

Non-Consolidated Interim Financial Results for the Term Ending March 2004

November 6, 2003

Name of Listed Company: Kaneka Corporation
 Code Number: 4118
 (URL: <http://www.kaneka.co.jp>)
 Representative: Neme: Masatoshi Takeda
 Title: President, Representative Director
 Contact: Name: Setsuo Shimazaki Phone +81-6-6226-5169
 Title: Executive Director/General Manager - Finance and Accounting

Stock Exchanges Listed:
 Tokyo, Osaka, Nagoya
 Headquarters location:
 Osaka Prefecture

Date of directors' meeting for approval of accounts: November 6, 2003
 Interim dividend system: yes Date of interim dividend: December 10, 2003
 Minimum trading unit system: yes Minimum trading unit: 1,000 shares

1. For the Interim Term Ended September 2003 (from April 1, 2003 to September 30, 2003)

(1) Business performance Note: Figures have been rounded down to the nearest million yen.

	Net sales		Operating income		Ordinary income	
	¥million	%	¥million	%	¥million	%
Interim term ended September 2003	126,397	6.0	11,117	46.6	11,100	53.7
Interim term ended September 2002	119,270	0.9	7,583	(18.1)	7,220	(27.8)
Term ended March 2003	243,564		19,051		17,778	

	Net income		Net income per share
	¥million	%	¥
Interim term ended September 2003	6,861	59.6	19.40
Interim term ended September 2002	4,298	(35.9)	12.03
Term ended March 2003	9,898		27.51

- Notes:
- Average number of shares during accounting term: Interim term ended September 2003: 353,663,036, Interim term ended September 2002: 357,211,892, Year ended March 2003: 356,127,611
 - Changes to accounting policies: None
 - Percentage figures under net sales, operating income, ordinary income and net income represent increases (decreases) relative to the previous accounting term.

(2) Dividends

	Interim dividend per share	Annual dividend per share
	¥	¥
Interim term ended September 2003	4.00	-
Interim term ended September 2002	4.00	-
Term ended March 2003	-	8.00

Note: Breakdown of dividend interim term ended September 2003
 Commemorative dividend: 0.00 yen Special dividend: 0.00 yen

(3) Financial position

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	¥million	¥million	%	¥
Interim term ended September 2003	318,095	175,121	55.1	499.19
Interim term ended September 2002	316,757	167,395	52.8	470.86
Term ended March 2003	305,089	167,538	54.9	470.56

- Notes:
- Number of shares issued at end of term:

September 30, 2003:	350,813,079
September 30, 2002:	355,512,477
March 31, 2003:	355,829,305
 - Treasury stock at end of accounting term:

September 30, 2003:	6,799,339
September 30, 2002:	2,099,941
March 31, 2003:	1,783,113

2. Performance Forecasts for Year to March 2004 (from April 1, 2003 to March 31, 2004)

	Net sales	Ordinary income	Net income	Annual dividend per share	
				End of term	
	¥million	¥million	¥million	¥	¥
Overall term	255,000	22,500	13,000	4.00	8.00

(Reference) Projected net income per share (whole year): ¥37.06

Note: The above forecasts were compiled on the basis of information available as of the date of publication.

Actual results may vary from the forecasts due to a variety of factors.

Interim Balance Sheets

(Unit: ¥million)

	Interim term ended Sept. 30, 2002	Interim term ended Sept. 30, 2003	B/S for Term ended March 31, 2003		Interim term ended Sept. 30, 2002	Interim term ended Sept. 30, 2003	B/S for Term ended March 31, 2003
Item	¥ million	¥ million	¥ million	Item	¥ million	¥ million	¥ million
Assets				Liabilities			
I. Current assets				I. Current liabilities			
Cash and deposits	29,511	23,131	21,427	Notes payable	1,577	1,666	1,825
Notes receivable	6,064	5,751	5,566	Accounts payable	28,750	31,631	30,467
Accounts receivable	61,640	67,832	65,763	Short-term borrowings	11,114	12,861	12,192
Marketable securities	5,398	9,876	5,806	Convertible bonds redeemed within 1 year	7,598	18,593	-
Inventories	24,150	25,307	25,990	Accrued expenses	16,523	16,671	14,968
Deferred tax assets	1,783	2,656	2,029	Accrued income taxes	2,227	4,226	2,095
Others	14,543	17,625	14,626	Allowance for loss on debt guarantees	592	946	946
Allowance for doubtful receivables	(174)	(371)	(358)	Others	5,256	4,948	4,423
Total current assets	142,918	151,811	140,851	Total current liabilities	73,640	91,546	66,918
II. Fixed assets				II. Fixed liabilities			
Tangible fixed assets				Bonds payable	20,000	20,000	20,000
Buildings and structures	24,600	24,096	24,444	Convertible bonds payable	18,593	-	18,593
Machinery and equipment	37,562	36,536	36,759	Long-term loans payable	12,954	12,845	12,896
Land	17,956	17,974	17,976	Employees' severance and retirement Benefits	23,273	17,445	18,100
Others	11,842	9,737	10,528	Retirement benefits for directors and statutory auditors	817	826	883
Total tangible fixed assets	91,961	88,344	89,709	Others	82	308	159
Intangible fixed assets				Total fixed liabilities total	75,721	51,427	70,633
Investments and other assets	1,096	1,303	1,324	Total liability	149,361	142,973	137,551
Investments in securities	61,820	63,022	54,274	Shareholders' equity			
Long-term loans receivable	6,222	4,706	5,664	I. Common stock	33,046	33,046	33,046
Deferred tax assets (non-current)	6,039	3,633	7,427	II. Additional paid-in capital			
Others	6,911	6,847	6,959	Capital surplus	34,641	34,821	34,821
Allowance for doubtful receivables	(213)	(1,572)	(1,121)	Other additional paid-in capital	-	0	-
Total investments and other assets	80,780	76,637	73,203	Total additional paid-in capital	34,641	34,821	34,821
Total fixed assets	173,838	166,284	164,238	III. Retained earnings			
				Retained earnings reserve	5,863	5,863	5,863
				Voluntary reserve	71,214	78,208	71,214
				Unappropriated retained earnings for the (current) interim period	17,635	20,158	21,813
				Total retained earnings	94,713	104,230	98,891
				IV. Unrealized gain on available-for-sale securities	6,551	7,765	1,986
				V. Treasury stock	(1,558)	(4,742)	(1,207)
				Total shareholders' equity	167,395	175,121	167,538
Total assets	316,757	318,095	305,089	Total liabilities and shareholders' equity	316,757	318,095	305,089

