



## Quarterly Financial Results for the Third Quarter, Ended December 31, 2010 (Japanese GAAP, Consolidated)

February 8, 2011

Name of Listed Company: **Kaneka Corporation**

Stock Exchange Listings: Tokyo, Osaka, Nagoya

Code Number: 4118

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

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Scheduled date for submitting financial statements: February 10, 2011 Scheduled date of dividend distribution: –

Supplementary materials available on quarterly financial results: Yes

Quarterly results briefing: Yes (For analysts)

Note: Figures have been rounded down to the nearest million yen.

### 1. Consolidated Business Performance for the Nine-Month Period Ended December 31, 2010

(from April 1, 2010 to December 31, 2010)

#### (1) Consolidated business performance (cumulative) (% indicates year-on-year change)

	Net sales		Operating income		Ordinary income		Net income	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
Apr. 2010 – Dec. 2010	339,533	10.7	16,992	26.9	17,170	37.3	10,433	46.3
Apr. 2009 – Dec. 2009	306,752	(14.8)	13,392	16.3	12,509	23.3	7,132	100.4

	Net income per share	Fully diluted net income per share
Apr. 2010 – Dec. 2010	¥ 30.77	¥ 30.74
Apr. 2009 – Dec. 2009	21.03	21.02

#### (2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
Apr. 2010 – Dec. 2010	¥ million 450,662	¥ million 257,326	55.2%	¥ 733.41
Apr. 2009 – Mar. 2010	432,879	257,174	57.6	735.17

(Reference) Shareholders' equity: ¥248,665 million as of December 31, 2010  
¥249,392 million as of March 31, 2010

### 2. Dividends

(Record date)	Annual dividends				
	1st Quarter	2nd Quarter	3rd Quarter	Year-end	Annual
Apr. 2009 – Mar. 2010	¥ —	¥ 8.00	¥ —	¥ 8.00	¥ 16.00
Apr. 2010 – Mar. 2011	—	8.00	—		
Apr. 2010 – Mar. 2011 (Forecasts)				8.00	16.00

Note: Changes in dividend forecast during the quarter under review: No

### 3. Forecast for Consolidated Business Performance in the Term Ending March 31, 2011

(from April 1, 2010 to March 31, 2011)

(% indicates year-on-year change)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
Full year	450,000	9.1	23,000	31.4	21,000	28.5	11,000	30.9	32.43

Note: Revisions to consolidated business performance forecasts during the quarter under review: No

4. Other (For details, please refer to "Other Information," on page 4 of the Supplementary Materials.)

(1) Changes in principal subsidiaries during the term: No

(2) Application of simplified methods of accounting and specific accounting methods: Yes

(3) Changes in accounting principles, processes, presentation methods, etc.,

1. Changes owing to revisions in accounting standards: Yes

2. Changes other than 1. above: No

(4) Number of shares issued (common stock)

1. Number of shares issued at the end of the period  
(including treasury stock):

2. Shares of treasury stock at the end of the period:

3. Average number of shares during the period (calculated  
cumulatively from the beginning of the fiscal year)

Dec. 31, 2010	350,000,000 shares	Mar. 31, 2010	350,000,000 shares
Dec. 31, 2010	10,947,098 shares	Mar. 31, 2010	10,771,253 shares
Apr. 2010 – Dec. 2010	339,145,070 shares	Apr. 2009 – Dec. 2009	339,258,465 shares

(Disclosure of Implementation Status of Quarterly Review Procedures)

This report of quarterly financial results is outside the scope of the quarterly review procedures prescribed in the Financial Instruments and Exchange Act. As of the date of this report, the quarterly review procedures prescribed in the Financial Instruments and Exchange Act were not complete.

(Explanations or other items pertaining to appropriate use of operating result forecasts)

The operating result forecasts and certain other statements contained in this document are forward-looking statements, which are rationally determined based on information currently available to the company. For a variety of reasons, actual performance may differ substantially from these projections. For cautionary items used in operating result forecasts, please refer to the section entitled "Forecast for Consolidated Business Performance" on page 3 of the Supplementary Materials to the quarterly financial results.

