

Consolidated Business Results for FY2010

May 12, 2010

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

Contact person : Name: Yoshifumi Hata Title: General Manager-Investor Relations & Corporate communications Phone: +81-3-6711-8121

Scheduled date for shareholders' meeting : June 25, 2010

Scheduled date for submitting financial statements : June 28, 2010

Scheduled date for dividend payment : June 28, 2010

(Figures are rounded down to the nearest million)

1. Consolidated Business Results for FY2010 (April 1, 2009 to March 31, 2010)

(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	%
FY2010	320,243	(15.3)	20,856	97.0	19,993	143.4	11,069	754.1
FY2009	377,979	(9.4)	10,589	(67.1)	8,214	(70.5)	1,296	(90.5)

	Net income per share	Net income per share after latent share adjustment	Current net income/capital equity	Current net income/total assets	Current net income/net sales
	Yen		%	%	%
FY2010	31.10	-	5.6	4.6	6.5
FY2009	3.62	-	0.6	1.7	2.8

(Note) Equity in earning of affiliated companies: 1,256 million yen for FY2010; 710 million yen for FY2009.

(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
FY2010	428,376	229,004	48.1	579.18
FY2009	445,911	211,487	42.3	530.43

(Note) Equity capital : 206,136 millions for FY2010, 188,807 millions yen for FY2009

(3) Consolidated Statement of Cash Flow

	Cash flows from operating activities	Cash flows from investment activities	Cash flows from financing activities	Cash and cash equivalent at end of year
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
FY2010	66,445	(16,471)	(50,735)	30,128
FY2009	40,165	(24,401)	(2,422)	30,507

2. Status of distribution

(Reference data)	Cash dividends per share					Total dividend (Year)	Dividend ratio (Consolidated)	Net asset dividend rate (Consolidated)
	1st quarter	2nd quarter	3rd quarter	4th quarter	Full year			
	Yen	Yen	Yen	Yen	Yen	Million of Yen	%	%
FY2009	-	4.00	-	4.00	8.00	2,861	221.0	1.4
FY2010	-	4.00	-	6.00	10.00	3,559	32.2	1.8
FY2011(expected)	-	4.00	-	4.00	8.00		17.3	

(Note) Dividend per share at the end of FY2010 consists of an ordinary dividend ¥4.00 and a special dividend ¥2.00.

3. Forecast results for FY2011 (April 1, 2010 to March 31, 2011)

(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, FY2011	174,000	21.1	16,700	226.5	15,500	227.3	7,500	252.3	21.07
Full FY2011	350,000	9.3	31,000	48.6	29,000	45.1	16,500	49.1	46.36

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) 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 Changes other than A: NA

(3) Number of shares issued (common share)

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

FY2010 364,942,682shares FY2009 364,942,682shares

ii The number of own shares

FY2010 9,032,862 shares FY2009 8,987,467 shares

(Reference) Summary of non-consolidated business results

1. Non-consolidated Business Results for FY2010 (April 1, 2009 to March 31, 2010)

(1)Non-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	%
FY2010	187,100	(9.2)	9,772	-	10,813	-	6,476	-
FY2009	205,955	(11.0)	(241)	-	(4,144)	-	(7,495)	-

	Net income per share	Net income per share after latent share adjustment
	Yen	
FY2010	18.20	-
FY2009	(20.92)	-

(2) Non-consolidated Financial Position

	Total assets	Net assets	Shareholder's equity per total assets	Net assets per share
	Millions of Yen	Millions of Yen	%	Yen
FY2010	311,531	167,919	53.9	471.80
FY2009	293,780	157,933	53.8	443.69

(Note) Equity capital : 167,919 millions for FY2010, 157,933 millions yen for FY2009

3. Forecast results for FY2011 (April 1, 2010 to March 31, 2011)

(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	%	
1st half, FY2011	99,000	14.6	7,300	84.8	8,000	88.7	4,500	148.3	12.64
Full FY2011	200,000	6.9	13,000	33.0	15,000	38.7	8,000	23.5	22.48

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

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 FY2010
(1) Consolidated Balance Sheet for Full FY2010

(Unit: Millions of Yen)

