

Consolidated Business Results for 2nd Quarter, FY2009

November 6, 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 : November 11, 2008

Scheduled date for dividend payment : December 5, 2008

(Figures are rounded down to the nearest million)

1. Consolidated Business Results for 2nd Quarter, FY2009 (April 1, 2008 to September 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-September 2008	209,201	-	16,939	-	16,736	-	8,877	-
April-September 2007	201,454	9.7	16,113	(9.1)	14,834	(7.7)	6,866	(14.5)

	Net income per share		Net income per share after latent share adjustment	
	Yen		Yen	
April-September 2008	24.70		-	
April-September 2007	18.98		-	

(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
September 30, 2008	503,117	239,169	42.5	594.95
March 31, 2008	515,617	239,147	41.4	593.54

(Note) Equity capital : 213,816 millions of yen as of September 30, 2008, 213,340 millions of yen as of March 31, 2008

2. Status of distribution

(Reference data)	Cash dividends per share				
	1st quarter	2nd quarter	3rd quarter	4th quarter	Full year
	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
Full FY2009	422,000	1.2	28,000	(12.9)	26,000	(6.7)	13,000	(4.9)	36.17

(Note) Revise of consolidated forecast: Applied

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)

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

ii The number of own shares

September 30, 2008 5,553,419 shares March 31, 2008 5,501,956 shares

iii The average number of shares (during the term)

April-September 2008 359,421,224shares April-September 2007 361,802,211shares

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.

(Reference)

Forecast non-consolidated 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
Full FY2009	243,000	5.0	12,500	(13.5)	13,000	(23.5)	7,500	(31.3)	20.87

(Note) Revise of non-consolidated forecast: Applied

5. Financial Statement for 2nd quarter of FY2009
(1) Consolidated Balance Sheet for 2nd quarter of FY2009

(Unit: Millions of Yen)

	2nd Quarter of FY2009 (As of September 30, 2008)	Full FY2008 (As of March 31, 2008)
Assets		
Current assets		
Cash and deposits	23,189	20,754
Notes and accounts receivable-trade	85,161	90,547
Short-term investment securities	32	25
Inventories	83,661	73,298
Other	18,591	23,422
Allowance for doubtful accounts	(209)	(215)
Total current assets	210,426	207,833
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	56,054	50,775
Machinery, equipment and vehicles, net	121,055	96,552
Land	26,800	26,873
Construction in progress	8,798	44,910
Other, net	3,868	3,790
Total property, plant and equipment	216,577	222,901
Intangible assets	4,413	5,369
Investments and other assets		
Investment securities	55,025	63,148
Other	16,941	16,637
Allowance for doubtful accounts	(267)	(273)
Total investments and other assets	71,699	79,512
Total noncurrent assets	292,690	307,783
Total assets	503,117	515,617

	2nd Quarter of FY2009 (As of September 30, 2008)	Full FY2008 (As of March 31, 2008)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	61,709	58,530
Current portion of bonds	10,000	10,000
Short-term loans payable	34,328	32,285
Current portion of long-term loans payable	29,038	25,804
Income taxes payable	4,928	4,537
Provision for repairs	1,385	128
Other	22,877	26,943
Total current liabilities	164,267	158,230
Noncurrent liabilities		
Bonds payable	20,000	20,000
Long-term loans payable	61,989	77,168
Provision for retirement benefits	8,444	8,001
Provision for directors' retirement benefits	119	221
Provision for repairs	378	957
Other	8,748	11,890
Total noncurrent liabilities	99,680	118,239
Total liabilities	263,947	276,469
Net assets		
Shareholders' equity		
Capitalstock	36,275	36,275
Capital surplus	31,578	31,577
Retained earnings	131,034	123,758
Treasury stock	(2,706)	(2,675)
Total shareholders' equity	196,181	188,935
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	16,108	20,807
Deferred gains or losses on hedges	(7)	(102)
Foreign currency translation adjustment	1,534	3,699
Total valuation and translation adjustments	17,635	24,404
Minority interests	25,352	25,806
Total net assets	239,169	239,147
Total liabilities and net assets	503,117	515,617

(2) Consolidated Income Statement for 2nd Quarter FY2009

(Unit: Millions of Yen)

