May 11, 2009

Consolidated Financial Report for the Fiscal Year Ended March 31, 2009

Ube Industries, Ltd.

1. Consolidated Companies

Number of companies \ Fiscal period	Fiscal year ended Mar. 31, 2008	Fiscal year ended Mar. 31, 2009	Change
Consolidated companies	67	65	-2
Companies using equity method accounting	28	27	-1
Total	95	92	-3

2. Consolidated Business Results for the Fiscal Year Ended March 31, 2009 (April 1, 2008 to March 31, 2009)

(1) Results of Operations

(Billions of yen – except per share data)

	Fiscal year ended Mar. 31, 2008	Fiscal year ended Mar. 31, 2009	Change
Net sales	704.2	684.7	-19.5
Operating income	55.9	31.1	-24.7
Net interest expenses	-5.9	-5.0	0.8
Equity in earnings of affiliates	1.3	0.8	-0.4
Other non-operating income	-4.5	-6.5	-2.0 *1
Ordinary income	46.7	20.3	-26.3
Extraordinary income	3.6	0.9	-2.7
Extraordinary losses	-9.4	-7.8 *2	1.6
Net income before taxes	40.8	13.5	-27.3
Net income	24.0	11.6	-12.3

Net income per share	23.88 yen	11.59 yen	-12.29 yen

*1 Loss on foreign currency exchange, net -1.2 billion yen, etc

*2 Loss on business restructuring -2.6 billion yen

Loss on disposal of PP & E -1.9 billion yen

Loss on impairment of fixed assets -1.8 billion yen, etc.

Presupposition conditions

Exchange rate (yen per US$)	114.3	100.5	-13.8
Naphtha price (yen/kl)	61,500	58,900	-2,600
Australian coal price (yen/ton)	11,030	15,382	4,352

Net Sales by Segment

(Billions of yen)

	Fiscal year ended Mar. 31, 2008	Fiscal year ended Mar. 31, 2009	Change	Comments
Chemicals & Plastics	233.2	212.6	-20.6	-Decrease in sales volume -Increase in selling prices, etc.
Specialty chemicals & products	93.5	87.0	-6.4	-Decrease in sales volume, etc.
Cement & construction materials	207.0	209.4	2.4	-Increase in selling prices -Decrease in sales volume, etc.
Machinery & metal products	120.3	110.0	-10.2	-Decrease in shipments of molding machines -Decrease in sales volume of aluminum wheels - Negative change in sales mix for aluminum wheels, etc.
Energy & environment	46.4	61.8	15.3	- Increase in selling prices and sales volume for coal sales, etc.
Other	3.6	3.5	0.0	
Total	704.2	684.7	-19.5	

Operating Income by Segment

(Billions of yen)

	Fiscal year ended Mar. 31, 2008	Fiscal year ended Mar. 31, 2009	Change	Comments
Chemicals & Plastics	18.6	2.0	-16.5	-Decrease in sales volume - Posted valuation loss on inventories -Decrease in spread between selling prices and cost of raw materials for caprolactam, etc.
Specialty chemicals & products	14.1	6.7	-7.4	-Decrease in sales volume - Negative change in price factors, etc.
Cement & construction materials	10.8	8.8	-1.9	- Rise in energy costs -Decrease in sales volume -Increase in selling prices, etc.
Machinery & metal products	6.6	4.0	-2.6	-Decrease in shipments of molding machines - Increase in costs of materials and parts - Decrease in sales volume of aluminum wheels - Negative change in sales mix for aluminum wheels, etc.
Energy & environment	4.6	8.6	3.9	-Increase in sales of coal, etc.
Other	0.8	0.7	0.0	
Total	55.9	31.1	-24.7	

(2) Financial Condition

(Billions of yen)

Assets	Fiscal year ended Mar. 31, 2008	Fiscal year ended Mar. 31, 2009	Change
Cash and deposits	25.3	39.3	14.0
Accounts receivable	163.9	124.0	-39.9
Inventories	84.6	92.6	7.9
Property, plant and equipment	360.0	332.4	-27.6
Intangible fixed assets	4.1	4.1	0.0
Investment securities	34.1	32.1	-1.9
Deferred tax assets	13.2	21.0	7.8
Loans	1.7	1.8	0.0
Other assets	33.6	30.3	-3.2
Total assets	720.8	677.9	-42.9

