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November 7, 2012



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Operating Results

(¥100 million)

	FY 2012 2nd Quarter (A)	FY 2013 2nd Quarter (B)	Changes (A) – (B)	Y o Y (%)
Sales	1,682	1,773	+91	+5.4%
Operating profit	115	136	+21	+18.7%
Ordinary profit	117	137	+20	+17.2%
Net profit	58	72	+14	+24.7%

Exchange rate	Yen 81 /\$	Yen 80 / \$



Consolidated Profit and Loss Statement

(¥100million)

	FY 2012 2nd Quarter (A)	FY 2013 2nd Quarter (B)	(A)-(B)	Remarks
Net Sales	1682	1773	91	Quantity +85 Prices +6 (Exchange loss -14)
Gross profit	364	406	42	
Selling, general and administrative expenses	249	270	20	
Operating Profit	115	136	21	Quantity effect +55 Price impact -13 (Exchange loss -2), Others -20
Non-operating income and expenses	2	1	-1	
Ordinary Profit	117	137	20	
Extraordinary gain and loss	-9	-14	-5	
Profit before income taxes and minority interests	108	124	16	
Income Taxes,Minority interests in profit (loss)	50	52	1	
Net Profit	58	72	14	

Exchange rate

¥ 81/\$

¥ 80/\$



Analysis for Sales and Operating Profit

【Sales】 (¥100 million)

	FY 2012	FY 2013		Anal	ysis
	2nd Quarter (A)	2nd Quarter (B)	(A) - (B)	Quantity	Prices
Cellulosic Derivatives	348	363	14	-8	23
Organic Chemicals	401	357	-44	-25	-18
Plastics	667	704	37	23	14
Pyrotechnic Devices	236	319	84	97	-13
Other products	30	30	-1	-1	-
Total	1,682	1,773	91	85	6

[Operating Profit] (¥100 million)

	FY 2012	FY 2013		lm	pact Analys	sis
	2nd Quarter (A)	2nd Quarter (B)	(A) - (B)	Quantity	Prices	Other
Cellulosic Derivatives	34	67	33	0	16	17
Organic Chemicals	35	24	-11	2	-17	4
Plastics	66	62	-4	8	-4	-8
Pyrotechnic Devices	17	22	5	46	-8	-33
Other products	5	4	-1	-1	0	0
Companywide	-42	-44	-1	0	0	-1
Total	115	136	21	55	-13	-20

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Precondition

			FY 2012		FY 2	013
			First half Results	Second half Results	First half Results	Second half Plan
	Exchang	e rate	Yen 81 / \$	Yen 78 / \$	Yen 80 / \$	Yen 80 / \$
ials	Methanol	Western contract price	\$430	\$435	\$445	\$445
materials	Wiethanor	Asian spot price	\$367	\$382	\$376	\$400
Raw n	Crude oil,	Dubai	\$109	\$109	\$106	\$100
Ra	Domestic I	Naphtha	Yen 57,000 /kl	Yen 53,100 /kl	Yen 55,000 /kl	Yen 50,000 /kl



FY 2013 Forecast

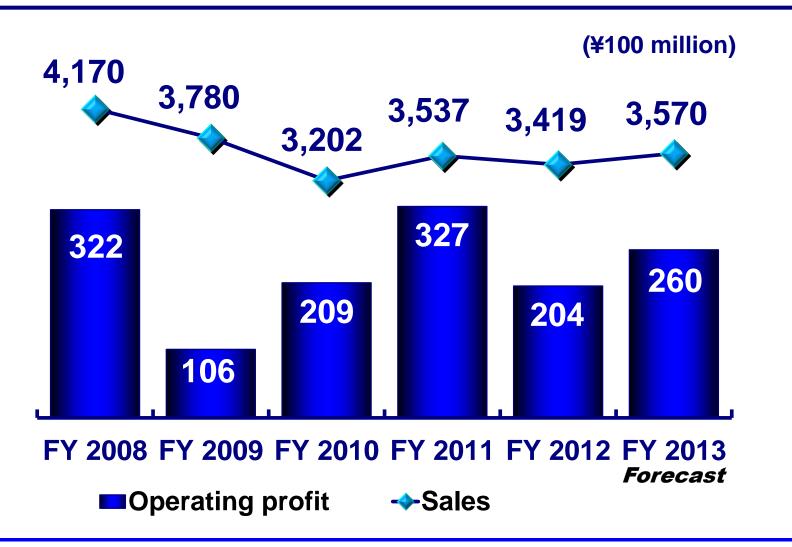
(¥100 million)

