

Consolidated Financial Report for the First Quarter of Fiscal Year Ending March 31, 2010

Ube Industries, Ltd.

1. Consolidated Companies

Fiscal period	Fiscal year ended March 31, 2009	1Q ended June 30, 2009	Variance
Number of companies			
Consolidated companies	65	66	1
Companies using equity method accounting	27	27	0
Total	92	93	1

2. Consolidated Business Results for the First Quarter of Fiscal Year Ending March 31, 2010
(April 1, 2009 to June 30, 2009)

(1) Results of Operations

(Billions of yen – except per share data)

	Previous 1Q ended June 30, 2008	Current 1Q ended June 30, 2009	Variance
Net sales	176.9	120.1	-56.8
Operating income	10.8	-1.2	-12.1
Net interest expenses	-1.0	-1.2	-0.1
Equity in earnings of affiliates	0.1	-0.2	-0.4
Other non-operating income	0.3	-0.6	-1.0 *1
Ordinary income	10.3	-3.4	-13.7
Extraordinary income (losses), net	-0.2	-1.6	-1.3
Net income (losses)	6.4	-3.2	-9.7

Net income per share	6.46 yen	-3.25 yen	-9.71 yen
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*1 Loss on foreign currency exchange, net -0.9 billion yen

Exchange rate (yen per US\$)	104.6	97.3	-7.3
Naphtha price (yen/kl)	70,900	33,300	-37,600
Australian coal price (yen/ton)	17,826	9,146	-8,680

Net Sales by Segment

(Billions of yen)

	Previous 1Q ended June 30, 2008	Current 1Q ended June 30, 2009	Variance	Comments
Chemicals & Plastics	60.9	32.3	-28.6	- Decrease in sales volume and selling prices, etc.
Specialty chemicals & products	23.4	16.9	-6.5	- Decrease in sales volume, etc.
Cement & construction materials	52.0	42.9	-9.1	- Decrease in sales volume, etc.
Machinery & metal products	27.7	16.4	-11.2	- Decrease in selling prices and sales volume of steel products - Decrease in shipments of molding machines - Decrease in sales volume for aluminum wheels, etc.
Energy & environment	11.7	10.4	-1.2	- Decrease in selling prices and sales volume for coal sales, etc.
Other	1.0	0.9	0.0	
Total	176.9	120.1	-56.8	

Operating Income (losses) by Segment

(Billions of yen)

	Previous 1Q ended June 30, 2008	Current 1Q ended June 30, 2009	Variance	Comments
Chemicals & Plastics	3.3	-4.1	-7.5	- Decrease in sales volume - Decrease in spread between selling prices and cost of raw materials for caprolactam, etc.
Specialty chemicals & products	2.4	1.2	-1.2	- Decrease in sales volume, etc.
Cement & construction materials	2.3	0.3	-1.9	- Decrease in sales volume, etc.
Machinery & metal products	0.6	-0.0	-0.7	- Decrease in shipments of molding machines - Decrease in sales volume for aluminum wheels, etc.
Energy & environment	1.9	1.2	-0.6	- Decrease in sales of coal - Decrease in volume of coal storage by contract, etc.
Other	0.2	0.2	0.0	
Total	10.8	-1.2	-12.1	

(2) Financial Condition

(Billions of yen)

Assets	Fiscal year ended March 31, 2009	Current 1Q ended June 30, 2009	Variance
Cash and deposits	39.3	32.3	-7.0
Accounts receivable	124.0	115.2	-8.7
Inventories	92.6	84.5	-8.0
Property, plant and equipment	332.4	332.1	-0.2
Intangible fixed assets	4.1	4.3	0.2
Investments and other assets	85.4	86.8	1.3
Total assets	677.9	655.5	-22.4

Liabilities	Fiscal year ended March 31, 2009	Current 1Q ended June 30, 2009	Variance
Notes and accounts payable-trade	80.3	63.9	-16.3
Interest-bearing debt	306.8	303.2	-3.5
(Net debt) *1	(267.7)	(271.1)	(3.4)
Other liabilities	96.1	98.4	2.2
Net assets	194.7	189.9	-4.7
(Shareholder's equity)	(183.7)	(176.4)	(-7.3)
(Valuation and translation adjustments)	(-11.8)	(-8.5)	(3.2) *2
(Share subscription rights and minority interests)	(22.7)	(22.0)	(-0.6)
Total liabilities and Net assets	677.9	655.5	-22.4

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

*2 Increase in foreign currency translation adjustment 2.6 billion yen, etc

(3)Cash Flows

(Billions of yen)

	Current 1Q ended June 30, 2009
Cash flows from operating activities	8.4 *1
Cash flows from investing activities	-6.8 *2
Cash flows from financing activities	-8.8 *3

*1 Net losses before taxes for the first quarter of the fiscal year -5.0 billion yen

Depreciation and amortization 8.2 billion yen

Decrease in working capital 1.2 billion yen, etc

*2 Acquisition of tangible/ intangible fixed assets -6.9 billion yen, etc.

*3 Decrease in loans/bonds payable -4.2 billion yen

Dividend paid -4.5 billion yen, etc.

