28,561
Accounts receivable	61,640	64,365	64,908	Short-term loans payable	10,970	10,991	12,392
Marketable securities	5,398	18,038	24,278	Convertible bonds redeemed within 1 year	7,598	7,598	-
Merchandise and finished goods	13,767	15,786	15,569	Long-term loans repaid within 1 year	143	158	622
Raw materials	3,369	3,728	3,935	Accrued amount payable	16,523	19,537	25,014
Work in process	4,836	4,348	4,646	Accrued consumption taxes, etc.	364	351	43
Stores	2,178	2,161	2,023	Accrued corporate taxes, etc.	2,227	2,119	3,322
Prepaid expenses	1,070	800	1,015	Accrued expenses	3,910	3,944	4,172
Short-term loans receivable	9,280	8,716	9,786	Deposit payable	388	324	352
Advance and accrued income	3,755	7,559	7,352	Allowance for loss on guarantee	592	592	-
Deferred tax assets	1,783	1,621	1,392	Others	593	424	238
Others	435	100	287				
Allowance for uncollectable receivables	(174)	(230)	(214)	Fixed Liabilities	75,721	71,704	80,277
Fixed Assets	173,838	172,990	180,598	Bonds payable	20,000	20,000	20,000
Tangible Fixed Assets	91,961	92,791	96,072	Convertible bonds payable	18,593	18,593	26,191
Buildings	24,600	24,919	25,473	Long-term loans payable	12,954	8,062	8,421
Structures	6,098	6,107	6,121	Employees' severance and retirement benefits	23,273	24,119	24,767
Machinery and equipment	37,562	39,213	38,847	Retirement benefits for directors and statutory auditors	817	859	784
Vehicles and transporters	112	96	101	Others	82	70	113
Tools and equipment	2,400	2,600	2,650	Shareholders' Equity	167,395	165,680	168,072
Land	17,956	17,959	17,518	Capital Stock	33,046	33,046	33,046
Construction in progress	3,230	1,893	5,359	Additional paid in capital	34,641	34,641	34,641
Intangible Fixed Assets	1,096	1,016	918	Additional paid in capital	34,641	34,641	34,641
Rights to use facilities, etc.	1,096	1,016	918	Retained earnings	94,713	91,925	92,406
Investments and Other Assets	80,780	79,182	83,607	Legal reserve of retained earnings	5,863	5,863	5,863
Investments in securities and investments	36,560	34,985	40,524	Reserve for special depreciation	91	64	64
Stock and investment in affiliates	26,725	25,499	26,759	Reserve for dividends	1,995	1,995	1,995
Long-term loans receivable	6,222	6,807	7,326	Reserve for retirement payments	525	525	525
Long-term prepaid expenses	656	745	803	Funds for technical promotion	500	500	500
Deferred tax assets	6,039	6,499	3,259	Funds for employee welfare	300	300	300
Others	4,789	4,862	5,093	Reserves for replaced property	563	310	310
Allowance for doubtful debts	(213)	(218)	(157)	Reserves for advanced depreciation of replaced property	441	463	463
				Reserve for deferred income taxes on replacement assets by purchase	370	-	-
				General reserves	66,427	63,427	63,427
				Unappropriated interim (current) Profit at end of term	17,635	18,475	18,956
				(Net interim income included above)	4,298	7,650	6,701
				Net unrealized gain on marketable securities	6,551	6,102	7,977
				Treasury stock	(1,558)	(35)	0
Total	316,757	315,365	324,801	Total	316,757	315,365	324,801

Interim Statements of Income

(Unit: ¥million)

Title	Interim term ended Sept. 30, 2002	Interim term ended Sept. 30, 2001	Increase (Decrease)	Term ended March 31, 2002
Ordinary Income				
Operating Income]				
Net Sales	119,270	118,202	1,068	234,743
Cost of Sales	86,198	83,344	2,854	166,861
Selling, General and Administrative Expenses	25,488	25,595	(106)	51,611
Operating income	7,583	9,262	(1,678)	16,269
Non-operating income (expenses)				
Non-operating income	1,649	2,598	(949)	4,162
Interest and dividends income	1,504	1,603	(99)	2,523
Others	144	994	(850)	1,638
Non-operating expenses	2,011	1,859	152	3,518
Interest expense	582	633	(51)	1,183
Others	1,429	1,226	203	2,335
Ordinary income	7,220	10,001	(2,780)	16,912
Special Gains and Losses				
Special Gains	-	1,076	(1,076)	1,076
Gain on sale of land	-	1,076	(1,076)	1,076
Special Losses	530	-	530	5,843
Early retirement encouragement plan	530	-	530	-
Write-down of investment securities	-	-	-	1,746
Loss on investment in affiliates	-	-	-	3,427
Restructuring costs for electrical and electronic material business	-	-	-	669
Interim (current) net income before income taxes	6,690	11,078	(4,387)	12,146
Income taxes (current)	2,420	3,910	(1,490)	6,140
Income taxes (deferred)	(27)	466	(494)	(1,643)
Interim (current) net income	4,298	6,701	(2,402)	7,650
Balance carried forward from the previous term	13,336	12,255	1,081	12,255
Interim dividends paid	-	-	-	1,430
Unappropriated interim (current) income at the end of term	17,635	18,956	(1,320)	18,475