	FY 2012 Results (A)	FY 2013 Forecast (B)	Changes (A) – (B)	Y o Y (%)
Sales	3,419	3,570	+151	+4.4%
Operating profit	204	260	+56	+27.3%
Ordinary profit	211	265	+54	+25.6%
Net profit	118	140	+22	+18.4%

Exchange rate	Yen 79 / \$	Yen 80 / \$
<u> </u>	-	<u>-</u>



Trends and Forecast for Sales and Operating Profit





Analysis for Sales and Operating Profit (FY2012 vs. FY2013)

(Sales)	(¥100 million)
---------	----------------

(+ 100 miles			
	FY 2012 Results (A)	FY 2013 Forecast (B)	(A) - (B)
Cellulosic Derivatives	721	715	-6
Organic Chemicals	765	720	-45
Plastics	1,336	1,405	+69
Pyrotechnic Devices	532	660	+128
Other products	66	70	+4
Total	3,419	3,570	+151

(Operating Profit)

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	FY 2012 Results (A)	FY 2013 Forecast (B)	(A) - (B)
Cellulosic Derivatives	78	105	+27
Organic Chemicals	54	47	-7
Plastics	99	124	+25
Pyrotechnic Devices	50	60	+10
Other products	10	10	-0
Companywide	-86	-86	-0
Total	204	260	+56

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Cellulosic Derivatives Segment

Sales

+ 1.44 billion yen

Foreign exchange loss 400 million yen

- ◆ **Cellulose acetate**: Decreased in sales due to weak LCD TV's demand and thinning of TAC films for mobile devices.
- ◆ Acetate tow for cigarette filters: Increased in sales due to strong overseas sales mainly in China and Asia, and recovery of JT's tobacco production.



FY 2013 Forecast

Forecast of increase in profits due to decrease in depreciation, despite lower sales.

- Cellulose acetate
 - **Decrease in sales of TAC.**
 - Weakening LCD TV's demand.
 - Thinning of TAC films for mobile devices.
- Acetate tow

Sales volume for the full year will be on same level as the previous year, in spite of strong sales under full production.

The effect of periodic repairs of Ohtake Plant in the second half of the year.



Strengthening of our acetate tow business

Establishment of a Joint Venture for the Production of Acetate Tow for Cigarette Filters with Mitsubishi Rayon Co., Ltd.

Corporate name: Toyama Filter Tow Co., Ltd.

Head office & production plant: Toyama City, Toyama Prefecture, Japan

Investment ratio: Mitsubishi Rayon 65% Daicel 35%

* Schedule for formation of the JV; After obtaining the approval from the overseas antitrust authorities.



Expanding the acetate tow production facilities in Ohtake and Aboshi

Start of production scheduled in July 2013 Production capacity will increase 10%

Description of FY 2013 2Q Consolidated Results



Organic Chemicals Segment

Sales

- 4.36 billion yen

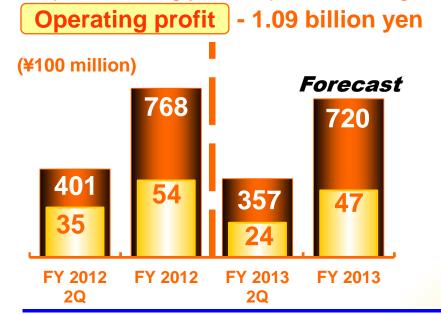
Foreign exchange loss 200 million yen

◆ Acetic acid: Decreased in sales due to strong yen, despite the increase in sales volume by strong demand mainly for PTA and not performing the biennial periodical repairs of Aboshi plant this fisical year.

◆ Commodity Solvents: Decreased in sales due to the decline in demand in Europe and China, and the impact of strong yen, despite sales of ethyl acetate remaining strong.

◆ Functional products: Decreased in sales due to weak demand in e-material market and impact of stagnant overseas demand.

◆ Chiral chemicals: Decreased in sales due to the decline of orders for separation services, and impact of strong yen, despite the strong sales of columns in China.