[Supplementary Materials]

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## 1. Quarterly Consolidated Business Performance

### (1) Consolidated Business Performance

During the first nine months of fiscal 2010 (from April 1, 2010 to December 31, 2010), the Kaneka Group reported consolidated net sales of ¥339,533 million (up 10.7% year on year). Operating income was ¥16,992 million (up 26.9% year on year), ordinary income was ¥17,170 million (up 37.3% year on year), and net income increased a substantial 46.3%, to ¥10,433 million.

Operating performance by business segment was as follows:

#### 1) Chemicals

Supported by a recovery in demand from Japan and Asian markets, sales volumes for PVC resins were firm, and the Group also strove to adjust selling prices in line with rising raw materials costs. Higher sales volume and price rises as well as cost reductions contributed to the performance in specialty PVC resins. Demand for caustic soda in the domestic market recovered, but overseas prices remained lackluster.

As a result of the abovementioned factors, segment sales were ¥63,741 million. The segment posted operating income of ¥1,762 million.

#### 2) Functional Plastics

Market demand for modifiers recovered in Asia, Europe and the U.S., lifting sales volumes year on year. Meanwhile, the Group strove to further differentiate its products and reduce costs, but was strongly impacted by higher raw materials costs and the strong yen. Modified silicone polymers saw increased sales volumes in Japan, Europe and the U.S., but were similarly impacted by rising raw materials costs and the appreciating yen.

As a result of the abovementioned factors, segment sales were ¥51,822 million. The segment posted operating income of ¥6,214 million.

#### 3) Expandable Plastics and Products

Expandable polystyrene saw lackluster demand for agricultural and fishing industry applications. With raw materials costs increasing, the Group made strenuous efforts to lower production costs and overheads. Sales volumes of extruded polystyrene foam boards increased due to growing demand in the domestic market for use as insulation material in construction. Sales volumes of polyolefin foam by beads method increased in Japan, Asia and Europe.

As a result of the abovementioned factors, segment sales were ¥45,226 million. The segment posted operating income of ¥5,175 million.

#### 4) Foodstuffs Products

Reflecting consumer belt-tightening and increased preference for lower-priced items, demand for foodstuffs was lackluster. However, the Group recorded a year-on-year increase in sales volumes due to expansion of new product offerings and other efforts, and focused on generating earnings by reducing costs and through other means. However, the Group was affected by downward pressure on sales prices from intensifying competition.

As a result of the abovementioned factors, segment sales were ¥92,974 million. The segment posted operating income of ¥6,351 million.

#### 5) Life Science Products

Sales of medical devices grew, owing to steady expansion of our intervention business. Sales of bulk and intermediate pharmaceuticals rose year on year due to higher sales volumes and consolidation of Eurogentec S.A. following the purchase of shares in this company. In functional foodstuffs, sales volumes of high-performance products steadily increased in Japan, North America and Europe. At the same time, we worked to reduce costs.

As a result of the abovementioned factors, segment sales were ¥34,594 million. The segment posted operating income of ¥6,330 million.

#### 6) Electronic Products

Although optical films experienced lackluster sales volume growth, sales volumes increased for ultra heat-resistant polyimide film in line with growing demand for mobile phone and other applications. Solar cell sales volumes increased in the Japanese market. In the European market, however, sales volume fell owing to intensified competition, and sales prices also dropped.

As a result of the abovementioned factors, segment sales were ¥30,325 million. The segment posted an operating loss of ¥3,761 million.

#### 7) Synthetic Fibers and Others

Bolstered by a recovery in overseas demand, synthetic fiber sales volumes increased. At the same time, we strove to generate profits by augmenting our high-value-added product lineup and curtailing costs. However, the segment was heavily affected by the yen's appreciation and increased raw materials costs.