	Full FY2009 (As of March 31, 2009)	Full FY2010 (As of March 31, 2010)
Assets		
Current assets		
Cash and deposits	30,522	23,792
Notes and accounts receivable-trade	59,733	73,281
Short-term investment securities	25	7,126
Inventories	75,984	62,614
Deferred tax assets	6,019	4,310
Other	13,400	9,241
Allowance for doubtful accounts	(141)	(135)
Total current assets	185,546	180,232
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	52,512	50,336
Machinery, equipment and vehicles, net	102,269	89,094
Tools, furniture and fixtures, net	3,364	2,647
Land	26,486	26,423
Construction in progress	11,706	6,847
Total property, plant and equipment	196,340	175,350
Intangible assets	3,899	3,771
Investments and other assets		
Investment securities	43,211	54,154
Deferred tax assets	1,758	848
Other	15,395	14,286
Allowance for doubtful accounts	(240)	(265)
Total investments and other assets	60,125	69,022
Total non-current assets	260,365	248,144
Total assets	445,911	428,376

	Full FY2009 (As of March 31, 2009)	Full FY2010 (As of March 31, 2010)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	33,471	42,453
Current portion of bonds	10,000	-
Short-term loans payable	56,683	11,665
Current portion of long-term loans payable	26,450	24,282
Lease obligations	29	29
Income taxes payable	1,199	4,990
Provision for repairs	2,705	126
Other	20,618	18,619
Total current liabilities	<u>151,157</u>	<u>102,166</u>
Non-current liabilities		
Bonds payable	10,000	30,000
Long-term loans payable	59,468	49,873
Lease obligations	72	43
Deferred tax liabilities	4,381	6,224
Provision for retirement benefits	8,705	9,050
Provision for directors' retirement benefits	116	75
Provision for repairs	46	1,043
Other	474	894
Total non-current liabilities	<u>83,266</u>	<u>97,205</u>
Total liabilities	<u>234,424</u>	<u>199,371</u>
Net assets		
Shareholders' equity		
Capital stock	36,275	36,275
Capital surplus	31,576	31,576
Retained earnings	122,347	130,569
Treasury stock	(4,077)	(4,101)
Total shareholders' equity	<u>186,122</u>	<u>194,319</u>
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	9,150	16,903
Deferred gains or losses on hedges	(193)	(170)
Foreign currency translation adjustment	(6,270)	(4,916)
Total valuation and translation adjustments	<u>2,685</u>	<u>11,816</u>
Minority interests	<u>22,679</u>	<u>22,868</u>
Total net assets	<u>211,487</u>	<u>229,004</u>
Total liabilities and net assets	<u>445,911</u>	<u>428,376</u>

(2) Consolidated Income Statement for FY2010

(Unit: Millions of Yen)

	FY2009 (April 1 2008 to March 31, 2009)	FY2010 (April 1 2009 to March 31, 2010)
Net Sales	377,979	320,243
Cost of sales	313,115	250,950
Gross profit	64,863	69,292
Selling, general and administrative expenses	54,274	48,436
Operating Income	10,589	20,856
Non-operating income		
Interest income	399	177
Dividends income	1,204	811
Equity in earnings of affiliates	710	1,256
Miscellaneous income	1,112	1,386
Total non-operating income	3,426	3,631
Non-operating expenses		
Interest expenses	2,864	2,331
Foreign exchange loss	1,231	-
Miscellaneous expenses	1,704	2,163
Total non-operating expenses	5,801	4,494
Ordinary income	8,214	19,993
Extraordinary income		
Gain on disposal of non-current assets	18	21
Gain on sales of investment securities	32	152
Subsidy	1,233	-
Total extraordinary income	1,283	173
Extraordinary loss		
Loss on retirement of non-current assets	1,970	2,000
Impairment loss	79	856
Loss on reduction of non-current assets	813	-
Loss on valuation of investment securities	363	-
Settlement package	-	398
Total extraordinary losses	3,226	3,255
Income before income taxes and minority interests	6,271	16,910
Income tax -current	3,149	6,046
Income tax-deferred	(359)	(819)
Total income taxes	2,790	5,226
Minority interests in income	2,184	614
Net income	1,296	11,069

(3) Consolidated Statement of Cash Flow for FY2010

(Unit: Millions of Yen)