FY 2013 Forecast

Forecast of decrease in both sales and profits due to the unforeseeable economic outlook within and outside the country.

Concerns:

- Tougher competition with imported products.
- The deterioration of Japan-China relations.



Plastics Segment

Sales

+ 3.72 billion yen

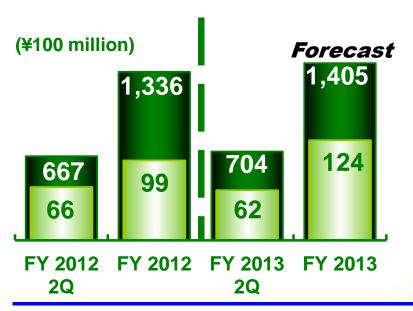
Foreign exchange loss 500 million yen

◆ Polyplastics (closing month is December): + 4.28 billion yen
Increased in sales due to adjustments for sales price depending on higher fuel and raw material costs, and recovery of automotive production, despite the impact of strong yen and the slowdown in overseas demand.

◆ Daicel polymer: - 0.3 billion yen

Decreased in sales due to weak demand in e-material market, despite steady demand for automotive parts.

Operating profit - 0.38 billion yen



FY 2013 Forecast

Forecast of increase in both sales and profits due to the strong demand in ASEAN and the early recovery from the Thailand flood.

Concerns:

- The end of the eco-car subsidy in Japan.
- Slowdown in Chinese economic growth.
- The risk of boycott on Japanese cars in China.



Strengthening of our synthetic resin business operations

Sep. 2011: *Polyplastics* Polyplastics Korea Ltd. is established in Seoul, Korea.

Jan. 2012: *Polyplastics* Polyplastics Taiwan Co., Ltd. increased compounding capacity.

Mar. 2012: *Polyplastics* Polyplastics (Nantong) Ltd. is established in Nantong, China.

(Start of compounding operation scheduled in Autumn 2013)

Apr. 2012: Daicel Polymer Ltd Daicel Polymer (Thailand) Co., Ltd. is established in Thailand.

Polyplastics Polyplastics USA, Inc. is established in Michigan, U.S.A.

Aug. 2012: **Polyplastics** Polyplastics Completed the Acquisition

of German Monomer Supplier "LCPG" for LCP.

Oct. 2012: Daicel Polymer Ltd Hirohata Plant moved the long-fiber-reinforced plastic production

equipment from Aboshi Plant, thereby, production was increased.

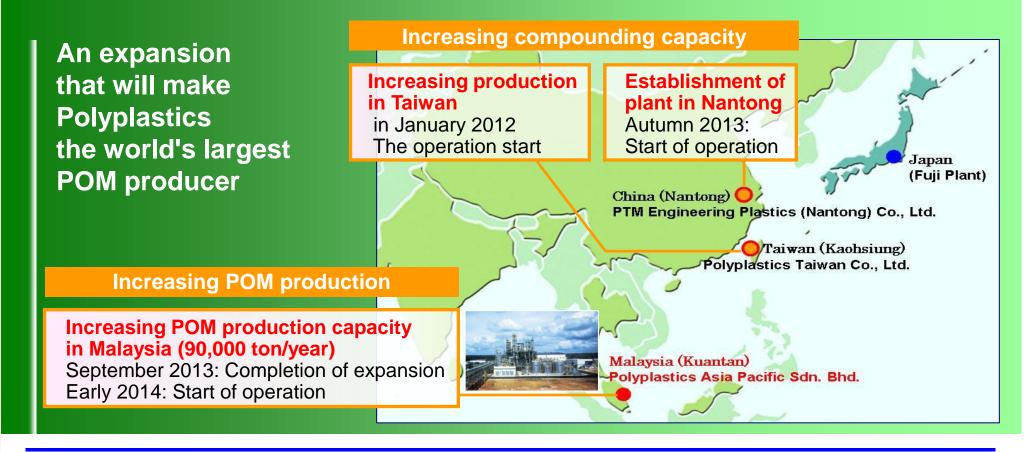
Increasing POM production capacity to 90,000 t/y at Polyplastics Asia Pacific Sdn. Bhd. in Malaysia.