As a result of the abovementioned factors, segment sales were ¥20,848 million. The segment posted operating income of ¥947 million.

### (2) Consolidated Financial Position

#### 1) Assets, Liabilities and Net assets

Total assets were ¥450,662 million as of December 31, 2010, up ¥17,783 million compared with March 31, 2010, mainly due to changes in scope of consolidation. Interest-bearing debt totaled ¥65,180 million, up ¥1,606 million. Net assets was ¥257,326 million, on a par with March 31, 2010, mainly because of increases in retained earnings and in the negative foreign currency translation adjustment.

#### 2) Consolidated Cash Flows

Net cash provided by operating activities during the first nine months was ¥25,782 million, due mainly to an increase in income before income taxes and depreciation and amortization, while net cash used in investing activities amounted to ¥23,642 million, owing mainly to purchase of property, plant and equipment and purchase of stocks of subsidiaries and affiliates. Net cash used in financing activities came to ¥5,220 million, reflecting mainly cash dividends paid. As a result, cash and cash equivalents as of December 31, 2010 totaled ¥37,294 million.

### (3) Forecast for Consolidated Business Performance

The business environment improved during the first nine months of fiscal 2010, especially in terms of higher demand in Asian markets and recovering demand in European and U.S. markets. However, the outlook is clouded by yen appreciation, a slowing Japanese economy, soaring fuel and raw material prices and concerns of slower economic growth in the U.S., Europe and newly emerging markets, among other factors. Under these circumstances, the Kaneka Group will rigorously implement measures to increase sales volumes and secure earnings, including reducing manufacturing and overhead costs, in each of its business segments.

The Group has not revised its full-year forecasts for consolidated business performance.

Note: 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 various uncertainties.

## 2. Other Information

### (1) Overview of Changes in Principal Subsidiaries

There were no significant changes in specified subsidiaries accompanying changes in the scope of consolidation.

### (2) Overview of Simplified Methods of Accounting and Specific Accounting Methods

#### 1) Method of computing estimated bad debt losses on general credit obligations

As there was no substantial change in the bad debt loss ratio from March 31, 2010, the actual bad debt loss ratio as of March 31, 2010 was used for estimating bad debt losses.

#### 2) Method of valuing inventory assets

With regard to computing the balance of inventories as of December 31, 2010, in some cases physical inventory checks were omitted, but a rational calculation method was employed based on the actual inventory level as of March 31, 2010 for valuation of inventories.

With regard to marking down the book value of inventory assets, the lower of cost or market method was employed for inventories on which values had clearly declined.

#### 3) Method of calculating depreciation on property, plant and equipment

For assets using the declining-balance method, a pro-rata portion for the period under review of applicable depreciation expenses for the consolidated fiscal year was used.

For certain consolidated subsidiaries, a pro-rata amount for the period under review based on the estimated amount of property, plant and equipment to be acquired, sold and disposed of during the fiscal year was used as the basis for calculating depreciation on property, plant and equipment.

#### 4) Method of calculating deferred and accrued account items

Estimated amounts were used based on rational computation methods.

#### 5) Method of calculating income taxes, deferred income taxes and other deferred tax assets, as well as deferred tax liabilities.

In computing income and other tax expenses, calculations take into account net changes in line items and tax credit items. Negligible items are omitted.

In determining the recoverability of deferred tax assets, the operating performance forecasts and tax planning methods used during the fiscal year ended March 31, 2010 were applied to the period under review, as no significant changes in the operating environment or sudden and significant changes in conditions were recognized.

### (3) Overview of Changes in Accounting Principles, Processes, Presentation Methods, etc.

#### 1) Application of the Accounting Standard for Equity Method of Accounting for Investments and the Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method

From the first quarter of the fiscal year under review, the Company began applying the Accounting Standard for Equity Method of Accounting for Investments (Accounting Standards Board of Japan (ASBJ) Statement No. 16, March 10, 2008) and the Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method (ASBJ Practical Issues Task Force (PITF) No. 24, March 10, 2008).

