

Consolidated Financial Report for the First Three Quarters of the Fiscal Year Ending March 31, 2013

Ube Industries, Ltd.

1. Consolidated Companies

Fiscal period	Previous fiscal year ended Mar. 31, 2012	Current first 3Qs ended Dec. 31, 2012	Change
Number of companies			
Consolidated companies	67	68	+1
Companies using equity method accounting	25	25	0
Total	92	93	+1

2. Consolidated Business Results for the First Three Quarters of the Fiscal Year Ending March 31, 2013 (April 1, 2012 to December 31, 2012)

(1) Results of Operations

(Billions of Yen – except per share data)

	Previous first 3Qs ended Dec. 31, 2011	Current first 3Q ended Dec. 31, 2012	Change
Net sales	470.9	464.4	-6.5
Operating income	35.0	23.1	-11.8
Net interest expenses	-2.3	-1.9	0.3
Equity in earnings of affiliates	0.9	1.1	0.2
Other non-operating income	-2.5	-0.3	2.2
Ordinary income	31.1	22.0	-9.0
Extraordinary income	0.2	0.7	0.4
Extraordinary losses	-1.6	-3.9	-2.3
Net income	19.4	12.5	-6.8
Net income per share	19.35 Yen	12.51 Yen	-6.84 Yen

Presupposition conditions

Exchange rate (Yen per US\$)	79.0	80.0	1.0
Naphtha price (Yen/kl)	55,200	55,400	200
Australian coal price (Yen/ton)	11,400	10,230	-1,170

Net Sales by Segment

(Billions of Yen)

	Previous first 3Qs ended Dec. 31, 2011	Current first 3Qs ended Dec. 31, 2012	Change	Comments
Chemicals & Plastics	174.1	162.9	-11.2	- Decrease in sales price of caprolactam, etc.
Specialty Chemicals & Products	48.8	46.9	-1.9	- Decrease in sales prices, etc.
Pharmaceutical	6.9	8.3	1.4	- Increase in sales volume and license revenue
Cement & Construction Materials	154.6	155.9	1.3	- Increase in sales volume of cement, ready-mixed concrete, etc.
Machinery & Metal Products	48.6	50.9	2.2	- Increase in shipments of molding and industrial machines, and decrease in sales of steel products, etc.
Energy & Environment	46.0	49.5	3.4	- Increase in dealing volume of coal, and price rise of sold electric power, etc.
Other	19.8	19.3	-0.4	
Adjustment	-28.1	-29.5	-1.3	
Total	470.9	464.4	-6.5	

Operating Income by Segment

(Billions of Yen)

	Previous first 3Qs ended Dec. 31, 2011	Current first 3Qs ended Dec. 31, 2012	Change	Comments
Chemicals & Plastics	19.4	4.3	-15.1	- Decrease in spread between selling prices and costs of raw materials for caprolactam, etc
Specialty Chemicals & Products	5.1	1.5	-3.6	- Decrease in sales prices and license revenue, etc.
Pharmaceutical	2.1	2.7	0.6	- Increase in sales volume and license revenue
Cement & Construction Materials	5.8	8.0	2.2	- Increase in domestic sales volume of cement, and decrease in fixed costs, etc.
Machinery & Metal Products	0.7	2.7	2.0	-Increase in shipments of molding and industrial machines, and improvement in profitability of molding machines, etc.
Energy & Environment	2.5	4.2	1.7	- Improvement in profitability of electricity business, and decrease in repair costs of IPP, etc.
Other	0.8	0.8	0.0	
Adjustment	-1.5	-1.2	0.2	
Total	35.0	23.1	-11.8	

Note: Adjustment of operating income is calculated by totaling the company-wide cost excluding allocation to each segment and the tradeoff of inter-segment trades.