Kaneka Corporation (Non-consolidated)

Interim Statements of Income

(Unit: ¥million)

Title	Interim term ended Sept. 30, 2002	Interim term ended Sept. 30, 2003	Increase (Decrease)	Term ended March 31, 2003
I. Net Sales	119,270	126,397	7,127	243,564
II. Cost of Sales	86,198	89,803	3,605	173,907
Gross profit	33,072	36,594	3,521	69,657
III. Selling, General and Administrative Expenses	25,488	25,477	(11)	50,605
Operating Income	7,583	11,117	3,533	19,051
IV. Non-operating income	1,649	2,042	393	2,765
Interest received	109	110	1	201
Dividends income	1,395	1,777	382	2,410
Others	144	154	10	154
V. Non-operating expenses	2,011	2,059	47	4,039
Interest expense	582	568	(13)	1,218
Others	1,429	1,490	61	2,820
Ordinary income	7,220	11,100	3,879	17,778
VI. Special Gains	-	-	-	4,592
Gain on the release from the substitutional portion of employee pension fund	-	-	-	4,592
VII. Special Losses	530	448	(82)	6,059
Loss on investment in affiliates	-	448	448	2,068
Write-down of investment securities	-	-	-	1,883
Expenses on pension plan amendment	-	-	-	1,286
Early retirement benefits	530	-	(530)	820
Income before income taxes	6,690	10,652	3,961	16,311
Corporate taxes, local taxes and business taxes	2,420	4,580	2,160	4,690
Income taxes deferred	(27)	(789)	(761)	1,722
Net income	4,298	6,861	2,563	9,898
Balance carried forward from the previous paid	13,336	13,296	(40)	13,336
Interim dividends paid	-	-	-	1,422
Unappropriated net income at the end of term	17,635	20,158	2,522	21,813

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 securities
 - 1) Stock with market value: Market value accounting based on market price at the date of interim account closing. (Net unrealized gains or losses on the securities are reported in the shareholders' equity. Cost of securities 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
The amount required to provide for employees' severance and retirement benefits has been provided on the basis of estimated amount of projected benefit obligations and the fair value of pension assets at the end of the interim

Retirement benefits for directors and statutory auditors
Provision has been made for Retirement benefit for director and statutory on the basis of the amount required as of the end of the interim term in accordance with internal rules.

Allowance for loss on debt guarantees
The estimated amount required for the fulfillment of debt guarantees to affiliated companies has been provided.
5. Finance lease transactions which do not transfer ownership are accounted for in the same manner as operating leases in accordance with accounting methods for regular lease transaction.
6. Consumption taxes are not included in accounting treatments.

Notes to the Interim Balance Sheet

	Interim term ended Sep. 2002	Interim term ended Sep. 2003	Term ended March 2003
1. Less accumulated depreciation of tangible fixed assets	¥276,065 million	¥281,784 million	¥278,765 million
2. Assets subject to lien			
Marketable securities	¥1,325 million	¥872 million	¥410 million
3. Assets deposited			
Marketable securities	¥6,658 million	-	-
4. Liabilities for guarantee			
Liabilities for guarantees	¥2,192 million	¥2,973 million	¥3,021 million
Commitments to guarantee	¥180 million	-	-
Letter of Awareness	¥134 million	¥62 million	¥95 million

Notes for securities

The stock of subsidiaries and affiliates with market value

Subsidiary Stock

(Unit: ¥ million)

	Interim term ended Sept. 2002	Interim term ended Sept. 2003	Term ended March 2003
Amount on balance sheet	1,820	1,820	1,820
Market value	1,014	1,951	1,444
Difference	(806)	130	(675)

Sales by Business Sector

Business Sector	Interim term from April 1, 2002 to Sept. 30, 2002		Interim term from April 1, 2003 to Sept. 30, 2003		Increase (Decrease)		Term from April 1, 2002 to March 31, 2003	
	Amount	Composition ratio	Amount	Composition ratio	Amount	Increase ratio	Amount	Composition ratio
	¥million	%	¥million	%	¥million	%	¥million	%
PVC and caustic soda	19,522	16.4	21,031	16.6	1,509	7.7	40,806	16.8
Specialty plastics	19,036	15.9	17,991	14.2	(1,045)	(5.5)	37,667	15.5
Plastic products	18,119	15.2	19,337	15.3	1,218	6.7	35,968	14.8
Foodstuffs and pharmaceuticals	42,928	36.0	44,572	35.3	1,643	3.8	89,750	36.8
Electrical and electronic materials	10,264	8.6	14,566	11.5	4,302	41.9	21,782	8.9
Synthetic fibers	9,400	7.9	8,898	7.1	(501)	(5.3)	17,588	7.2
Total	119,270	100.0	126,397	100.0	7,127	6.0	243,564	100.0
Exports (out of total)	37,823	31.7	38,859	30.7	1,036	2.7	74,627	30.6