



## Quarterly Financial Results for the Second Quarter, Ended September 30, 2010 (Japanese GAAP, Consolidated)

October 28, 2010

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: November 11, 2010 Scheduled date of dividend distribution: December 3, 2010

Supplementary materials available on quarterly financial results: Yes

Quarterly results briefing: Yes (For Analyst)

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

### 1. Consolidated Business Performance for the Second Quarter, Ended September 30, 2010

(from April 1, 2010 to September 30, 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 – Sep. 2010	224,307	11.1	10,448	30.3	10,802	49.5	6,288	57.7
Apr. 2009 – Sep. 2009	201,810	(18.9)	8,020	(21.1)	7,227	(29.3)	3,987	(19.5)

	Net income per share	Fully diluted net income per share
Apr. 2010 – Sep. 2010	¥ 18.54	¥ 18.53
Apr. 2009 – Sep. 2009	11.75	11.75

#### (2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
Apr. 2010 – Sep. 2010	¥ million 442,834	¥ million 255,767	55.8%	¥ 729.27
Apr. 2009 – Mar. 2010	432,879	257,174	57.6%	735.17

(Reference) Shareholders' equity: ¥247,282 million as of September 30, 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 outstanding (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)

Sep.30, 2010	350,000,000 shares	March 31, 2010	350,000,000 shares
Sept. 30, 2010	10,915,916 Shares	March 31, 2010	10,771,253 shares
Sept. 30, 2010	339,177,595 shares	Sep. 30, 2009	339,259,628 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 results 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 results 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 six months of fiscal 2010 (from April 1, 2010 to September 30, 2010), the Kaneka Group reported consolidated net sales of ¥224,307 million (up 11.1% year on year). Operating income was ¥10,448 million (up 30.3% year on year), and ordinary income increased a substantial 49.5%, to ¥10,802 million. After recording a ¥628 million loss on valuation of investment securities as an extraordinary loss, net income amounted to ¥6,288 million (up 57.7% year on year).

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. An increase in sales volume for specialty PVC resins and cost reduction contributed to performance in specialty PVC resins. However, overseas prices on caustic soda remained lackluster.

As a result of the abovementioned factors, segment sales were ¥42,802 million. The segment posted operating income of ¥697 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 differentiate its products and reduce costs, but was strongly impacted by a rise in raw materials costs and the strong yen. Modified silicone polymers saw increased sales volumes in Japan, Europe and the U.S., but were also impacted by rising raw materials costs and the strong yen.

As a result of the abovementioned factors, segment sales were ¥35,249 million. The segment posted operating income of ¥4,232 million.

#### 3) Expandable Plastics and Products

Sales of expandable polystyrene saw lackluster demand for agricultural and fishing industry applications. With raw materials costs increasing, the Group made a thoroughgoing effort to lower production costs and overheads. Sales volumes of extruded polystyrene foam boards for use in the Japanese housing market increased. Sales volumes for polyolefin foam by the beads method increased in Japan, Asia and Europe.

As a result of the abovementioned factors, segment sales were ¥28,727 million. The segment posted operating income of ¥2,895 million.

#### 4) Foodstuffs Products

Reflecting the consumer trend toward curtailing expenditures and preferences for lower-priced items, demand for foodstuffs struggled. Intensifying competition drove down selling prices, and raw materials costs on edible oils increased. The Group saw a year-on-year increase in sales volumes due to expansion of new product offerings and other efforts, and focused on securing income by reducing costs and through other means.

As a result of the abovementioned factors, segment sales were ¥60,097 million. The segment posted operating income of ¥3,973 million.

#### 5) Life Science Products

Sales of medical devices grew, owing to the steady expansion of our intervention business, and sales volumes of bulk and intermediate pharmaceuticals were up substantially year on year. In functional foodstuffs, sales volumes of existing products and high-performance products increased, centered on the U.S. market. At the same time, we strove to reduce costs.

As a result of the abovementioned factors, segment sales were ¥23,023 million. The segment posted operating income of ¥4,188 million.

#### 6) Electronic Products

Although optical films experienced lackluster sales, sales volumes increased for ultra heat-resistant polyimide film in line with growth in demand for mobile phone applications and other markets. Solar cell sales volumes increased in the Japanese and European markets, but selling prices fell owing to intensified competition.