(September 2013: Completion of expansion / Early 2014: Start of operation)



Polyplastics Expanding POM and Compounding capacity

Achieving stability of supply in Asian markets





Polyplastics The Acquisition of German Monomer Supplier for LCP

Polyplastics completed the acquisition of 100% ownership of LCP Leuna Carboxylation Plant GmbH, as a German supplier of p-HBA.

This acquisition will help strengthen the technical advantage of our LCP business through the research and development process to the production process, i.e., from raw material monomers to finished resin products.



LCP Leuna Carboxylation Plant GmbH

Leuna

Eschborn

Daicel (Europa) GmbH



- > Polyplastics is the leading manufacturer of LCP and has the biggest production capacity in the world.
- > p-HBA : p-hydroxybenzoate, a key monomer for liquid crystal polymer



Pyrotechnic Devices Segment

Sales

+ 8.36 billion yen

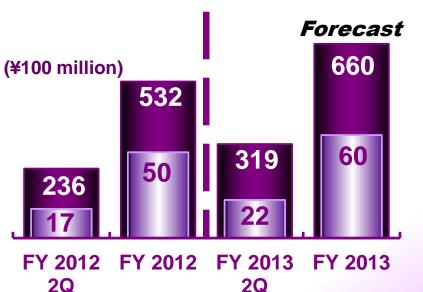
Foreign exchange loss 300 million yen

- Greatly increased in sales.
 - Special Devices, Inc. (the manufacturing and sales company of initiator acquired in April 2012)
 was newly consolidated.
 - Recovery of automotive production from reduction by the impact of the earthquake.

Sales volume of Automobile Airbag Inflators: FY2012 First half 19.61 million units

FY2013 First half 26.91 million units (+ 7.3 million units)





FY 2013 Forecast

Forecast of Increase in both Sales and Profits, due to outlook of keeping steady demand in the global automotive market.

Inflator FY 2012: 47.05 million units

Sales volume FY 2013: 56 million units (Forecast)

Concerns:

- Sluggish European economy.
- Slowdown in Chinese economic growth.
- The risk of boycott on Japanese cars in China.



DSSK is established / The acquisition of SDI

Daicel Safety Systems Korea, Inc.

Established November 2011. Start of production scheduled in December 2013.



Special Devices, Inc.



Completed the acquisition of SDI and expansion in initiator production capacity.

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Activities for New Business Creation

	Research	Studying In Developing Products	ndustrialization Customer Testing	Market Launch (Including paid samples)
Electronics	LED Transparent	t Encapsulants / OL	ED panel sealants	
	Films for touch p	panels		
	Compounds for	camera lenses		
Energy / Environment	Ultra-Dispersed	Diamonds		
	Visible Light Res	sponse-type Titaniu	m Oxide Photocata	alyst
Medical / Health care	Pre-mixture addition for Orally Dis	tive integrating tablets		
	EQUOL (Anti-aging mate	rial derived from so	ybeans)	



New Business Creation --- Electronics ---

LED Transparent Encapsulants / OLED panel sealants CELVENUS®

LED Transparent Encapsulants

- Excellent protection ability for elementsW series
- ➤ High level resistance to both heat and strong light
 A series
- ➤ Ultra heat-resistant and excellent barrier property
 The optimal LED encapsulant for Outdoor Lighting
 T series

OLED panel sealants

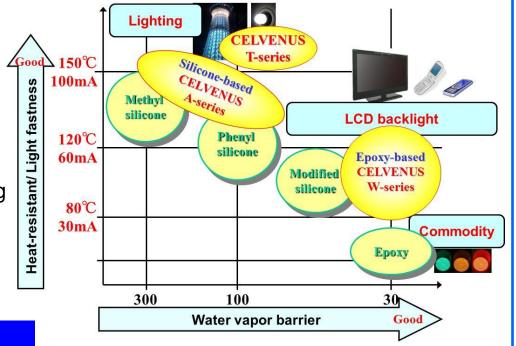
Ultra low moisture permeable sealant for OLED panel

H series

Our strong point

By the integrated development system from raw materials to sealants, we can respond to new feature requests.

Set up a facility for trial production in Arai Plant (Scheduled for April 2013)





New Business Creation --- Electronics ---

Films for touch panels

The feature Forming layers with the uneven patterns without filler, by our unique phase separation technology.