This introduction had no impact on earnings.

#### 2) Application of the Accounting Standard for Asset Retirement Obligations

From the first quarter of the fiscal year under review, the Company began applying the Accounting Standard for Asset Retirement Obligations (ASBJ Statement No. 18, March 31, 2008) and the Guidance on Accounting Standard for Asset Retirement Obligations (ASBJ Guidance No. 21, March 31, 2008).

The impact of this introduction on earnings was minimal.

3) Application of Accounting Standard for Business Combinations and Other Standards

From the first quarter of the fiscal year under review, the Company began applying the Accounting Standard for Business Combinations (ASBJ Statement No. 21, December 26, 2008), the Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22, December 26, 2008), Partial Amendments to the Accounting Standard for Research and Development Cost (ASBJ Statement No. 23, December 26, 2008), Accounting Standard for Business Divestitures (ASBJ Statement No. 7, December 26, 2008), the Accounting Standard for Equity Method of Accounting for Investments (ASBJ Statement No. 16, December 26, 2008) and Implementation Guidance on Accounting Standard for Business Combinations and Business Divestitures (ASBJ Guidance No. 10, December 26, 2008).

4) Changes in Presentation

(Related to the Quarterly Consolidated Statements of Income)

The line item "income before minority interests" is indicated in accordance with the adoption of the Cabinet Office Ordinance Partially Revising Regulation for Financial Statements, etc. (March 24, 2009, Cabinet Office Ordinance No. 5), based on the Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22, December 26, 2008).

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	FY2010 3rd Quarter	FY2009 4 Quarter
	Term ended December 31, 2010	Term ended March 31, 2010
<b>Assets</b>		
Current assets		
Cash and deposits	37,462	41,465
Notes and accounts receivable-trade	107,537	93,993
Short-term investment securities	422	422
Merchandise and finished goods	36,194	34,399
Work in process	8,228	8,404
Raw materials and supplies	20,077	19,190
Other	11,130	10,629
Allowance for doubtful accounts	(246)	(368)
<b>Total current assets</b>	<b>220,808</b>	<b>208,135</b>
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	52,817	51,394
Machinery, equipment and vehicles, net	65,384	65,285
Other, net	41,986	44,753
<b>Total property, plant and equipment</b>	<b>160,188</b>	<b>161,432</b>
Intangible assets		
Goodwill	4,126	—
Other	2,481	1,859
<b>Total intangible assets</b>	<b>6,608</b>	<b>1,859</b>
Investments and other assets		
Investment securities	47,175	46,957
Other	16,226	14,814
Allowance for doubtful accounts	(345)	(320)
<b>Total investments and other assets</b>	<b>63,057</b>	<b>61,451</b>
<b>Total noncurrent assets</b>	<b>229,854</b>	<b>224,744</b>
<b>Total assets</b>	<b>450,662</b>	<b>432,879</b>



Quarterly Financial Results for the Third Quarter, Ended December 31, 2010, Kaneka Corporation (4118)