As a result of the abovementioned factors, segment sales were ¥20,441 million. The segment posted an operating loss of ¥2,390 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 secure profits by augmenting high-value-added product offerings and curtailing costs. However, the segment was substantially affected by the yen's appreciation and increased raw materials costs. In other products, both sales and profits increased.

As a result of the abovementioned factors, segment sales were ¥13,964 million. The segment posted operating income of ¥587 million.

### (2) Consolidated Financial Position

#### 1) Status of Assets, Liabilities and Equity

Mainly due to the change in scope of consolidation, total assets were ¥442,834 million as of September 30, 2010, up ¥9,954 million compared with March 31, 2010. Interest-bearing debt totaled ¥66,665 million, up ¥3,091 million. Net assets decreased ¥1,407 million, to ¥255,767 million, because the valuation difference on available-for-sale securities and foreign currency translation adjustment decreased.

#### 2) Consolidated Cash Flows

Net cash provided by operating activities during the first half was ¥20,526 million, due mainly to an increase in income before income taxes and depreciation and amortization, while net cash used in investing activities amounted to ¥19,053 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 ¥1,207 million, used mainly for cash dividends paid. As a result, cash and cash equivalents as of September 30, 2010 totaled ¥40,899 million.

### (3) Forecast for Consolidated Business Performance

The business environment improved during the first half, centering on expanded demand in Asian markets, coupled with demand recovery in European and U.S. markets. Near-term economic conditions, however, suggest ongoing accelerating yen appreciation and slowing down of the Japanese economy. These factors, combined with concerns of a deceleration in economic growth in the U.S. and Europe and the direction of economies of newly emerging markets, among others, makes the outlook less transparent. Under these circumstances, the Kaneka Group will implement thorough measures to ensure profitability by increasing sales volumes in each of its business segments and reducing manufacturing and overhead costs.

The Group makes no changes to 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 the scope of consolidation of principal subsidiaries during the second quarter under review.

### (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 June 30, 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 the 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 quarter 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 income or losses.

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

From the quarter 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 (Financial Accounting Standard Implementation Guidance No. 21, March 31, 2008).

The impact of this introduction on income or losses was minimal.

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

From the quarter 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 Accounting Standard for Research and Development Costs (ASBJ Statement No. 23, December 26, 2008), Revised Accounting Standard for Business Divestitures (ASBJ Statement No. 7, December 26, 2008), the Revised Accounting Standard for Equity Method of Accounting for Investments (ASBJ Statement No. 16, December 26, 2008) and the Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (Financial Accounting Standard Implementation 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 2nd Quarter	FY2009 4th Quarter
	Term ended September 30, 2010	Term ended March 31, 2010
<b>Assets</b>		
Current assets		
Cash and deposits	41,208	41,465
Notes and accounts receivable-trade	97,884	93,993
Short-term investment securities	422	422
Merchandise and finished goods	32,941	34,399
Work in process	8,685	8,404
Raw materials and supplies	19,229	19,190
Other	12,196	10,629
Allowance for doubtful accounts	(222)	(368)
<b>Total current assets</b>	<b>212,346</b>	<b>208,135</b>
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	53,389	51,394
Machinery, equipment and vehicles, net	65,304	65,285
Other, net	44,396	44,753
<b>Total property, plant and equipment</b>	<b>163,090</b>	<b>161,432</b>
Intangible assets		
Goodwill	4,387	—
Other	2,561	1,859
<b>Total intangible assets</b>	<b>6,949</b>	<b>1,859</b>
Investments and other assets		
Investment securities	44,087	46,957
Other	16,709	14,814
Allowance for doubtful accounts	(349)	(320)
<b>Total investments and other assets</b>	<b>60,447</b>	<b>61,451</b>
<b>Total noncurrent assets</b>	<b>230,487</b>	<b>224,744</b>
<b>Total assets</b>	<b>442,834</b>	<b>432,879</b>



Quarterly Financial Results for the Second Quarter, Ended September 30, 2010, Kaneka Corporation (4118)

(Millions of yen)

