

Consolidated Business Results for 1st Quarter, FY2009

August 7, 2008

Name of listed company : DAICEL CHEMICAL INDUSTRIES, LTD.

Stock Exchange : Tokyo and Osaka

Code number : 4202

(URL http://www.daicel.co.jp)

Representative : Name: Daisuke Ogawa Title: President and CEO

Scheduled date for submitting financial statements : August 14, 2008

(Figures are rounded down to the nearest million)

1. Consolidated Business Results for 1st Quarter, FY2009 (April 1, 2008 to June 30, 2008)

(1) Consolidated Operating Results

(% implies the rate of increase/decrease year-on-year)

	Net Sales		Operating income		Ordinary income		Net income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
April-June 2008	101,217	-	8,032	-	8,386	-	4,753	-
April-June 2007	97,682	10.2	7,323	(16.7)	7,626	(7.4)	3,780	(8.2)

	Net income per share		Net income per share after latent share adjustment	
	Yen		Yen	
April-June 2008	13.22		-	
April-June 2007	10.45		-	

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholder's equity per total assets	Net assets per share
	Millions of Yen	Millions of Yen	%	Yen
June 30, 2008	508,522	239,493	42.3	598.49
March 31, 2008	515,617	239,147	41.4	593.54

(Note) Equity capital : 215,114 millions of yen as of June 30, 2008, 213,340 millions of yen as of March 31, 2008

2. Status of distribution

	Cash dividends per share				
	1st quarter	2nd quarter	3rd quarter	4th quarter	Full year
(Reference data)	Yen	Yen	Yen	Yen	Yen
FY2008	-	4.00	-	4.00	8.00
FY2009	-	-	-	-	-
FY2009(forecasts)	-	4.00	-	4.00	8.00

(Note) Revise of dividends forecast: NA

3. Forecast results for FY2009 (April 1, 2008 to March 31, 2009)

(Note: % for full year and interim term implies the rate of increase/decrease year-on-year and term-on-term, respectively)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
1st half, FY2009	210,000	-	16,500	-	15,500	-	8,000	-	22.26
Full FY2009	438,000	5.0	34,500	7.3	32,500	16.6	16,500	20.7	45.90

(Note) Revise of consolidated forecast: NA

4. Others

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

(2) Adoption of simplified accounting method and accounting methods specific to the preparation of quarterly consolidated financial statements: Applied

(3) Change to accounting principles, procedures, 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 : Applied

ii Change other than A: Applied

(4) Number of shares issued (common share)

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

June 30, 2008 364,942,682shares March 31, 2008 364,942,682shares

ii The number of own shares

June 30, 2008 5,511,975shares March 31, 2008 5,501,956shares

iii The average number of shares (during the term)

April-June 2008 359,435,699shares April-June 2007 361,824,719shares

Notes: Explanations or other items pertaining to appropriate use of operating result forecast

1. In the current consolidated fiscal year, the Company began applying the "Accounting Standard for Quarterly Financial Reporting"(Financial Accounting Standards No.12) and the "Guidance on Accounting Standards for Quarterly Financial Reporting"(Financial Accounting Standards for Guidance No.14). The quarterly consolidated financial statement were also prepared in accordance with the "Regulations on quarterly Consolidated Financial Statements."

2. 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.

5. Financial Statement for 1st quarter of FY2009
(1) Consolidated Balance Sheet for 1st quarter of FY2009

(Unit: Millions of Yen)

	1st Quarter of FY2009 (As of June 30, 2008)	Full FY2008 (As of March 31, 2008)
Assets		
Current assets		
Cash and deposits	22,036	20,754
Notes and accounts receivable-trade	83,456	90,547
Short-term investment securities	35	25
Inventories	76,263	73,298
Other	19,149	23,422
Allowance for doubtful accounts	(204)	(215)
Total current assets	200,736	207,833
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	49,024	50,775
Machinery, equipment and vehicles, net	90,674	96,552
Land	26,737	26,873
Construction in progress	49,502	44,910
Other, net	3,670	3,790
Total property, plant and equipment	219,609	222,901
Intangible assets	4,199	5,369
Investments and other assets		
Investment securities	67,544	63,148
Other	16,727	16,637
Allowance for doubtful accounts	(294)	(273)
Total investments and other assets	83,977	79,512
Total noncurrent assets	307,786	307,783
Total assets	508,522	515,617

	1st Quarter of FY2009 (As of June 30, 2008)	Full FY2008 (As of March 31, 2008)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	55,550	58,530
Current portion of bonds	10,000	10,000
Short-term loans payable	37,907	32,285
Current portion of long-term loans payable	25,200	25,804
Income taxes payable	2,276	4,537
Provision for repairs	1,064	128
Other	24,470	26,943
Total current liabilities	156,469	158,230
Noncurrent liabilities		
Bonds payable	20,000	20,000
Long-term loans payable	71,127	77,168
Provision for retirement benefits	8,018	8,001
Provision for directors' retirement benefits	112	221
Provision for repairs	230	957
Other	13,069	11,890
Total noncurrent liabilities	112,559	118,239
Total liabilities	269,028	276,469
Net assets		
Shareholders' equity		
Capitalstock	36,275	36,275
Capital surplus	31,577	31,577
Retained earnings	126,910	123,758
Treasury stock	(2,681)	(2,675)
Total shareholders' equity	192,081	188,935
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	23,903	20,807
Deferred gains or losses on hedges	21	(102)
Foreign currency translation adjustment	(891)	3,699
Total valuation and translation adjustments	23,033	24,404
Minority interests	24,378	25,806
Total net assets	239,493	239,147
Total liabilities and net assets	508,522	515,617