(2) Financial Condition

(Billions of Yen)

Assets	Previous Fiscal year ended Mar. 31, 2012	Current first 3Qs ended Dec. 31, 2012	Change
Cash and deposits	33.2	37.0	3.7
Accounts receivable	150.1	143.9	-6.1
Inventories	81.2	92.4	11.1
Property, plant and equipment	313.9	313.0	-0.9
Intangible fixed assets	4.9	4.5	-0.4
Investments and other assets	81.6	86.9	5.3
Total assets	664.9	677.9	12.9

Liabilities	Previous Fiscal year ended Mar. 31, 2012	Current first 3Qs ended Dec. 31, 2012	Change
Notes and accounts payable-trade	88.8	87.2	-1.6
Interest-bearing debt	253.9	259.3	5.4
(Net debt) *1	(220.8)	(222.5)	(1.7)
Other liabilities	97.7	87.6	-10.1
Net assets	224.4	243.7	19.3
(Shareholders' Equity)	(218.8)	(226.3)	(7.5)
(Accumulated Other Comprehensive Income)	(-19.3)	(-16.0)	(3.3)
(Share subscription rights and Minority interests)	(24.9)	(33.3)	(8.4)
Total liabilities and Net assets	664.9	677.9	12.9

*1 Net debt: Interest-bearing debt – Cash and cash equivalents

(3)Cash Flows

	(Billions of Yen)	(Billions of Yen)
	Current first 3Qs ended Dec. 31, 2012	(Ref.) Previous first 3Qs ended Dec. 31, 2011
Cash flows from operating activities	24.1 *1	16.2
Cash flows from investing activities	-28.7 *2	-31.3
Cash flows from financing activities	7.8	1.2
(Interest-bearing debt)	(4.8)	(7.6)
(Dividend paid and Other)	(3.0) *3	(-6.4)
Cash and cash equivalents at end of period	36.8	34.9

*1 Net income before taxes 18.8 billion Yen
 Depreciation and amortization 23.4 billion Yen
 Increase or decrease in working capital -7.0 billion Yen, etc
 *2 Acquisition of tangible/ intangible fixed assets -28.9 billion Yen, etc
 *3 Payment from minority shareholders for their shares. 9.6 billion Yen
 Dividend paid -6.1 billion Yen, etc

(4)Qualitative Information

Qualitative Information for Operating Results

Chemicals & Plastics Segment

Market of caprolactam, which is used as a raw material of synthesise polyamide, was slow because of the economic slowdown on the global scale, as well as relaxation of supply and demand in the China market due to operation start-up of competitor's facilities. In addition, as prices of benzene, a raw material of caprolactam, rose, the spread between selling prices and cost of raw materials decreased substantially compared to the same period last year when the sales were strong, and became the main cause of the profit decrease in this segment. Shipment of polybutadiene rubber (synthetic rubber) was also affected by weakening demand in China, and decreased in comparison with the same period in the previous year. On the other hand, shipment of polyamide resins were strong, thanks to strong demand for the products used as a raw material of food packing films, and shipment of industrial chemicals were also steady, especially in the field of ammonia products.

As a result, consolidated segment sales decreased by 11.2 billion yen, compared to the same period in the previous year, to 162.9 billion yen, while consolidated operating income decreased by 15.1 billion yen to 4.3 billion yen.

Specialty Chemicals & Products Segment

In the market of materials for lithium-ion batteries, shipment of separator continued to increase, partially because of initial rise of demand for in-vehicle units, but shipment of electrolyte was weak due to slow demand for consumer products in the domestic market. Shipment of polyimide products mainly used as films of flat-screen televisions was also sluggish, due to slower recovery of demand in the field of electronics and information materials, and shipments of many functional materials such as ceramic products mainly used as components for solar cell production were weak. Shipments of fine chemical products were generally affected by the weak market condition.

As a result, consolidated segment sales decreased by 1.9 billion yen, compared to the same period in the previous year, to 46.9 billion yen, while consolidated operating income decreased by 3.6 billion yen to 1.5 billion yen.

Pharmaceutical Segment

Sales of pharmaceutical active ingredients and intermediates grew, especially ones used for antiallergic drug and antiplatelet agent discovered by UBE. The royalty revenues of those products also increased.

As a result, consolidated segment sales increased by 1.4 billion yen, compared to the same period in the previous year, to 8.3 billion yen, while consolidated operating income increased by 0.6 billion yen to 2.7 billion yen.