	FY2010 2nd Quarter Term ended September 30, 2010	FY2009 4th Quarter Term ended March 31, 2010
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	55,028	53,493
Short-term loans payable	21,555	19,769
Income taxes payable	3,676	3,613
Provision	616	703
Other	41,495	29,878
<b>Total current liabilities</b>	<b>122,371</b>	<b>107,458</b>
<b>Noncurrent liabilities</b>		
Bonds payable	15,000	20,000
Long-term loans payable	25,509	24,204
Provision for retirement benefits	18,957	19,232
Provision	277	283
Negative goodwill	743	847
Other	4,207	3,678
<b>Total noncurrent liabilities</b>	<b>64,695</b>	<b>68,246</b>
<b>Total liabilities</b>	<b>187,067</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	194,819	191,250
Treasury stock	(9,668)	(9,599)
<b>Total shareholders' equity</b>	<b>253,035</b>	<b>249,534</b>
<b>Valuation and translation adjustments</b>		
Valuation difference on available-for-sale securities	4,972	8,147
Foreign currency translation adjustment	(10,725)	(8,289)
<b>Total valuation and translation adjustments</b>	<b>(5,752)</b>	<b>(142)</b>
Subscription rights to shares	127	109
Minority interests	8,357	7,672
<b>Total net assets</b>	<b>255,767</b>	<b>257,174</b>
<b>Total liabilities and net assets</b>	<b>442,834</b>	<b>432,879</b>

(2) Quarterly Consolidated Statement of Income

(Millions of yen)

	FY2009 2nd Quarter From April 1, 2009 to September 30, 2009	FY2010 2nd Quarter From April 1, 2010 to September 30, 2010
Net sales	201,810	224,307
Cost of sales	151,981	168,383
Gross profit	49,828	55,923
Selling, general and administrative expenses	41,807	45,475
Operating income	8,020	10,448
Non-operating income		
Dividends income	674	556
Equity in earnings of affiliates	—	1,080
Other	670	747
Total non-operating income	1,344	2,384
Non-operating expenses		
Interest expenses	489	440
Loss on retirement of noncurrent assets	609	567
Foreign exchange losses	318	234
Other	721	787
Total non-operating expenses	2,138	2,030
Ordinary income	7,227	10,802
Extraordinary loss		
Loss on valuation of investment securities	—	628
Total extraordinary losses	—	628
Income before income taxes and minority interests	7,227	10,173
Income taxes—current	1,876	3,292
Income taxes—deferred	962	98
Total income taxes	2,838	3,390
Income before minority interests	—	6,783
Minority interests in income	400	494
Net income	3,987	6,288

## (3) Quarterly Consolidated Statement of Cash Flows

(Millions of yen)

	FY2009 2nd Quarter From April 1, 2009 to September 30, 2009	FY2010 2nd Quarter From April 1, 2010 to September 30, 2010
<b>Net cash provided by (used in) operating activities</b>		
Income before income taxes and minority interests	7,227	10,173
Depreciation and amortization	12,851	13,450
Increase (decrease) in provision for retirement benefits	1,571	△230
Increase (decrease) in allowance for doubtful accounts	31	△110
Interest and dividends income	△759	△615
Interest expenses	489	440
Equity in (earnings) losses of affiliates	△49	△1,080
Loss (gain) on disposal of noncurrent assets	762	337
Loss (gain) on valuation of investment securities	41	628
Decrease (increase) in notes and accounts receivable-trade	△1,927	△3,723
Decrease (increase) in inventories	3,283	575
Increase (decrease) in notes and accounts payable-trade	3,898	1,476
Other, net	2,481	1,886
<b>Subtotal</b>	<b>29,901</b>	<b>23,208</b>
Interest and dividends income received	767	632
Interest expenses paid	△493	△435
Income taxes paid	818	△2,879
<b>Net cash provided by (used in) operating activities</b>	<b>30,994</b>	<b>20,526</b>
<b>Net cash provided by (used in) investing activities</b>		
Purchase of property, plant and equipment	△11,189	△12,483
Purchase of intangible assets	△147	△476
Purchase of investment securities	△133	△995
Proceeds from sales of investment securities	306	6
Purchase of investments in subsidiaries resulting in change in scope of consolidation	—	△3,878
Purchase of stocks of subsidiaries and affiliates	△431	△1,191
Payments of loans receivable	△162	△624
Collection of loans receivable	107	38
Other, net	△4	552
<b>Net cash provided by (used in) investing activities</b>	<b>△11,655</b>	<b>△19,053</b>
<b>Net cash provided by (used in) financing activities</b>		
Net increase (decrease) in short-term loans payable	△21,695	2,103
Proceeds from long-term loans payable	2,865	1,170
Repayment of long-term loans payable	△437	△1,409
Proceeds from issuance of bonds	15,000	—
Redemption of bonds	△5,000	—
Repayments of lease obligations	△225	△257
Cash dividends paid	△2,714	△2,714
Cash dividends paid to minority shareholders	△163	△89
Purchase of treasury stock	△15	△11
Proceeds from sales of treasury stock	1	1
<b>Net cash provided by (used in) financing activities</b>	<b>△12,384</b>	<b>△1,207</b>
Effect of exchange rate change on cash and cash equivalents	202	120
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>7,157</b>	<b>385</b>
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	1,085	—
<b>Cash and cash equivalents at end of period</b>	<b>32,483</b>	<b>40,899</b>