	(Millions of yen)	
	FY2010 3rd Quarter	FY2009 4 Quarter
	Term ended December 31, 2010	Term ended March 31, 2010
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	63,744	53,493
Short-term loans payable	20,370	19,769
Income taxes payable	3,196	3,613
Provision	622	703
Other	41,334	29,878
<b>Total current liabilities</b>	<b>129,268</b>	<b>107,458</b>
<b>Noncurrent liabilities</b>		
Bonds payable	15,000	20,000
Long-term loans payable	25,267	24,204
Provision for retirement benefits	18,715	19,232
Provision	285	283
Negative goodwill	691	847
Other	4,106	3,678
<b>Total noncurrent liabilities</b>	<b>64,067</b>	<b>68,246</b>
<b>Total liabilities</b>	<b>193,335</b>	<b>175,705</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	33,046	33,046
Capital surplus	34,836	34,836
Retained earnings	196,251	191,250
Treasury stock	(9,684)	(9,599)
<b>Total shareholders' equity</b>	<b>254,450</b>	<b>249,534</b>
<b>Valuation and translation adjustments</b>		
Valuation difference on available-for-sale securities	6,318	8,147
Foreign currency translation adjustment	(12,102)	(8,289)
<b>Total valuation and translation adjustments</b>	<b>(5,784)</b>	<b>(142)</b>
Subscription rights to shares	127	109
Minority interests	8,533	7,672
<b>Total net assets</b>	<b>257,326</b>	<b>257,174</b>
<b>Total liabilities and net assets</b>	<b>450,662</b>	<b>432,879</b>

## (2) Quarterly Consolidated Statement of Income

	(Millions of yen)	
	FY2009 3rd Quarter	FY2010 3rd Quarter
	From April 1, 2009 To December 31, 2009	From April 1, 2010 To December 31, 2010
Net sales	306,752	339,533
Cost of sales	230,268	253,446
Gross profit	76,483	86,086
Selling, general and administrative expenses	63,091	69,093
Operating income	13,392	16,992
Non-operating income		
Dividends income	911	875
Equity in earnings of affiliates	—	1,073
Other	1,039	1,060
Total non-operating income	1,951	3,010
Non-operating expenses		
Interest expenses	719	673
Loss on retirement of noncurrent assets	933	805
Foreign exchange losses	24	257
Other	1,157	1,096
Total non-operating expenses	2,834	2,832
Ordinary income	12,509	17,170
Extraordinary income		
Gain on sales of noncurrent assets	191	—
Total extraordinary income	191	—
Income before income taxes and minority interests	12,700	17,170
Income taxes—current	3,184	4,988
Income taxes—deferred	1,708	1,004
Total income taxes	4,892	5,993
Income before minority interests	—	11,176
Minority interests in income	675	742
Net income	7,132	10,433

## (3) Quarterly Consolidated Statement of Cash Flows

(Millions of yen)

	FY2009 3rd Quarter From April 1, 2009 To December 31, 2009	FY2010 3rd Quarter From April 1, 2010 To December 31, 2010
<b>Net cash provided by (used in) operating activities</b>		
Income before income taxes and minority interests	12,700	17,170
Depreciation and amortization	19,550	21,075
Loss (gain) on sales of noncurrent assets	(191)	—
Increase (decrease) in provision for retirement benefits	2,239	(459)
Increase (decrease) in allowance for doubtful accounts	93	(86)
Interest and dividend income	(1,029)	(997)
Interest expenses	719	673
Equity in (earnings) losses of affiliates	(126)	(1,073)
Loss (gain) on disposal of noncurrent assets	877	594
Loss (gain) on valuation of investment securities	47	—
Decrease (increase) in notes and accounts receivable—trade	(9,992)	(13,658)
Decrease (increase) in inventories	2,169	(3,551)
Increase (decrease) in notes and accounts payable—trade	11,014	10,405
Other, net	1,812	404
Subtotal	39,882	30,498
Interest and dividend income received	1,073	1,037
Interest expenses paid	(633)	(572)
Income taxes paid	(750)	(5,180)
Net cash provided by (used in) operating activities	39,571	25,782
<b>Net cash provided by (used in) investing activities</b>		
Purchase of property, plant and equipment	(18,293)	(16,528)
Proceeds from sales of property, plant and equipment	191	—
Purchase of intangible assets	(258)	(708)
Purchase of investment securities	(1,161)	(1,137)
Proceeds from sales of investment securities	311	8
Purchase of investments in subsidiaries resulting in change in scope of consolidation	—	(3,878)
Purchase of stocks of subsidiaries and affiliates	(449)	(1,424)
Proceeds from sales of stocks of subsidiaries and affiliates	479	98
Payments of loans receivable	(227)	(646)
Collection of loans receivable	93	66
Other, net	7	508
Net cash provided by (used in) investing activities	(19,308)	(23,642)

