

Consolidated Business Results for 3rd Quarter, FY2010

February 4, 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

Scheduled date for submitting financial statements : February 12, 2010

(Figures are rounded down to the nearest million)

1. Consolidated Business Results for 3rd Quarter, FY2010 (April 1, 2009 to December 31, 2009)

(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-December 2009 | 230,987 | △ 25.2 | 14,353 | △ 32.1 | 14,085 | △ 29.0 | 8,397 | △ 5.9 |
| April-December 2008 | 308,606 | - | 21,129 | - | 19,844 | - | 8,928 | - |

| | Net income per share | Net income per share after latent share adjustment |
|---------------------|----------------------|--|
| April-December 2009 | Yen 23.59 | Yen - |
| April-December 2008 | 24.87 | - |

(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 |
| December 31, 2009 | 437,247 | 221,654 | 45.6 | 560.81 |
| March 31, 2009 | 445,911 | 211,487 | 42.3 | 530.43 |

(Note) Equity capital : 199,601 millions of yen as of December 31, 2009, 188,807 millions of yen as of March 31, 2009

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 |
| FY2009 | - | 4.00 | - | 4.00 | 8.00 |
| FY2010 | - | 4.00 | - | - | - |
| FY2010 (forecasts) | - | - | - | 4.00 | 8.00 |

(Note) Revise of dividends forecast: NA

3. Forecast results for FY2010 (April 1, 2009 to March 31, 2010)

(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 FY2010 | 320,000 | △ 15.3 | 19,000 | 79.4 | 18,000 | 119.1 | 9,000 | 594.4 | 25.29 |

(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 : NA

ii Change other than A: NA

(4) Number of shares issued (common share)

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

December 31, 2009 364,942,682shares March 31, 2009 364,942,682shares

ii The number of own shares

December 31, 2009 9,023,300shares March 31, 2009 8,987,467shares

iii The average number of shares (during the term)

April-December 2009 355,936,074 shares April-December 2008 359,012,748 shares

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.

(Reference)

Forecast non-consolidated results for FY2010 (April 1, 2009 to March 31, 2010)

(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 FY2010 | 185,000 | △ 10.2 | 9,000 | - | 10,000 | - | 5,000 | - | 14.05 |

(Note) Revise of non-consolidated forecast: Applied

5. Financial Statement for 3rd quarter of FY2010
(1) Consolidated Balance Sheet for 3rd quarter of FY2010

(Unit: Millions of Yen)

| | 3rd Quarter of FY2010 (As of December 31, 2009) | Full FY2009 (As of March 31, 2009) |
|--|--|---------------------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 27,809 | 30,522 |
| Notes and accounts receivable-trade | 74,160 | 59,733 |
| Short-term investment securities | 2,526 | 25 |
| Inventories | 65,590 | 75,984 |
| Other | 14,177 | 19,420 |
| Allowance for doubtful accounts | (153) | (141) |
| Total current assets | 184,110 | 185,546 |
| Noncurrent assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 51,432 | 52,512 |
| Machinery, equipment and vehicles, net | 88,867 | 102,269 |
| Land | 26,398 | 26,486 |
| Construction in progress | 14,184 | 11,706 |
| Other, net | 2,871 | 3,364 |
| Total property, plant and equipment | 183,754 | 196,340 |
| Intangible assets | 3,972 | 3,899 |
| Investments and other assets | | |
| Investment securities | 51,052 | 43,211 |
| Other | 14,597 | 17,154 |
| Allowance for doubtful accounts | (240) | (240) |
| Total investments and other assets | 65,410 | 60,125 |
| Total noncurrent assets | 253,137 | 260,365 |
| Total assets | 437,247 | 445,911 |

| | 3rd Quarter of FY2010 (As of December 31, 2009) | Full FY2009 (As of March 31, 2009) |
|---|--|---------------------------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable-trade | 43,543 | 33,471 |
| Current portion of bonds | 10,000 | 10,000 |
| Short-term loans payable | 15,191 | 56,683 |
| Current portion of long-term loans payable | 24,323 | 26,450 |
| Income taxes payable | 3,213 | 1,199 |
| Provision for repairs | 951 | 2,705 |
| Other | 17,528 | 20,647 |
| Total current liabilities | 114,751 | 151,157 |
| Noncurrent liabilities | | |
| Bonds payable | 30,000 | 10,000 |
| Long-term loans payable | 55,277 | 59,468 |
| Provision for retirement benefits | 8,782 | 8,705 |
| Provision for directors' retirement benefits | 70 | 116 |
| Provision for repairs | 634 | 46 |
| Other | 6,076 | 4,928 |
| Total noncurrent liabilities | 100,841 | 83,266 |
| Total liabilities | 215,592 | 234,424 |
| Net assets | | |
| Shareholders' equity | | |
| Capitalstock | 36,275 | 36,275 |
| Capital surplus | 31,576 | 31,576 |
| Retained earnings | 127,898 | 122,347 |
| Treasury stock | (4,096) | (4,077) |
| Total shareholders' equity | 191,653 | 186,122 |
| Valuation and translation adjustments | | |
| Valuation difference on available-for-sale securities | 14,233 | 9,150 |
| Deferred gains or losses on hedges | (195) | (193) |
| Foreign currency translation adjustment | (6,089) | (6,270) |
| Total valuation and translation adjustments | 7,948 | 2,685 |
| Minority interests | 22,052 | 22,679 |
| Total net assets | 221,654 | 211,487 |
| Total liabilities and net assets | 437,247 | 445,911 |