(2) Consolidated Income Statement for 1st Quarter FY2009

(Unit: Millions of Yen)

	1st Quarter of FY2009 (April 1 to June 30, 2008)
Net Sales	101,217
Cost of sales	79,328
Gross profit	21,889
Selling, general and administrative expenses	13,856
Operating Income	8,032
Non-operating income	
Interest income	113
Dividends income	527
Foreign exchange gains	599
Other	210
Total non-operating income	1,450
Non-operating expenses	
Interest expenses	716
Equity in losses of affiliates	50
Other	330
Total non-operating expenses	1,097
Ordinary income	8,386
Extraordinary gain	
Gain on disposal of noncurrent assets	14
Gain on sales of investment securities	0
Subsidies from municipal governments	233
Total extraordinary gain	248
Extraordinary loss	
Loss on retirement of noncurrent assets	85
Impairment loss	79
Loss on reduction of noncurrent assets	220
Total extraordinary loss	385
Income before income taxes	8,248
Income tax -current	1,840
Income tax-deferred	815
Total income taxes	2,655
Minority interests in income	840
Net income	4,753

(3) Consolidated Statement of Cash Flow for 1st Quarter FY2009

(Unit: Millions of Yen)

	1st Quarter of FY2009 (April 1 to June 30, 2008)
Net cash provided by (used in) operating activities	
Income before income taxes	8,248
Depreciation and amortization	7,573
Impairment loss	79
Interest and dividends income	(641)
Interest expenses	716
Equity in (earnings) losses of affiliates	50
Loss (gain) on sales and retirement of noncurrent assets	70
Loss on reduction of noncurrent assets	220
Subsidies from municipal governments	(233)
Decrease (increase) in notes and accounts receivable-trade	4,180
Decrease (increase) in inventories	(4,594)
Increase (decrease) in notes and accounts payable-trade	(560)
Other, net	1,205
Subtotal	<u>16,316</u>
Interest and dividends income received	890
Interest expenses paid	(668)
Income taxes paid	(4,066)
Net cash provided by (used in) operating activities	<u>12,471</u>
Net cash provided by (used in) investment activities	
Purchase of property, plant and equipment	(9,927)
Proceeds from sales of property, plant and equipment	25
Purchase of intangible assets	(50)
Purchase of investment securities	(46)
Payments of loans receivable	(857)
Collection of loans receivable	157
Proceeds from sales of plant for expropriation	1,400
Subsidies from municipal governments	233
Other, net	(457)
Net cash provided by (used in) investment activities	<u>(9,524)</u>
Net cash provided by (used in) financing activities	
Net increase (decrease) in short-term loans payable	7,042
Proceeds from long-term loans payable	842
Repayment of long-term loans payable	(5,947)
Purchase of treasury stock	(7)
Proceeds from sales of treasury stock	1
Cash dividends paid	(1,437)
Cash dividends paid to minority shareholders	(457)
Net cash provided by (used in) financing activities	<u>36</u>
Effect of exchange rate change on cash and cash equivalents	<u>(1,660)</u>
Net increase (decrease) in cash and cash equivalents	<u>1,323</u>
Cash and cash equivalents at beginning of period	<u>20,740</u>
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	<u>(32)</u>
Cash and cash equivalents at the end of period	<u>22,031</u>

(4) Segment information

(4)-a. Business segment information

	Millions of Yen							Corporate and eliminations	Consolidated
	April - June 2008								
	Cellulosic derivatives	Organic chemicals	Plastics and films	Pyrotechnic devices	Functional Products and others	Total			
Sales									
(1) Outside customers	17,685	26,718	39,048	16,337	1,427	101,217	-	101,217	
(2) Intersegment sales	676	5,270	1	-	2,963	8,912	(8,912)	-	
Total	18,361	31,989	39,050	16,337	4,391	110,130	(8,912)	101,217	
Operating income	1,838	3,812	2,511	1,701	116	9,979	(1,946)	8,032	

(4)-b. Geographic segment information

	Millions of Yen					Corporate and eliminations	Consolidated
	April - June 2008						
	Japan	Asia	Other	Total			
Sales							
(1) Outside customers	75,166	17,394	8,657	101,217	-	101,217	
(2) Intersegment sales	10,974	3,432	527	14,934	(14,934)	-	
Total	86,140	20,826	9,184	116,152	(14,934)	101,217	
Operating income	7,487	2,371	120	9,979	(1,946)	8,032	

(4)-c. Overseas sales information

	Millions of Yen		
	April - June 2008		
	Asia	Other	Total
I. Oversea sales	24,636	13,776	38,412
II. Consolidated sales			101,217
III. Ratio of international sales to consolidated net sales (%)	24.3	13.7	38.0