	2nd Quarter of FY2009 (April 1 to September 30, 2008)
Net Sales	209,201
Cost of sales	163,956
Gross profit	45,244
Selling, general and administrative expenses	28,305
Operating Income	16,939
Non-operating income	
Interest income	220
Dividends income	542
Foreign exchange gains	225
Other	793
Total non-operating income	1,780
Non-operating expenses	
Interest expenses	1,433
Other	549
Total non-operating expenses	1,983
Ordinary income	16,736
Extraordinary gain	
Gain on disposal of noncurrent assets	16
Gain on sales of investment securities	32
Subsidies from municipal governments	233
Total extraordinary gain	281
Extraordinary loss	
Loss on retirement of noncurrent assets	954
Impairment loss	79
Loss on reduction of noncurrent assets	220
Total extraordinary loss	1,254
Income before income taxes	15,763
Income tax -current	4,894
Income tax-deferred	535
Total income taxes	5,430
Minority interests in income	1,455
Net income	8,877

(3) Consolidated Statement of Cash Flow for 2nd Quarter FY2009

(Unit: Millions of Yen)

2nd Quarter of FY2009

(April 1 to September 30, 2008)

Net cash provided by (used in) operating activities	
Income before income taxes	15,763
Depreciation and amortization	17,319
Impairment loss	79
Interest and dividends income	-762
Interest expenses	1,433
Equity in (earnings) losses of affiliates	-225
Loss (gain) on sales and retirement of noncurrent assets	938
Loss on reduction of noncurrent assets	220
Subsidies from municipal governments	-233
Decrease (increase) in notes and accounts receivable-trade	3,777
Decrease (increase) in inventories	-10,929
Increase (decrease) in notes and accounts payable-trade	4,441
Other, net	-776
Subtotal	<u>31,047</u>
Interest and dividends income received	1,035
Interest expenses paid	-1,485
Income taxes paid	-4,429
Net cash provided by (used in) operating activities	<u>26,168</u>
Net cash provided by (used in) investment activities	
Purchase of property, plant and equipment	-15,585
Proceeds from sales of property, plant and equipment	29
Purchase of intangible assets	-527
Purchase of investment securities	-183
Payments of loans receivable	-1,308
Collection of loans receivable	341
Proceeds from sales of plant for expropriation	5,880
Subsidies from municipal governments	233
Other, net	-1,420
Net cash provided by (used in) investment activities	<u>-12,539</u>
Net cash provided by (used in) financing activities	
Net increase (decrease) in short-term loans payable	2,774
Proceeds from long-term loans payable	1,412
Repayment of long-term loans payable	-12,731
Purchase of treasury stock	-34
Proceeds from sales of treasury stock	4
Cash dividends paid	-1,437
Cash dividends paid to minority shareholders	-457
Net cash provided by (used in) financing activities	<u>-10,468</u>
Effect of exchange rate change on cash and cash equivalents	<u>-687</u>
Net increase (decrease) in cash and cash equivalents	<u>2,473</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	-32
Cash and cash equivalents at the end of period	<u>23,180</u>

(4) Segment information

(4)-a. Business segment information

	Millions of Yen							
	April - September 2008							
	Cellulosic derivatives	Organic chemicals	Plastics and films	Pyrotechnic devices	Functional Products and others	Total	Corporate and eliminations	Consolidated
Sales								
(1) Outside customers	38,935	53,804	79,663	33,447	3,350	209,201	-	209,201
(2) Intersegment sales	1,696	10,673	2	-	6,219	18,592	(18,592)	-
Total	40,631	64,478	79,666	33,447	9,570	227,794	(18,592)	209,201
Operating income	5,699	6,414	5,177	3,123	401	20,816	(3,876)	16,939

(4)-b. Geographic segment information

	Millions of Yen					Consolidated
	April - September 2008					
	Japan	Asia	Other	Total	Corporate and eliminations	
Sales						
(1) Outside customers	155,716	36,264	17,219	209,201	-	209,201
(2) Intersegment sales	21,959	7,971	1,328	31,259	(31,259)	-
Total	177,676	44,236	18,547	240,460	(31,259)	209,201
Operating income	15,928	4,871	16	20,816	(3,876)	16,939

(4)-c. Overseas sales information

	Millions of Yen		
	April - September 2008		
	Asia	Other	Total
I. Oversea sales	51,378	27,967	79,345
II. Consolidated sales			209,201
III. Ratio of international sales to consolidated net sales (%)	24.6	13.3	37.9