Liabilities	Fiscal year ended Mar. 31, 2008	Fiscal year ended Mar. 31, 2009	Change
Notes and accounts payable-trade	107.1	80.3	-26.8
Account payable-other	30.9	29.9	-1.0
Interest-bearing debt	300.7	306.8	6.0
(Net debt) *1	(275.6)	(267.7)	(-7.9)
Other liabilities	62.9	66.1	3.1
Net assets	219.0	194.7	-24.3
(Shareholders' Equity)	(177.3)	(183.7)	(6.4)
(Valuation and translation adjustments)	(16.5)	(-11.8)	(-28.3) *2
(Share subscription rights and Minority interests)	(25.1)	(22.7)	(-2.3)
Total liabilities and Net assets	720.8	677.9	-42.9

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

*2 Decrease in foreign currency translation adjustments -26.4 billion yen, etc

(3)Cash Flows

(Billions of yen)

	Fiscal year ended Mar. 31, 2009		(Ref.)Fiscal year ended Mar. 31, 2008
Cash flows from operating activities	45.5	*1	58.8
Cash flows from investing activities	-32.9	*2	-28.4
Cash flows from financing activities	4.3		-28.6
(Interest-bearing liabilities)	(9.9)	*3	(-24.0)
(Dividend paid and Other)	(-5.6)		(-4.5)
Cash and cash equivalents at end of the period	39.1		25.0

*1 Net income before taxes 13.5 billion yen
Depreciation and amortization 34.8 billion yen
Income tax payment -9.7 billion yen, etc.

*2 Acquisition of tangible/ intangible fixed assets -34.2 billion yen, etc.

*3 Increase in loans payable, net 30.0 billion yen
Decrease in bonds payable, net -20.1 billion yen, etc.

(4)Qualitative Information

Qualitative Information for Operating Results

Chemicals & Plastics Segment

Shipments of caprolactam, polyamide resins, polybutadiene rubber (synthetic rubber) and industrial chemicals were generally strong until the second quarter, but fell significantly after the third quarter as production adjustments (reductions) were made due to stagnating demand caused by the rapid slowdown in the global economy. In that segment, a significant valuation loss was posted on inventories due to a major decline in product prices caused by the impact of a sudden drop in the raw material market conditions of the previous summer and declining demand.

As a result, consolidated segment sales decreased by 20.6 billion yen, or 8.8%, compared to the previous fiscal year to 212.6 billion yen, and segment operating income decreased by 16.5 billion yen, or 88.9%, to 2.0 billion yen.

Specialty Chemicals & Products Segment

Shipments of electrolytes and separators for lithium-ion batteries were generally strong and shipments of high-purity chemicals for semiconductors were solid. However, shipments of both declined sharply in the latter half of the third quarter due to plummeting IT/digital products-related demand. Shipments of polyimide products, which had been on the recovery, were sluggish due to the impact of inventory adjustments for flat-screen television panels. Until the second quarter, shipments were generally solid for fine chemicals and gas separation membranes, including nitrogen gas separation membranes, but shipments of these products plunged in the third quarter. Shipments of pharmaceutical active ingredients and intermediates were generally strong. It should also be noted that segment operating income was substantially impacted by a strong yen.

As a result, consolidated segment sales decreased by 6.4 billion yen, or 6.9%, compared to the previous fiscal year to 87.0 billion yen, and segment operating income decreased by 7.4 billion yen, or 52.3%, to 6.7 billion yen.

Cement & Construction Materials Segment

Shipments of cement, ready-mixed concrete and building materials were sluggish due to the impact of revisions to the Building Standards Law from two years ago, rising material prices and worsening economic conditions. Recycling of various types of waste for use as fuel and raw materials expanded steadily. Backed mainly by steel-related demand, shipments of calcia and magnesia were generally strong until the second quarter, but were impacted by the rapid drop-off in steel demand in the third quarter. The segment was significantly impacted by increases in coal and other fuel costs which exceeded efforts made to shift the costs by raising product prices.