(2) Consolidated Income Statement for 3rd Quarter FY2010

(Unit: Millions of Yen)

| | 3rd Quarter of FY2009 (April 1 to December 31, 2008) | 3rd Quarter of FY2010 (April 1 to December 31, 2009) |
|--|---|---|
| Net Sales | 308,606 | 230,987 |
| Cost of sales | 245,558 | 181,300 |
| Gross profit | 63,047 | 49,687 |
| Selling, general and administrative expenses | 41,918 | 35,333 |
| Operating Income | 21,129 | 14,353 |
| Non-operating income | | |
| Interest income | 316 | 134 |
| Dividends income | 1,046 | 687 |
| Equity in earnings of affiliates | 428 | 858 |
| Other | 802 | 1,268 |
| Total non-operating income | 2,593 | 2,949 |
| Non-operating expenses | | |
| Interest expenses | 2,151 | 1,814 |
| Foreign exchange loss | 841 | 237 |
| Other | 886 | 1,166 |
| Total non-operating expenses | 3,878 | 3,217 |
| Ordinary income | 19,844 | 14,085 |
| Extraordinary gain | | |
| Gain on disposal of noncurrent assets | 17 | 27 |
| Gain on sales of investment securities | 32 | 10 |
| Subsidies from municipal governments | 233 | - |
| Total extraordinary gain | 282 | 37 |
| Extraordinary loss | | |
| Loss on retirement of noncurrent assets | 1,157 | 696 |
| Impairment loss | 79 | - |
| Loss on reduction of noncurrent assets | 220 | - |
| Loss on valuation of investment securities | 218 | - |
| Settlement package | - | 398 |
| Total extraordinary loss | 1,676 | 1,095 |
| Income before income taxes | 18,450 | 13,026 |
| Income tax -current | 4,988 | 3,969 |
| Income tax-deferred | 2,151 | 529 |
| Total income taxes | 7,140 | 4,499 |
| Minority interests in income | 2,382 | 129 |
| Net income | 8,928 | 8,397 |

(3) Consolidated Statement of Cash Flow for 3rd Quarter FY2010

(Unit: Millions of Yen)

| | 3rd Quarter of FY2009 (April 1 to December 31, 2008) | 3rd Quarter of FY2010 (April 1 to December 31, 2009) |
|--|---|---|
| Net cash provided by (used in) operating activities | | |
| Income before income taxes | 18,450 | 13,026 |
| Depreciation and amortization | 28,203 | 27,857 |
| Impairment loss | 79 | - |
| Interest and dividends income | (1,362) | (821) |
| Interest expenses | 2,151 | 1,814 |
| Equity in (earnings) losses of affiliates | (428) | (858) |
| Loss (gain) on sales and retirement of noncurrent assets | 1,140 | 669 |
| Loss on reduction of noncurrent assets | 220 | - |
| Subsidies from municipal governments | (233) | - |
| Decrease (increase) in notes and accounts receivable-trade | 0 | (14,610) |
| Decrease (increase) in inventories | (14,960) | 10,544 |
| Increase (decrease) in notes and accounts payable-trade | (564) | 10,252 |
| Other, net | 680 | 228 |
| Subtotal | 33,376 | 48,102 |
| Interest and dividends income received | 1,954 | 1,296 |
| Interest expenses paid | (2,100) | (1,621) |
| Settlement package paid | - | (398) |
| Income taxes paid | (7,309) | (2,638) |
| Income taxes refund | - | 2,024 |
| Net cash provided by (used in) operating activities | 25,921 | 46,763 |
| Net cash provided by (used in) investment activities | | |
| Purchase of property, plant and equipment | (20,805) | (14,932) |
| Proceeds from sales of property, plant and equipment | 33 | 147 |
| Purchase of intangible assets | (631) | (449) |
| Purchase of investment securities | (188) | (15) |
| Payments of loans receivable | (1,669) | (11) |
| Collection of loans receivable | 1,149 | 746 |
| Proceeds from sales of plant for expropriation | 5,880 | - |
| Subsidies from municipal governments | 233 | - |
| Other, net | (2,205) | (1,377) |
| Net cash provided by (used in) investment activities | (18,205) | (15,892) |
| Net cash provided by (used in) financing activities | | |
| Net increase (decrease) in short-term loans payable | 18,706 | (41,456) |
| Proceeds from long-term loans payable | 1,420 | 15,035 |
| Repayment of long-term loans payable | (18,690) | (21,292) |
| Proceeds from issuance of bonds | - | 19,892 |
| Purchase of treasury stock | (1,408) | (20) |
| Proceeds from sales of treasury stock | 11 | 1 |
| Cash dividends paid | (2,875) | (2,847) |
| Cash dividends paid to minority shareholders | (457) | (846) |
| Net cash provided by (used in) financing activities | (3,293) | (31,533) |
| Effect of exchange rate change on cash and cash equivalents | (1,612) | (20) |
| Net increase (decrease) in cash and cash equivalents | 2,809 | (682) |
| Cash and cash equivalents at beginning of period | 20,740 | 30,507 |
| Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation | (33) | - |
| Cash and cash equivalents at the end of period | 23,516 | 29,825 |

