

DAICEL CHEMICAL INDUSTRIES, LTD.

Summary of Financial Results for the Year Ended March 31, 2008

I . Consolidated Financial Results (April 1, 2007 – March 31, 2008)

1. Result of Operations

	Unit	FY2008	%	FY2007	%
Net Sales	Millions of Yen	416,989	9.3	381,422	13.7
Operating Income	Millions of Yen	32,163	(11.6)	36,398	8.4
Recurring Income	Millions of Yen	27,864	(19.8)	34,734	8.1
Net Income	Millions of Yen	13,675	(21.6)	17,438	22.6
Net Income per Share	Yen	37.86	-	48.19	-
Net Income per, diluted	Yen	-	-	-	-
Net income /capital equity	%	6.4	-	8.4	-
Recurring income / total assets	%	5.2	-	6.7	-
Operating income /net sales	%	7.7	-	9.5	-

Note: Equity in earnings of affiliated companies: 584 million of yen for FY2008; 701 million of yen for FY2007

2. Financial Position

	Unit	FY2008	FY2007
Total Assets	Millions of Yen	515,617	547,431
Net assets	Millions of Yen	239,147	242,409
Equity capital ratio	%	41.4	39.5
Net assets per Share	Yen	593.54	596.88

Note: Equity capital: 213,340 million of yen for FY2008; 215,972 million of yen for FY2007

3. Cash Flows

	Unit	FY2008	FY2007
Cash Flows from Operating Activities	Millions of Yen	49,275	25,534
Cash Flows from Investing Activities	Millions of Yen	(43,140)	(54,183)
Cash Flows from Financing Activities	Millions of Yen	243	26,948
Cash and Cash Equivalents at End of Period	Millions of Yen	20,740	13,958

4. Status of distribution

	Unit	FY2008	FY2007	FY2009
Interim term end	Yen/share	4.00	4.00	4.00
Term end	Yen/share	4.00	4.00	4.00
Full year	Yen/share	8.00	8.00	8.00
Total dividend (Year)	Millions of Yen	2,884	2,895	-
Dividend ratio (Consolidated)	%	21.1	16.6	17.4
Net assets dividend rate (Consolidated)	%	1.3	1.4	-

II. Segment Information

1. Net Sales and Operating income

		Millions of Yen			
		FY2008	FY2007	Increase / decrease	FY2009 (Outlook)
Cellulosic derivatives	Net Sales	72,466	63,501	8,965	86,100
	Operating income	8,262	11,630	(3,368)	8,500
Organic chemicals	Net Sales	101,245	93,838	7,407	109,800
	Operating income	11,660	11,323	337	12,000
Plastics and films	Net Sales	171,336	161,880	9,456	162,200
	Operating income	14,311	14,775	(464)	13,500
Pyrotechnic devices	Net Sales	65,375	55,495	9,880	72,500
	Operating income	5,627	6,047	(420)	8,300
Functional products and others	Net Sales	6,565	6,706	(141)	7,400
	Operating income	559	924	(365)	900
Total	Net Sales	416,989	381,422	35,567	438,000
	Operating income	40,422	44,700	(4,278)	43,200
Corporate and eliminations	Net Sales	-	-	-	-
	Operating income	(8,258)	(8,302)	44	(8,700)
Consolidated	Net Sales	416,989	381,422	35,567	438,000
	Operating income	32,163	36,398	(4,235)	34,500