Quarterly Financial Results for the Third Quarter, Ended December 31, 2010, Kaneka Corporation (4118)

	(Millions of yen)	
	FY2009 3rd Quarter	FY2010 3rd Quarter
	From April 1, 2009 To December 31, 2009	From April 1, 2010 To December 31, 2010
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(22,202)	889
Proceeds from long-term loans payable	2,808	1,606
Repayment of long-term loans payable	(918)	(1,773)
Proceeds from issuance of bonds	15,000	—
Redemption of bonds	(5,000)	—
Repayments of lease obligations	(331)	(397)
Cash dividends paid	(5,428)	(5,426)
Cash dividends paid to minority shareholders	(169)	(91)
Purchase of treasury stock	(21)	(28)
Proceeds from sales of treasury stock	1	1
Net cash provided by (used in) financing activities	(16,261)	(5,220)
Effect of exchange rate change on cash and cash equivalents	387	(137)
Net increase (decrease) in cash and cash equivalents	4,388	(3,218)
Cash and cash equivalents at beginning of period	24,240	40,513
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	1,106	—
Cash and cash equivalents at end of period	29,735	37,294

(4) Notes on the Premise of a Going Concern

Not applicable

(5) Segment Information

[Segment Information by Business Category]

Term from April 1, 2009 to December 31, 2009

(Millions of yen)

	Chemicals	Functional Plastics	Expandable Plastics and Products	Foodstuffs Products	Life Science Products	Electronic Products	Synthetic Fibers and Others	Total	Eliminations and Corporate	Consolidated
Sales										
(1) Customers	57,954	45,548	41,181	90,487	27,349	26,840	17,391	306,752	—	306,752
(2) Intersegment	2,235	224	1	7	—	431	1,169	4,070	(4,070)	—
Total	60,189	45,772	41,183	90,495	27,349	27,272	18,560	310,822	(4,070)	306,752
Operating income (loss)	947	6,949	4,093	6,792	2,806	(4,931)	1,327	17,985	(4,593)	13,392

Notes:

- The classification of businesses was determined according to comprehensive judgments based on product type, application, method of manufacturing, market similarities, relationship in the manufacturing process, and common features during development.
- The major products by business are as follows:
  - Chemicals..... PVC resins, PVC compounds, caustic soda, chlorinated products, specialty PVC resins
  - Functional Plastics ..... Modifiers, modified silicone polymers, weather-resistant acrylic film
  - Expandable Plastics and Products .....Expandable polystyrene, extruded polystyrene foam boards, polyolefin foam by beads method
  - Foodstuffs Products .....Margarine, shortening, quality fats for confectionery, bakery yeast, spices
  - Life Science Products ..... Pharmaceutical bulk, pharmaceutical intermediates, functional foodstuffs, medical devices
  - Electronic Products .....Ultra heat-resistant polyimide film, optical films, bonded magnetic materials, solar cells
  - Synthetic Fibers and Others ..... Modacrylic fibers (Kanecaron), engineering operations

[International Sales]

Term from April 1, 2009 to December 31, 2009

	Asia	North America	Europe	Other Areas	Total
I International sales (Millions of yen)	43,587	16,895	26,456	11,223	98,162
II Consolidated net sales (Millions of yen)					306,752
III Ratio of international sales to consolidated net sales (%)	14.2	5.5	8.6	3.7	32.0

Notes:

- International sales are sales of the Company and its consolidated subsidiaries in countries and areas other than Japan.
- Method of classifying countries or regions and the major countries or regions belonging to each classification are as follows:
  - Method of classification of country or region: geographical proximity
  - Major country or region belonging to each classification by location
    - Asia ----- China, Korea, Taiwan
    - North America ----- United States, Mexico
    - Europe ----- Belgium, United Kingdom
    - Other areas ----- Africa, Oceania

[Segment Information]

(Additional information)

From the first quarter of the fiscal year under review, the Company began applying the Revised Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (ASBJ Statement No. 17, March 27, 2009) and the Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (ASBJ Guidance No. 20, March 21, 2008).