Surface: Apply functions such as usability, antifouling, anti-reflection, anti-glare.

Reverse: High durability of the Electrodes / Highly transparent / Low haze / Anti-newton ring

Width: Established the production system of 1000mm or over width

Electrode films for touch panels Deploy to

Anti-Newton Ring Film

Protection Film for Smartphones

High Performance Film Development Center

Compounds for camera lenses

For optical components such as smartphones, in-vehicle lenses



UV/Thermal curing Transparent Material, UV Adhesives, etc.

Our strong point

Fit "feature" in consistency from raw materials, We can respond accurately to users' needs.

Based on our unique material's features as high speed curing and low shrinkage, Achieved optical variations (refractive index), heat resistance, high precision molding and high reliability

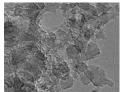
Placed on the market to "CELEVENUS® O series" as UV/Thermal curing Transparent Material



New Business Creation --- Electronics, Energy, Environment ---

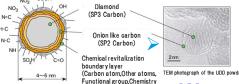
Ultra-Dispersed Diamonds (UDD)

Building of "Explosion technologies" and "Refining and Dispersion technologies"



- ➤ "Explosion technologies" for exploding and burning high mixture explosives in the sealed reactor under safety control

 → Establish an explosion test facility in Harima Plant in the first half of 2013.
- ➤ "Refining and Dispersion technologies" for creating the highly dispersed particle size of less than a few tens of nanometers ⇒ Install the refinement and dispersion equipment in Arai plant and study the UDD's industrialization.



aterial absorbed by

Expecting to be used for various fields, such as precision polishing for semiconductors etc., glass substitution use, electrical and electronic, energy, and bio-medical field.

We strive establish industrial technology of integrated production process from raw materials to finished products, the first in Japan.

Visible Light Response-type Titanium Oxide Photocatalyst

Moving the production equipment to Arai Plant from Central Research Center, and expand production capacity. (2013) Daicel Finechem Ltd. will be in charge of its marketing.



- Can be used indoors to react to weak light such as fluorescent lamps (about 500 Lux).
- > Also, responds to LED light.
- Low cost due to formulation by combination of titanium and co-catalyst without the use of rare metals.

Functions: Deodorizing, Antibacterial, Anti-pollution, Resolution of formaldehyde, Air purification, and Water purification



New Business Creation --- Medical/ Health care ---

Pre-mixture additive for Orally Disintegrating tablets

Developed for orally disintegrating tablets which can be taken safely and conveniently without water Pharmaceutical additives having functions of both disintegrators and excipient

The feature High water guide performance by the unique formulation design and manufacturing process Ingredients of disintegrating tablet acts in a few moisture of saliva

It is possible to obtain sufficient disintegration rate in spite of high compressive tableting force and large amount of active ingredient formulation.

Start studying practical application in Japanese pharmaceutical company from 2012

EQUOL (Anti-aging material derived from soybeans)



Raw materials for cosmetics and health foods (Expectations are growing for EQUOL as an anti-aging material)

Production using "the microbial biotechnology" researched by Daicel for many years.