2. Assets, Depreciation, Impairment loss on fixed assets and Capital investments

		Millions of Yen			
		FY2008	FY2007	Increase / decrease	FY2009 (Outlook)
Cellulosic derivatives	Assets	126,434	118,802	7,632	
	Depreciation	7,854	4,548	3,306	
	Impairment loss on fixed assets	-	-	-	
	Capital investments	23,356	32,267	(8,911)	
Organic chemicals	Assets	91,034	93,689	(2,655)	
	Depreciation	7,589	5,880	1,709	
	Impairment loss on fixed assets	113	-	113	
	Capital investments	9,935	5,499	4,436	
Plastics and films	Assets	150,113	159,233	(9,120)	
	Depreciation	7,008	7,472	(464)	
	Impairment loss on fixed assets	100	65	35	
	Capital investments	6,776	4,677	2,099	
Pyrotechnic devices	Assets	67,789	59,965	7,824	
	Depreciation	5,087	4,392	695	
	Impairment loss on fixed assets	-	-	-	
	Capital investments	9,330	4,227	5,103	
Functional products and others	Assets	7,981	9,704	(1,723)	
	Depreciation	361	326	35	
	Impairment loss on fixed assets	-	-	-	
	Capital investments	278	223	55	
Total	Assets	443,353	441,396	1,957	
	Depreciation	27,901	22,621	5,280	
	Impairment loss on fixed assets	213	65	148	
	Capital investments	49,678	46,894	2,784	
Corporate and eliminations	Assets	72,264	106,035	(33,771)	
	Depreciation	752	646	106	
	Impairment loss on fixed assets	-	73	(73)	
	Capital investments	672	5,164	(4,492)	
Consolidated	Assets	515,617	547,431	(31,814)	-
	Depreciation	28,653	23,268	5,385	40,200
	Impairment loss on fixed assets	213	138	75	-
	Capital investments	50,350	52,059	(1,709)	25,000

III. Consolidated Operating Performance Outlook For Fiscal Year 2009 (April 1, 2008 – March 31, 2009)

	Unit	1 st half FY2009	Full FY2009
Net Sales	Millions of Yen	210,000	438,000
Operating Income	Millions of Yen	16,500	34,500
Recurring Income	Millions of Yen	15,500	32,500
Net Income	Millions of Yen	8,000	16,500
Net Income per Share	Yen	22.26	45.90

※The above-mentioned outlook constitutes projection based on information available at this point in time, and therefore involves certain risk and uncertainty. Therefore, there is a possibility that actual performance figures would differ largely from the outlook due to various factors that may arise henceforth.

IV. Others

(1) Changes to major subsidiaries during the current fiscal year

(changes to subsidiaries during the current fiscal year, accompanied by the scope of consolidation) : NA

(2) Changes to accounting principles, and presentation when preparing consolidated financial statements

(changes to Fundamental information for Preparing Consolidated Interim Financial Statement)

i A. Changes accompanying the revision of accounting standards: NA

ii Changes other than A: YES

(3) Number of shares issued (common shares)

i The number of shares issued at the end of the fiscal year (including own shares)

FY2008 364,942,682 shares FY2007 364,942,682 shares

ii The number of own shares

FY2008 5,501,956 shares FY2007 3,107,676 shares

(1) Consolidated Balance Sheet for FY2008

(Unit: Millions of Yen)

	FY2008 (March 31,2008)	FY2007 (March 31,2007)	Increase / decrease
(Assets)			
I Current assets			
1 Cash and cash equivalents	20,754	13,388	7,366
2 Notes and account receivable	90,547	98,434	(7,887)
3 Marketable securities	25	609	(584)
4 Inventories	73,298	75,621	(2,323)
5 Deferred tax assets	3,838	4,437	(599)
6 Account receivable for expropriation	5,880	918	4,962
7 Other current assets	13,704	13,488	216
8 Allowance for doubtful accounts	(215)	(229)	14
Total current assets	207,833	206,670	1,163
II Fixed assets			
1 Tangible fixed assets			
(1) Buildings and structures	50,775	52,312	(1,537)
(2) Machinery and vehicles	96,552	85,365	11,187
(3) Equipment	3,790	4,045	(255)
(4) Land	26,873	27,609	(736)
(5) Construction in progress	44,910	56,180	(11,270)
Total tangible fixed assets	222,901	225,512	(2,611)
2 Intangible fixed assets	5,369	7,096	(1,727)
3 Investments and other assets			
(1) Investment securities	63,148	86,351	(23,203)
(2) Deferred tax assets	1,190	812	378
(3) Account receivable for expropriation	-	5,363	(5,363)
(4) Other assets	15,447	16,003	(556)
(5) Allowance for doubtful accounts	(273)	(378)	105
Total investments and other assets	79,512	108,151	(28,639)
Total Fixed assets	307,783	340,761	(32,978)
Total Assets	515,617	547,431	(31,814)

(Unit : Millions of Yen)