1) Overview of Reporting Segments

Kaneka's Reporting Segments aim to gather financial information from the Company's separate business units to facilitate decisions by the Board of Directors on the allocation of management resources and allow for its periodic review.

Technology is the common thread running throughout the Company's operations. These operations are divided into segments by product and service type, application and market similarity. Each segment develops its operations in accordance with a global group strategy established to unify subsidiaries in Japan and overseas for the products and services it handles. Accordingly, the Group has categorized its operations by products and services, based on its business divisions. These seven Reporting Segments are Chemicals, Functional Plastics, Expandable Plastics and Products, Foodstuffs Products, Life Science Products, Electronics Products, and Synthetic Fibers and Others. The Reporting Segments, which span all departments, were established to facilitate a swift and flexible response to changes in the business environment.

The Chemicals segment manufactures and sells products with a broad range of applications, from daily-use products to industrial materials, such as high-value-added specialty PVC resins and other PVC resins. The Functional Plastics segment manufactures polymers that have been functionally modified for such qualities as superior heat resistance, weather resistance, flame resistance and elasticity. The resins it produces with these augmented functions are sold to the construction, automotive, home electronics and communication equipment industries. The Expandable Plastics and Products segment manufactures and sells cushioning materials for electrical products, shock-absorbing materials for automotive and fishery applications, and expandable plastics and products used in housing insulation. In the Foodstuffs Products segment, the Group produces bakery yeast and margarine for sale to commercial confectioneries, bakeries and others in the food products industry. In Life Science Products, the Group has parlayed its expertise in fermentation and high-polymer technologies into pharmaceutical intermediates, functional foodstuffs, and catheters and other medical devices, which it manufactures and sells to medical product manufacturers and medical institutions. In the Electronics Products segment, the Group manufactures and sells highly functional films for electronic equipment manufacturers, as well as solar cells. The Synthetic Fibers and Others segment mainly engages in the production and sale of synthetic fibers used in wigs, apparel and other applications.

2) Sales and Income (Loss) by Segments  
Term from April 1, 2010 to December 31, 2010

(Millions of yen)

	Reporting Segment								Adjustment	Total
	Chemicals	Functional Plastics	Expandable Plastics and Products	Foodstuffs Products	Life Science Products	Electronic Products	Synthetic Fibers and Others	Segment Total		
<b>Sales</b>										
Customers	63,741	51,822	45,226	92,974	34,594	30,325	20,848	339,533	—	339,533
Intersegment	2,264	378	141	0	108	461	1,053	4,407	(4,407)	—
<b>Total</b>	66,006	52,200	45,368	92,975	34,702	30,786	21,902	343,941	(4,407)	339,533
<b>Segment income (loss)</b>	1,762	6,214	5,175	6,351	6,330	(3,761)	947	23,021	(6,028)	16,992

3) Reconciliation Between Segment Total and Quarterly Consolidated Statements of Income (Adjustments)  
Term from April 1, 2010 to December 31, 2010

(Millions of yen)

Income	Amount
Segment total	23,021
Elimination of intersegment transactions	(5)
Companywide expenses (Note)	(5,944)
Other adjustments	(79)
Operating income in the quarterly consolidated statements of income	16,992

(Note) Companywide expenses primarily are expenses for basic R&D that are not allocable to any Reporting Segment.

4) Impairment Losses on Fixed Assets and Information on Goodwill Pertaining to Individual Reporting Segments  
Term from October 1, 2010 to December 31, 2010

Nothing to report

(6) Notes in the Event of Significant Changes in the Amount of Shareholders' Equity

Nothing to report