Started offering samples to customers

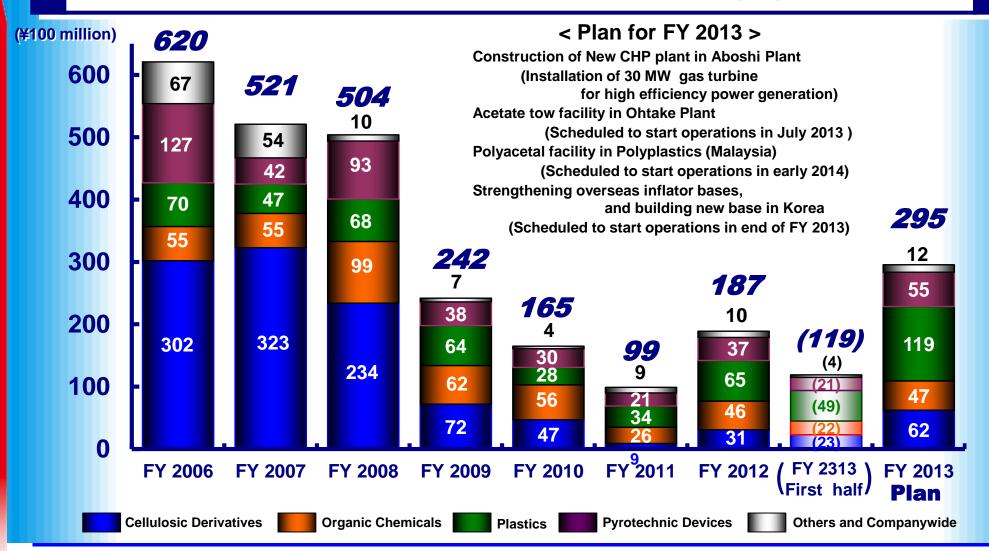
Aim to commercialize in 2014

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Trend for Investment in Plant and Equipment





The Aboshi Plant started operation of New CHP plant

The Aboshi Plant completed City-gas Cogeneration facility, and started its operation in September 2012.

The new-model gas turbine for power generation as the world's highest rate in this output class was installed.

Therefore, Aboshi plant can be 100% self-sufficient in power. CO₂ reduction: 12.7kton /Year (2015 plan: Reduction of 1.8% for vs. 2008)

The new-model gas turbine for high efficiency power generation in the 30MW-class developed by KHI



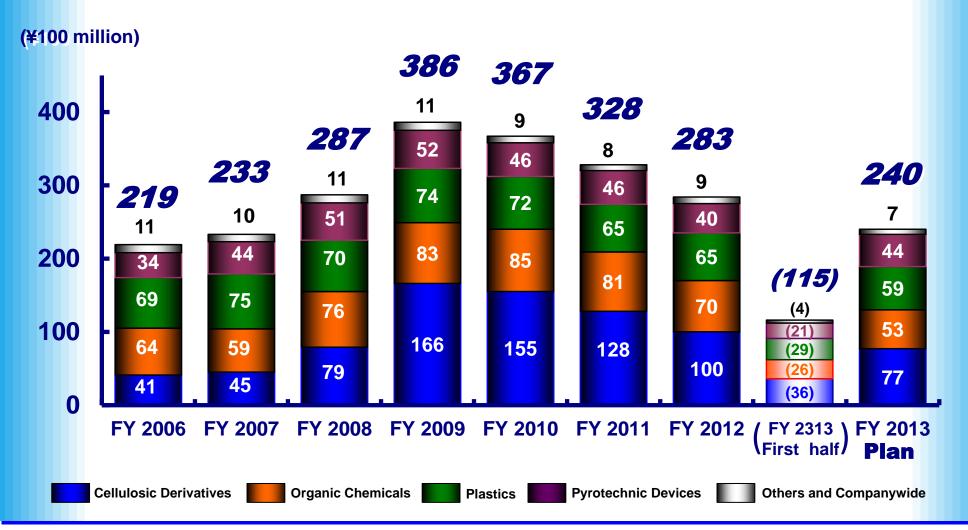
- Electric efficiency: Approximately 36%
- Total energy efficiency in the cogeneration system: Approximately 86%



CHP: Combined Heat and Power



Depreciation





Consolidated Balance Sheet

(¥100million)

	End of March, 2012 (A)	End of Sept., 2012 (B)	(A) - (B)	Remarks
Assets	1,972	2,006	+34	
Cash, Deposits and Short-term investment securities	356	338	-18	
Notes and accounts receivable-trade	767	764	-3	
Inventories	711	768	+56	
Other	138	137	-1	
Total noncurrent assets	2,010	2,045	+35	
Property, plant and equipment	1,392	1,403	+11	Acquisition: 116, Depreciation: -110
Intangible assets	24	102	+78	SDI: 86 (Goodwill: 36)
Investments and other assets	594	540	-54	Investment securities:-73
Total assets	3,982	4,051	+69	
Liabilities	1,635	1,676	+41	
Interest-bearing Liabilities	832	812	-21	Interest-bearing liabilities ratio: 20.04%
Other	802	864	+62	
Net assets	2,347	2,375	+28	Capital adequacy ratio: 54.0%
Total liabilities and net assets	3,982	4,051	+69	

Notes regarding Forward-Looking Statements

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Based on Chemistry, Expanding Beyond Chemistry.