	FY2008 (March 31,2008)	FY2007 (March 31,2007)	Increase / decrease
(Liabilities)			
I Current liabilities			
1 Notes and account payable	58,530	58,775	(245)
2 Bonds due within one year	10,000	-	10,000
3 Short-term debt	32,285	41,088	(8,803)
4 Current portion of long-term debt	25,804	18,715	7,089
5 Income taxes payable	4,537	6,908	(2,371)
6 Allowance for periodical renovation	128	2,179	(2,051)
7 Other current liabilities	26,943	24,889	2,054
Total current liabilities	158,230	152,555	5,675
II Long-term liabilities			
1 Bonds	20,000	30,000	(10,000)
2 Long-term debt	77,168	73,981	3,187
3 Deferred tax liabilities	11,370	18,864	(7,494)
4 Liability for retirement benefits	8,001	8,554	(553)
5 Liability for directors' and corporate auditors' retirement benefits	221	136	85
6 Allowance for periodical renovation	957	36	921
7 Deferred gain from expropriation	-	19,309	(19,309)
8 Other long-term liabilities	519	1,584	(1,065)
Total long-term liabilities	118,239	152,466	(34,227)
Total liabilities	276,469	305,022	(28,553)
(Net assets)			
I Shareholders' equity			
1 Common stock	36,275	36,275	-
2 Capital surplus	31,577	31,575	2
3 Retained earning	123,758	112,970	10,788
4 Treasury stock	(2,675)	(1,193)	(1,482)
Total shareholders' equity	188,935	179,627	9,308
II Valuation and translation adjustments			
1 Unrealized gain on available-for-sales securities	20,807	34,233	(13,426)
2 Deferred gain (loss) on derivatives under hedge accounting	(102)	37	(139)
3 Foreign currency translation adjustments	3,699	2,073	1,626
Total valuation and translation adjustments	24,404	36,344	(11,940)
III Minority interests	25,806	26,437	(631)
Total net assets	239,147	242,409	(3,262)
Total liabilities and net assets	515,617	547,431	(31,814)

(2) Consolidated Income Statement for FY2008

(Unit: Millions of Yen)

	FY2008 (April 1, 2007 to March 31, 2008)		FY2007 (April 1, 2006 to March 31, 2007)		Increase / decrease
		%		%	
I Net Sales	416,989	100.0	381,422	100.0	35,567
II Cost of sales	327,018	78.4	289,562	75.9	37,456
Gross profit	89,971	21.6	91,859	24.1	(1,888)
III Selling, general and administrative expenses	57,807	13.9	55,461	14.6	2,346
Operating Income	32,163	7.7	36,398	9.5	(4,235)
IV Non-operating income	3,503	0.9	4,297	1.1	(794)
1 Interest income	534		648		(114)
2 Dividend income	854		722		132
3 Investment income according to equity method	584		701		(117)
4 Foreign exchange gain	-		712		(712)
5 Other non-operating income	1,530		1,511		19
V Non-operating expense	7,802	1.9	5,961	1.5	1,841
1 Interest expense	3,477		3,050		427
2 Loss of disposition of inventories	1,289		829		460
3 Foreign exchange loss	1,626		-		1,626
4 Other non-operating expense	1,409		2,080		(671)
Recurring profit	27,864	6.7	34,734	9.1	(6,870)
VI Extraordinary gain	19,883	4.8	4,674	1.2	15,209
1 Gain on sales of fixed assets	167		50		117
2 Gain on sales of securities	180		2		178
3 Gain on sales of investment of affiliates company	1,457		-		1,457
4 Subsidies from municipal governments	1,000		1,350		(350)
5 Reversal of deferred gain from expropriation	16,833		3,270		13,563
6 Other extraordinary gain	244		-		244
VII Extraordinary loss	20,603	5.0	6,224	1.6	14,379
1 Loss on dispositions of fixed assets	2,164		1,289		875
2 Loss on impairment of fixed assets	213		138		75
3 Reduction of cost of fixed assets	17,833		4,621		13,212
4 Directors' and corporate auditors' retirement benefit for prior periods	198		174		24
5 Other extraordinary loss	193		-		193
Income before income tax	27,145	6.5	33,185	8.7	(6,040)
Income tax -current	8,447	2.0	12,311	3.2	(3,864)
Income tax-deferred	1,921	0.5	(311)	(0.1)	2,232
Minority interests	3,099	0.7	3,746	1.0	(647)
Net income	13,675	3.3	17,438	4.6	(3,763)