## (4) Notes on the Premise of a Going Concern

No corresponding transactions

## (5) Segment Information

[Segment Information by Business Category]

Term from April 1, 2009 to September 30, 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	38,540	31,168	26,533	59,127	17,900	17,841	10,698	201,810	—	201,810
(2) Intersegment	1,385	134	0	5	—	250	1,040	2,817	(2,817)	—
Total	39,926	31,302	26,534	59,132	17,900	18,092	11,738	204,627	(2,817)	201,810
Operating income (loss)	519	4,796	2,417	4,176	1,929	(3,478)	664	11,026	(3,005)	8,020

Notes:

- The classification of businesses was determined according to comprehensive judgments based on product type, application, method of manufacturing, market similarities, relation 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 ..... Modifier, 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 September 30, 2009

	Asia	North America	Europe	Other Areas	Total
I International sales (Millions of yen)	30,278	11,726	17,420	7,012	66,438
II Consolidated net sales (Millions of yen)					201,810
III Ratio of international sales to consolidated net sales (%)	15.0	5.8	8.6	3.5	32.9

Notes:

- International sales are sales of the Company and its consolidated subsidiaries in countries and areas other than Japan.
- Method of classifying countries or areas and the major countries or regions belonging to each classification are as follows:
  - Method of classification of country or area: 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 regions ----- Africa, Oceania

[Segment Information]

(Additional information)

During the quarter under review, the Company began applying the Revised Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (Accounting Standards Board of Japan Statement No. 17, March 27, 2009) and the Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related information (Accounting Standards Board of Japan Guidance No. 20, March 21, 2008).

1) Overview of the Information Segment

Kaneka's Information Segment aims to accumulate 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 its 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 segments, which have become subcategories of the Information Segment, are Chemicals, Functional Plastics, Expandable Plastics and Products, Foodstuffs Products, Life Science Products, Electronics Products, and Synthetic Fibers and Others. The Information segment, which has been established to span all departments, has been newly established to facilitate 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 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 the pharmaceutical intermediates, functional foodstuffs, 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 September 30, 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		
Sales										
Customers	42,802	35,249	28,727	60,097	23,023	20,441	13,964	224,307	—	224,307
Intersegment	1,450	234	85	0	100	321	321	701	(2,895)	—
Total	44,252	35,484	28,813	60,098	23,123	20,763	14,666	227,202	(2,895)	224,307
Segment income (loss)	697	4,232	2,895	3,973	4,188	(2,390)	587	14,183	(3,734)	10,448

 3) Reconciliations between Segment Total and Quarterly Consolidated Statement of Income (Adjustments)  
 (Millions of yen)

Income	Amount
Segment total	14,183
Elimination of intersegment transactions	(14)
Companywide expenses (Note)	(3,673)
Other adjustments	(46)
Operating income in the quarterly consolidated statements of income	10,448

(Note) Companywide costs primarily are expenses for basic R&D that is not allocable to an information segment.

 4) Impairment Losses on Fixed Assets or Goodwill Pertaining to Individual Information Segment Categories  
 Term from July 1, 2010 to September 30, 2010  
 (Important change of Goodwill)

Relating to the Life Science Products segment, Kaneka Group acquired stocks of Eurogentec S.A.; Eurogentec S.A. has been included in the scope of consolidation and goodwill was incurred. The amount increased due to the change was ¥4,282 million.

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

Nothing to report