Cement & Construction Materials Segment

Shipments of cement, ready-mixed concrete and building materials increased in comparison with the same period in the previous year, thanks to signs of recovery in the indices such as condominium and housing construction and capital investments as well as signs of increase in so-called reconstruction demand. Recycling of various types of waste for use as raw materials/fuel also hovered at a steady level. Sales of calcia and magnesia products used for flue-gas desulfurization of privately-owned electrical power facilities hovered at a steady level, but the demand for those used as electronics and information materials, or steel materials were weak.

As a result, consolidated segment sales increased by 1.3 billion yen, compared to the same period in the previous year, to 155.9 billion yen, while consolidated operating income increased by 2.2 billion yen to 8.0 billion yen.

Machinery & Metal Products Segment

Received orders for molding machines mainly used in the automobile industries increased, especially in the emerging countries and North America markets, thanks to continuous adaptation of new models in the market. Received orders of industrial machines such as vertical mills and conveyers continued to be in a harsh condition, due to appreciation of yen and severe competition with overseas and domestic manufacturers, but shipments of those products remained at a steady level in the quarter under review. Shipment of steel products was weak due to sluggish demand in the market and appreciation of yen.

As a result, consolidated segment sales increased by 2.2 billion yen, compared to the same period in the previous year, to 50.9 billion yen while consolidated operating income increased by 2.0 billion yen to 2.7 billion yen.

Energy & Environment Segment

In the coal business, both shipment of salable coals and traded volumes of the coals stored at UBE's Coal Center (transshipment station) were steady, especially in the fields targeting chemical and paper manufacturing industries. Profitability of the power producer business was improved, thanks to falling in coal price, as well as price rise of sold electric power for the reason of the tight relationship between electricity supply and demand, and repair costs relating to the IPP electric power plant decreased compared to the same period of last year.

As a result, consolidated segment sales increased by 3.4 billion yen, compared to the same period in the previous year, to 49.5 billion yen, while consolidated operating income increased by 1.7 billion yen to 4.2 billion yen.

Other

Consolidated segment sales of other businesses decreased by 0.4 billion yen to 19.3 billion yen, while consolidated operating income increased by 0.04 billion yen to 0.8 billion yen.

Qualitative Information for Financial Condition

Total assets at the end of the third quarter of the fiscal year increased by 12.9 billion yen to 677.9 billion yen compared to the end of the previous fiscal year. Current assets increased by 11.3 billion yen in spite of a decrease of 6.1 billion yen in notes and accounts receivable, thanks to an increase of 11.1 billion yen in inventories, which include commercial products and manufactured goods.

Total liabilities decreased by 6.3 billion yen to 434.1 billion yen in spite of an increase of 5.4 billion yen in interest-bearing debt, because both accrued income taxes and reserve for bonuses decreased respectively by 3.7 billion yen and 3.8 billion yen.

Net assets increased by 19.3 billion yen to 243.7 billion yen, mainly because of increases of 12.5 billion yen in retained earnings resulted from net profit of this quarter and of 8.4 billion yen in minority interest after private placement of new shares of our subsidiary in Thai, as well as an improvement of 3.4 billion yen in foreign currency translation adjustments, despite of dividend of 5.0 billion yen paid from the retained earnings.

3. Consolidated Earnings Forecast for the Year Ending March 31, 2013 (April 1, 2012 to March 31, 2013)

As described in the "Ube Industries Announces Revised Earnings Forecasts" published today, we have revised our earnings forecast for the whole financial year to 628.0 billion yen in net sales, 28.0 billion yen in operating income, 23.5 billion yen in ordinary income and 5.5 billion yen in net income.