Major Accounting Principles

1. Valuation methods of negotiable securities are as follows:
 - (1) Stock of subsidiaries and stock of affiliated companies: Valuation is at cost based on the moving average cost method.
 - (2) Other negotiable securities
 - 1) Stock with market value: Market value accounting based on market price at the date of interim account closing (Valuation increase/decrease is calculated by the accounting method to appropriate the total value of capital. Cost of products sold is calculated by the moving average cost accounting method.)
 - 2) Stock without market value: Valuation is at cost based on the moving average cost method.
2. The valuation methods of inventories are as follows:
 - (1) Manufactured goods and merchandise: Valuation is at cost based on the periodic average method (monthly)
 - (2) Raw materials, work in progress, and fuel out of stores: The valuation is at cost based on the moving average cost method.
 - (3) Other stores: The "last in" cost method
3. The method of depreciation of tangible fixed assets is based on the declining-balance method. However, buildings (excluding building fixtures) acquired after April 1, 1998 are depreciated based on the straight-line method.
4. Standards for appropriation of major allowances are as follows:

Employees' severance and retirement benefits
So as to prepare for payment of retirement benefits to employees, the amount deemed to be incurred at the interim term end based on the estimated amount of liabilities related to retirement benefits and pension assets at the interim term end is posted.

Retirement benefits for directors and statutory auditors
To make appropriations for the payment of retirement bonuses to directors, the amount of payment required at the interim term end is posted in accordance with internal rules.

Allowance for loss on guarantees
The loss on fulfillment of liabilities guaranteed for subsidiaries was estimated.
5. Except for cases in which ownership of leased objects is deemed to have been transferred to a borrower, financial lease transactions are treated in accordance with accounting methods for regular lease transactions.
6. Consumption taxes, etc. are not included in accounting treatments.

Notes to the Interim Balance Sheet

	Interim term ended Sep. 2002	Term ended March 2002	Interim term ended Sep. 2001
1. Less accumulated depreciation of tangible fixed assets	¥276,065 million	¥271,716 million	¥267,095 million
2. Assets subject to lien			
Marketable securities	¥1,325 million	¥1,027 million	¥1,665 million
3. Assets deposited			
Marketable securities	¥6,658 million	¥6,914 million	¥3,330 million
4. Liabilities for guarantee			
Liabilities for guarantees	¥2,192 million	¥2,253 million	¥3,398 million
Commitments to guarantee	¥180 million	¥264 million	¥357 million
Letter of Awareness	¥134 million	¥165 million	¥159 million

Sales by Business Sector

Business Sector	Interim term from April 1, 2002 to Sept. 30, 2002		Interim term from April 1, 2001 to Sept. 30, 2001		Increase (Decrease)		Term from April 1, 2001 to March 31, 2002	
	Amount	Composition ratio	Amount	Composition ratio	Amount	Increase ratio	Amount	Composition ratio
	¥million	%	¥million	%	¥million	%	¥million	%
PVC and caustic soda	19,522	16.4	22,176	19.2	(3,194)	(14.1)	44,165	18.8
Specialty plastics	19,036	15.9	18,220	15.4	816	4.5	36,326	15.4
Plastic products	18,119	15.2	18,013	15.2	106	0.6	35,119	15.0
Foodstuffs and pharmaceuticals	42,928	36.0	42,264	35.8	664	1.6	85,031	36.2
Electrical and electronic materials	10,264	8.6	7,893	6.7	2,370	30.0	16,835	7.2
Synthetic fibers	9,400	7.9	9,094	7.7	305	3.4	17,265	7.4
Total	119,270	100.0	118,202	100.0	1,068	0.9	234,743	100.0
Exports (out of total)	37,823	31.7	33,832	28.6	3,991	11.8	66,766	28.4

Note:

1. The business segments and sales classifications "PVC Compounds (flexible applications)" and "PVC Compounds (rigid applications)," changed from "Electrical and Electronic Materials and Others" to "PVC and Caustic Soda," and "Specialty Plastics" to "PVC and Caustic Soda," respectively.
The results of the previous interim term and the previous accounting year are indicated by the new business segments.