(4) Segment information

(4)-a. Business segment information

| Millions of Yen | | | | | | | | |
|------------------------|------------------------|-------------------|--------------------|---------------------|--------------------------------|---------|----------------------------|--------------|
| April - December 2008 | | | | | | | | |
| | Cellulosic derivatives | Organic chemicals | Plastics and films | Pyrotechnic devices | Functional Products and others | Total | Corporate and eliminations | Consolidated |
| Sales | | | | | | | | |
| (1) Outside customers | 58,077 | 75,906 | 120,285 | 49,545 | 4,791 | 308,606 | - | 308,606 |
| (2) Intersegment sales | 2,637 | 14,777 | 3 | - | 8,895 | 26,314 | (26,314) | - |
| Total | 60,714 | 90,684 | 120,289 | 49,545 | 13,686 | 334,920 | (26,314) | 308,606 |
| Operating income | 7,402 | 6,805 | 8,373 | 3,912 | 466 | 26,960 | (5,830) | 21,129 |

| Millions of Yen | | | | | | | | |
|------------------------|------------------------|-------------------|--------------------|---------------------|--------------------------------|---------|----------------------------|--------------|
| April - December 2009 | | | | | | | | |
| | Cellulosic derivatives | Organic chemicals | Plastics and films | Pyrotechnic devices | Functional Products and others | Total | Corporate and eliminations | Consolidated |
| Sales | | | | | | | | |
| (1) Outside customers | 56,567 | 54,041 | 79,873 | 36,272 | 4,232 | 230,987 | - | 230,987 |
| (2) Intersegment sales | 1,959 | 7,673 | 4 | - | 6,846 | 16,485 | (16,485) | - |
| Total | 58,527 | 61,715 | 79,878 | 36,272 | 11,079 | 247,472 | (16,485) | 230,987 |
| Operating income | 9,311 | 4,301 | 3,382 | 2,754 | 355 | 20,104 | (5,750) | 14,353 |

(4)-b. Geographic segment information

| Millions of Yen | | | | | | |
|------------------------|---------|--------|--------|---------|----------------------------|--------------|
| April - December 2008 | | | | | | |
| | Japan | Asia | Other | Total | Corporate and eliminations | Consolidated |
| Sales | | | | | | |
| (1) Outside customers | 226,289 | 56,632 | 25,684 | 308,606 | - | 308,606 |
| (2) Intersegment sales | 32,370 | 12,394 | 1,874 | 46,640 | (46,640) | - |
| Total | 258,660 | 69,027 | 27,559 | 355,246 | (46,640) | 308,606 |
| Operating income(loss) | 19,310 | 7,672 | (23) | 26,960 | (5,830) | 21,129 |

| Millions of Yen | | | | | | |
|------------------------|---------|--------|--------|---------|----------------------------|--------------|
| April - December 2009 | | | | | | |
| | Japan | Asia | Other | Total | Corporate and eliminations | Consolidated |
| Sales | | | | | | |
| (1) Outside customers | 176,970 | 38,855 | 15,161 | 230,987 | - | 230,987 |
| (2) Intersegment sales | 23,806 | 9,486 | 1,203 | 34,496 | (34,496) | - |
| Total | 200,776 | 48,342 | 16,364 | 265,484 | (34,496) | 230,987 |
| Operating income(loss) | 16,063 | 4,188 | (147) | 20,104 | (5,750) | 14,353 |

(4)-c. Overseas sales information

| Millions of Yen | | | |
|---|--------|--------|---------|
| April - December 2008 | | | |
| | Asia | Other | Total |
| I Oversea sales | 77,316 | 41,458 | 118,774 |
| II. Consolidated sales | - | - | 308,606 |
| III. Ratio of international sales to consolidated net sales (%) | 25.1 | 13.4 | 38.5 |

| Millions of Yen | | | |
|---|--------|--------|---------|
| April - December 2009 | | | |
| | Asia | Other | Total |
| I Oversea sales | 55,068 | 27,257 | 82,325 |
| II. Consolidated sales | - | - | 230,987 |
| III. Ratio of international sales to consolidated net sales (%) | 23.8 | 11.8 | 35.6 |