As a result, consolidated segment sales increased by 2.4 billion yen, or 1.2%, compared to the previous fiscal year to 209.4 billion yen, but segment operating income decreased by 1.9 billion yen, or 18.1%, to 8.8 billion yen.

Machinery & Metal Products Segment

In the machinery business, shipments of molding machines were weak due to a decrease in automobile industry demand, but shipments of industrial machinery, including vertical mills, were solid primarily for the steelmaking industry in Japan and overseas and the cement industry overseas. Orders of industrial machinery for major overseas resource-related projects in industrial machinery were at a high level until the second quarter but slumped in the third quarter due to a sharp drop in plant investment. Operating income from the machinery business was significantly impacted by surging steel prices and yen appreciation.

In the aluminum wheel business, shipments were weak in both Japan and North America due to the impact of slumping automobile sales.

As a result, consolidated segment sales decreased by 10.2 billion yen, or 8.5%, compared to the previous fiscal year to 110.0 billion yen, and segment operating income decreased by 2.6 billion yen, or 39.0%, to 4.0 billion yen.

The UBE Group aggressively worked to restructure its aluminum wheel business in North America, but in light of increasingly severe stagnation in automobile demand, the decision was made in February of this year to withdraw from the market. For the domestic aluminum wheel business, with the automobile market changing drastically, the UBE Group will spin off a company in July of this year to bring management more in line with the characteristics of the business and expedite decision making.

Energy & Environment Segment

Coal selling prices increased and shipments were strong with tight supply and demand and rising coal prices until summer. Coal dealing volume at UBE's Coal Center (a coal storage facility), which set a record high in the previous fiscal year, remained at a high level, despite a sharp decrease in the forth quarter, due in part to reinforcements to storage capacity made in February of last year. In the independent power producer business, fuel costs were further reduced through use of biomass fuel and low-grade coal.

As a result, consolidated segment sales increased by 15.3 billion yen, or 33.1%, compared to the previous fiscal year to 61.8 billion yen, and segment operating income increased by 3.9 billion yen, or 84.4%, to 8.6 billion yen.

Other

Consolidated segment sales totaled 3.5 billion yen, and segment operating income was 0.7 billion yen.

Qualitative Information for Financial Condition

Total assets decreased by 42.9 billion yen to 677.9 billion yen compared to the end of the previous fiscal year. Although cash and deposits increased by 14.0 billion yen, because of a decrease of 39.9 billion yen in notes receivable and accounts receivable, current assets decreased by 20.3 billion yen. And due to a decrease in tangible fixed assets and other factors, fixed assets decreased by 22.5 billion yen.

Total liabilities decreased by 18.6 billion yen to 483.2 billion yen as a result of an interest-bearing debt increase of 6.0 billion yen, despite a reduction of 26.8 billion yen for notes payable and accounts payable.

Net assets decreased by 24.3 billion yen to 194.7 billion yen as a result of factors including: an increase in retained earnings of 6.3 billion yen, a decrease in foreign currency translation adjustments of 26.4billion yen, a decrease of 1.5 billion yen for valuation difference on securities and a decrease of 2.4 billion yen decrease in minority interests.

3. Consolidated Earnings Forecast for the Year Ending March 31, 2010 (April 1, 2009 to March 31, 2010)

Looking ahead, the global economy will likely need significant time to recover as economies slump in developed countries and growth slows in emerging markets. The domestic economy is also expected to stagnate for the foreseeable future due to downturns in exports and capital investment, which had been powering business activity. There are also many uncertainties going forward in demand, raw material prices, exchange rates and other factors. The UBE Group therefore expects business conditions to continue to be harsh and unpredictable. On the basis of these considerations, earnings forecasts for the next fiscal year have made based on a USD-JPY exchange rate of $1=¥95 and domestic naphtha price of ¥35,000 per kiloliter for the period from April 1, 2009 to March 2010.