	FY2009 (April 1 2008 to March 31, 2009)	FY2010 (April 1 2009 to March 31, 2010)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	6,271	16,910
Depreciation and amortization	39,674	37,781
Impairment loss	79	856
Interest and dividends income	(1,603)	(989)
Interest expenses	2,864	2,331
Equity in (earnings) losses of affiliates	(710)	(1,256)
Loss (gain) on disposal of non-current assets	(18)	(21)
Loss on retirement of non-current assets	1,970	2,000
Loss on reduction of non-current assets	813	-
Subsidy income	(1,233)	-
Decrease (increase) in notes and accounts receivable-trade	24,700	(13,202)
Decrease (increase) in inventories	(8,010)	13,823
Increase (decrease) in notes and accounts payable-trade	(20,648)	8,797
Other, net	4,265	1,587
Subtotal	48,414	68,621
Interest and dividends income received	2,307	1,458
Interest expenses paid	(2,927)	(2,313)
Settlement package paid	-	(398)
Income taxes paid	(7,628)	(2,946)
Income taxes refund	-	2,024
Net cash provided by (used in) operating activities	40,165	66,445
Net cash provided by (used in) investment activities		
Purchase of property, plant and equipment	(24,930)	(17,832)
Proceeds from sales of property, plant and equipment	35	137
Purchase of intangible assets	(735)	(591)
Purchase of investment securities	(998)	(20)
Proceeds from sales and redemption of investment securities	77	1,787
Payments of loans receivable	(1,817)	(613)
Collection of loans receivable	1,449	2,198
Proceeds from sales of plant for expropriation	5,880	-
Payment for moving expense for expropriation	(2,844)	(477)
Subsidy income	1,233	-
Other, net	(1,751)	(1,060)
Net cash provided by (used in) investment activities	(24,401)	(16,471)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	27,484	(45,042)
Proceeds from long-term loans payable	10,809	15,682
Repayment of long-term loans payable	(25,509)	(27,550)
Proceeds from issuance of bonds	-	19,892
Redemption of bonds	(10,000)	(10,000)
Purchase of treasury stock	(1,415)	(26)
Proceeds from sales of treasury stock	12	1
Cash dividends paid	(2,875)	(2,847)
Cash dividends paid to minority shareholders	(929)	(846)
Net cash provided by (used in) financing activities	(2,422)	(50,735)
Effect of exchange rate change on cash and cash equivalents	(3,539)	382
Net increase (decrease) in cash and cash equivalents	9,801	(379)
Cash and cash equivalents at beginning of period	20,740	30,507
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(33)	-
Cash and cash equivalents at the end of period	30,507	30,128

(3) Consolidated Statement of Cash Flow for FY2010

(Unit: Millions of Yen)

	FY2009 (April 1 2008 to March 31, 2009)	FY2010 (April 1 2009 to March 31, 2010)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	6,271	16,910
Depreciation and amortization	39,674	37,781
Impairment loss	79	856
Interest and dividends income	(1,603)	(989)
Interest expenses	2,864	2,331
Equity in (earnings) losses of affiliates	(710)	(1,256)
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Loss on retirement of non-current assets	1,970	2,000
Loss on reduction of non-current assets	813	-
Subsidy income	(1,233)	-
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Decrease (increase) in inventories	(8,010)	13,823
Increase (decrease) in notes and accounts payable-trade	(20,648)	8,797
Other, net	4,265	1,587
Subtotal	48,414	68,621
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Net cash provided by (used in) financing activities		
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Proceeds from long-term loans payable	10,809	15,682
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Redemption of bonds	(10,000)	(10,000)
Purchase of treasury stock	(1,415)	(26)
Proceeds from sales of treasury stock	12	1
Cash dividends paid	(2,875)	(2,847)
Cash dividends paid to minority shareholders	(929)	(846)
Net cash provided by (used in) financing activities	(2,422)	(50,735)
Effect of exchange rate change on cash and cash equivalents	(3,539)	382
Net increase (decrease) in cash and cash equivalents	9,801	(379)
Cash and cash equivalents at beginning of period	20,740	30,507
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(33)	-
Cash and cash equivalents at the end of period	30,507	30,128