(Billions of Yen – except per share data)

	Fiscal Year ended Mar. 31, 2012	Fiscal Year ending Mar. 31, 2013(forecast)	Change
Net sales	638.6	628.0	-10.6
Operating income	46.0	28.0	-18.0
Ordinary income	40.8	23.5	-17.3
Extraordinary income (losses), net	-3.2	-13.5	-10.3
Net income	22.9	5.5	-17.4
Net income per share	22.85 Yen	5.47 Yen	-17.38 Yen
Dividend per share	5.0 Yen	5.0 Yen	0.0 Yen

Business Conditions

Exchange rate (yen per US\$)	79.1 Yen	82.5 Yen	3.4 yen
Naphtha price (yen/kl)	55,000 Yen	56,900 Yen	1,900 yen
Australian coal price (yen/ton)	11,360 Yen	10,450 Yen	-910 yen

Net Sales by Segment

	Fiscal Year ended Mar. 31, 2012	Fiscal Year ending Mar. 31, 2013 (forecast)	Change	Comments
Chemicals & Plastics	231.0	220.0	-11.0	- Decrease in sales price of caprolactam
Specialty Chemicals & Products	64.3	63.0	-1.3	- Decrease in sales prices, etc.
Pharmaceutical	11.1	11.5	0.4	- Increase in sales volume and license revenue
Cement & Construction Materials	209.1	207.0	-2.1	- Decrease in sales volume of calcia and magnesia products, etc.
Machinery & Metal Products	72.5	72.0	-0.5	- Decrease in sales of steel products, and increase in shipments of molding and industrial machines, etc.
Energy & Environment	62.5	68.0	5.5	- Increase in dealing volume of coal, and price rise of sold electric power, etc.
Other	25.9	23.5	-2.4	
Adjustment	-38.0	-37.0	1.0	
Total	638.6	628.0	-10.6	

Operating Income by Segment

	Fiscal Year ended Mar. 31, 2012	Fiscal Year ending Mar. 31, 2013 (forecast)	Change	Comments
Chemicals & Plastics	22.9	3.8	-19.1	- Decrease in spread between selling prices and costs of raw materials for caprolactam
Specialty Chemicals & Products	5.4	1.2	-4.2	- Decrease in sales prices and license revenue, etc.
Pharmaceutical	3.7	3.2	-0.5	- Selling price changes of active ingredients discovered by UBE, etc.
Cement & Construction Materials	8.6	11.0	2.4	- Increase in domestic sales volume of cement, and decrease in fixed costs, etc.
Machinery & Metal Products	3.0	4.0	1.0	- Increase in shipments of molding and industrial machines, and improvement in profitability of molding machines, etc.
Energy & Environment	3.3	6.0	2.7	- Improvement in profitability of electricity business, and decrease in repair costs of IPP, etc.
Other	1.0	1.0	0.0	
Adjustment	-2.3	-2.2	0.1	
Total	46.0	28.0	-18.0	

Note: Adjustment of operating income is calculated by totaling the company-wide cost excluding allocation to each segment and the tradeoff of inter-segment trades.

(Reference)**Consolidated Key Indicators** (Billions of yen – except where noted)

	Previous first 3Qs ended Dec. 31, 2011	Current first 3Qs ended Dec. 31, 2012	Fiscal Year ending Mar. 31, 2013 (forecast)	Fiscal Year ended Mar. 31, 2012
Capital investment	30.9	27.7	37.0	44.4
Depreciation and amortization	24.3	23.4	31.5	32.9
Research and development expenses	10.0	10.3	14.0	13.7
Adjusted operating income *1	36.8	25.1	29.5	47.9
Interest-bearing debt	267.6	259.3	251.0	253.9
Net debt *2	232.6	222.5	217.0	220.8
Equity capital*3	195.8	210.3	209.0	199.4
Total assets	671.0	677.9	693.0	664.9
Net D/E ratio (times)	1.2	1.1	1.0	1.1
Equity ratio (%)	29.2	31.0	30.2	30.0
Return on sales (%)	7.4	5.0	4.5	7.2
Return on assets - ROA (%) *4	-	-	4.3	7.2
Return on equity – ROE (%)	-	-	2.7	11.9
Number of employees	11,193	11,217	11,250	11,081

*1 Adjusted operating income: Operating income + Interest and dividend income + Equity in earnings of unconsolidated subsidiaries and affiliated companies

*2 Net debt: Interest-bearing debt – Cash and cash equivalents

*3 Equity capital: Net assets – Share subscription rights – Minority interests

*4 ROA: Adjusted operating income / Average total assets