Consolidated net sales are projected to decline substantially from the preceding fiscal year, by 19.4% to 552.0 billion yen. Prices are expected to fall for chemicals, plastic products and coal sales. In addition to such price factors, volumes and shipments are expected to decline, including sales volumes for construction materials, shipments of molding machines for the automobile industry and coal sales volumes. Consolidated operating income is projected to fall by 19.8% year on year to 25.0 billion yen. Aggressive efforts will be made to reduce fixed expenses and other costs, but with the exception of Specialty Chemicals & Products, the four main segments are all expected to endure worsening price factors. Consolidated ordinary income is projected to decline by 28.9% year on year to 14.5 billion yen, about the same amount as the forecast decline in operating income. Consolidated net income is forecast to decrease by 40.0% year on year to 7.0 billion yen.

(Billions of yen – except per share data)

	Fiscal year ended Mar. 31, 2009	Fiscal year ending Mar. 31, 2010	Change
Net sales	684.7	552.0	-132.7
Operating income	31.1	25.0	-6.1
Ordinary income	20.3	14.5	-5.8
Extraordinary income(losses),net	-6.8	-2.5	4.3
Net income	11.6	7.0	-4.6

Net income per share	11.59 Yen	6.96 yen	-4.63 yen

Presupposition conditions

Exchange rate (yen per US$)	100.5	95.0	-5.5
Naphtha price (yen/kl)	58,900	35,000	-23,900
Australian coal price (yen/ton)	15,382	8,503	-6,879

Net Sales by Segment

(Billions of yen)

	Fiscal year ended Mar. 31, 2009	Fiscal year ending Mar. 31, 2010	Change	Comments
Chemicals & Plastics	212.6	150.5	-62.1	-Decrease in selling prices, etc.
Specialty Chemicals & Products	87.0	80.0	-7.0	-Decrease in selling prices, etc.
Cement & Construction Materials	209.4	196.0	-13.4	-Decrease in sales volume -Decrease in selling prices of quick lime related products, etc.
Machinery & Metal Products	110.0	84.5	-25.5	- Decrease in selling prices and sales volume for steel product sales, etc. - Decrease in shipments of molding machines - Withdrawal of North American aluminum wheel business, etc.
Energy & Environment	61.8	37.6	-24.2	- Decrease in selling prices and sales volume for coal sales, etc.
Other	3.5	3.4	-0.1	
Total	684.7	552.0	-132.7	

Operating Income by Segment

(Billions of yen)

	Fiscal year ended Mar. 31, 2009	Fiscal year ending Mar. 31, 2010	Change	Comments
Chemicals & Plastics	2.0	1.5	-0.5	-Decrease in sales volume - Inventory valuation (profit), etc
Specialty Chemicals & Products	6.7	8.0	1.3	-Increase in sales volume, etc.
Cement & Construction Materials	8.8	8.5	-0.3	-Decrease in sales volume - Decrease in fixed costs, etc.
Machinery & Metal Products	4.0	3.5	-0.5	- Decrease in net sales of molding machines and steel products -Improvements to profit and loss as a result of withdrawal of North American aluminum wheel business, etc.
Energy & environment	8.6	2.9	-5.7	-Decrease in sales of coal -Decrease in volume of coal storage by contract, etc
Other	0.7	0.6	-0.1	
Total	31.1	25.0	-6.1	

(Reference) Consolidated Key Indicators

(Billions of yen – except where noted)

	Fiscal year ended Mar. 31, 2008	Fiscal year ended Mar. 31, 2009	Fiscal year ending Mar. 31, 2010 (Forecast)
Capital investment	30.9	35.4	25.0
Depreciation and amortization	34.1	34.8	34.0
Research and development expenses	13.5	14.1	13.8
Adjusted operating income *1	58.6	33.6	25.5
Interest-bearing debt	300.7	306.8	300.0
Net debt *2	275.6	267.7	265.0
Equity capital*3	193.8	171.9	174.0
Total assets	720.8	677.9	680.0
Net D/E ratio (times)	1.4	1.6	1.5
Equity ratio(%)	26.9	25.4	25.6
Ratio of operating income to net sales (%)	7.9	4.6	4.5
Return on assets - ROA (%) *4	8.2	4.8	3.8
Return on equity – ROE (%)	13.1	6.4	4.0
Number of employees	11,058	11,264	11,190

*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