(4) Segment information

(4)-a. Business segment information

	Millions of Yen							
	April 1 2008 – March 31 2009							
	Cellulosic derivatives	Organic chemicals	Plastics and films	Pyrotechnic devices	Functional Products and others	Total	Corporate and eliminations	Consolidated
I Sales and Operating income								
Sales								
(1) Outside customers	72,368	91,057	148,149	59,984	6,419	377,979	-	377,979
(2) Intersegment sales	2,901	15,988	4	-	10,979	29,874	(29,874)	-
Total	75,270	107,046	148,154	59,984	17,398	407,853	(29,874)	377,979
Operating expense	73,067	102,343	140,171	57,321	16,786	389,690	(22,300)	367,390
Operating income	2,203	4,702	7,982	2,662	612	18,163	(7,573)	10,589

II Total asset, Depreciation, Impairment loss and Capital investments

Total asset	107,953	76,040	132,823	50,593	7,338	374,749	71,162	445,911
Depreciation	16,553	8,361	7,429	5,158	366	37,870	708	38,579
Impairment loss	-	-	-	-	-	-	79	79
Capital investments	7,169	6,245	6,431	3,750	258	23,855	327	24,183

	Millions of Yen							
	April 1 2009 – March 31 2010							
	Cellulosic derivatives	Organic chemicals	Plastics and films	Pyrotechnic devices	Functional Products and others	Total	Corporate and eliminations	Consolidated
I Sales and Operating income								
Sales								
(1) Outside customers	76,938	74,234	111,588	51,298	6,183	320,243	-	320,243
(2) Intersegment sales	2,679	10,952	5	-	9,368	23,006	(23,006)	-
Total	79,618	85,186	111,593	51,298	15,552	343,249	(23,006)	320,243
Operating expense	67,564	79,328	106,310	46,472	14,751	314,428	(15,041)	299,386
Operating income	12,053	5,857	5,283	4,825	800	28,821	(7,965)	20,856

II Total asset, Depreciation, Impairment loss and Capital investments

Total asset	96,558	74,404	123,299	52,140	7,296	353,698	74,677	428,376
Depreciation	15,509	8,492	7,214	4,613	312	36,142	550	36,693
Impairment loss	-	856	-	-	-	856	-	856
Capital investments	4,729	5,637	2,732	3,004	109	16,212	268	16,481

(4)-b. Geographic segment information

Millions of Yen						
April 1 2008 – March 31 2009						
	Japan	Asia	Other	Total	Corporate and eliminations	Consolidated
I Sales and Operating income						
Sales						
(1) Outside customers	277,757	68,892	31,329	377,979	-	377,979
(2) Intersegment sales	40,189	15,072	2,469	57,731	(57,731)	-
Total	317,947	83,964	33,799	435,711	(57,731)	377,979
Operating expense	308,372	75,228	33,948	417,548	(50,158)	367,390
Operating income(loss)	9,575	8,736	(148)	18,163	(7,573)	10,589
II Total asset	303,433	66,160	21,378	390,972	54,938	445,911

Millions of Yen						
April 1 2009 – March 31 2010						
	Japan	Asia	Other	Total	Corporate and eliminations	Consolidated
I Sales and Operating income						
Sales						
(1) Outside customers	243,936	55,717	20,589	320,243	-	320,243
(2) Intersegment sales	34,809	13,674	1,801	50,285	(50,285)	-
Total	278,745	69,391	22,391	370,528	(50,285)	320,243
Operating expense	256,620	62,479	22,606	341,706	(42,319)	299,386
Operating income(loss)	22,125	6,911	(215)	28,821	(7,965)	20,856
II Total asset	280,062	72,217	19,415	371,696	56,680	428,376

(4)-c. Overseas sales information

Millions of Yen			
April 1 2008 – March 31 2009			
	Asia	Other	Total
I Oversea sales	95,214	51,374	146,588
II Consolidated sales	-	-	377,979
III Ratio of international sales to consolidated net sales (%)	25.2	13.6	38.8

(4)-c. Overseas sales information

Millions of Yen			
April 1 2009 – March 31 2010			
	Asia	Other	Total
I Oversea sales	79,338	38,081	117,419
II Consolidated sales	-	-	320,243
III Ratio of international sales to consolidated net sales (%)	24.8	11.9	36.7