(4)Qualitative Information

Qualitative Information for Operating Results

Chemicals & Plastics Segment

Shipments of polybutadiene rubber (synthetic rubber), caprolactam, polyamide resins and industrial chemicals showed signs of recovery after the sudden decline in the third quarter of last year and beyond, but they were lower than the same period in the previous year. The spread between selling prices and cost of raw materials for caprolactam contracted substantially compared to the same period in the previous year, reflecting deteriorating supply and demand.

As a result, consolidated segment sales decreased by 28.6 billion yen, or 46.9%, compared to the same period in the previous year to 32.3 billion yen, while consolidated operating income decreased by 7.5 billion yen for a loss of 4.1 billion yen.

Specialty Chemicals & Products Segment

Demand declined suddenly in various markets, most notably the IT and digital market and the car market. Shipments of polyimide products, electrolyte and separators for lithium-ion batteries, gas separation membranes, high-purity chemicals for semiconductors, fine chemical products and so on, which decreased from the third quarter of last year, showed a slight recovery in the first quarter of this year. However except for separators, shipments were lower than the same period in the previous year. Shipments of pharmaceutical active ingredients and intermediates, especially products developed by UBE, were strong.

As a result, consolidated segment sales decreased by 6.5 billion yen, or 27.8%, compared to the same period in the previous year to 16.9 billion yen, while consolidated operating income decreased by 1.2 billion yen, or 50.4%, to 1.2 billion yen.

Cement & Construction Materials Segment

Shipments of cement, ready-mixed concrete and building materials were low, reflecting a major slump in construction demand due to depressed capital investment and housing construction. Recycling of various types of waste for use as raw materials/fuel was affected by the downturn in industrial activity and construction demand, while shipments of calcia and magnesia products were also heavily affected by decreased production in the iron and steel industry and other factors.

As a result, consolidated segment sales decreased by 9.1 billion yen, or 17.5%, compared to the same period in the previous year to 42.9 billion yen, while consolidated operating income decreased by 1.9 billion yen, or 84.4%, to 0.3 billion yen.

Machinery & Metal Products Segment

In the machinery business, shipments of industrial machines such as ceramic industry machinery and vertical mills, primarily for the resources related industry overseas, were strong, but shipments of molding machines were weak due to depressed capital investment in the automobile industry. Shipments of steel products were low, and the sales price declined in line with the significant drop in the price of scrap metal, the raw material for steel. Orders for molding machines remained stagnant, but industrial equipment achieved a high standard thanks to a large order for conveying machinery.

In the aluminum wheel business, shipments were significantly lower than the same period in the previous year as a result of sluggish domestic car sales, as well as the impact of the decision in February this year to withdraw from the North American business.

As a result, consolidated segment sales decreased by 11.2 billion yen, or 40.6%, compared to the same period in the previous year to 16.4 billion yen, while consolidated operating income decreased by 754 million yen for a loss of 67 million yen.

Energy & Environment Segment

Shipments of coal and the volume of coal dealing at UBE's Coal Center (a coal storage facility) were low due to sluggish demand from the electricity, chemical and textile industries, which are the core customers of the business. In the independent power producer business, operating rate and power supplied declined compared to the same period in the previous year due to periodic repairs, and repair costs also increased.

As a result, consolidated segment sales decreased by 1.2 billion yen, or 11.1%, compared to the same period in the previous year to 10.4 billion yen, while consolidated operating income decreased by 0.6 billion yen, or 35.9%, to 1.2 billion yen.

Other

Consolidated segment sales totaled 0.9 billion yen, and segment operating income was 0.2 billion yen.

Qualitative Information for Financial Condition

Total assets at the end of the first quarter of the fiscal year decreased by 22.4 billion yen to 655.5 billion yen compared to the end of the previous fiscal year. Notes and accounts receivable decreased by 8.7 billion yen. Current assets decreased by 23.3 billion yen due to a decrease of 8.0 billion yen in inventories, which includes commercial products, manufactured goods, raw materials and stored goods. However, fixed assets increased by 0.9 billion yen due to an increase of 0.7 billion yen in investments and other assets.

Total liabilities decreased by 17.6 billion yen to 465.5 billion yen as a result of a decrease of 16.3 billion yen in notes and accounts payable-trade.

Net assets decreased by 4.7 billion yen to 189.9 billion yen. There was a 2.6 billion yen increase in foreign currency translation adjustments, but retained earnings decreased by 7.3 billion yen due to a quarterly net loss and dividends from surplus.

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

The consolidated results for the first quarter were affected by the overall slowdown in production at our customers resulting from the serious economic recession, with the subsequent slump in sales volume and production leading to a substantial decline in earnings and profit. Operating, ordinary, and quarterly income all showed unavoidable losses, but the company is still basically on track to meet its earnings forecast. Therefore there is no change in the earnings forecast announced on May 11, 2009.

(Billions of yen – except per share data)

	2Qs ending September 30, 2009 (forecast)	Fiscal year ending March 31, 2010 (forecast)
Net sales	258.0	552.0
Operating income	1.0	25.0
Ordinary income (losses)	-5.0	14.5
Net income (losses)	-4.5	7.0
Net income (losses) per share	-4.47 yen	6.96 yen

(Reference) Consolidated Key Indicators

(Billions of yen – except where noted)

	Fiscal year ended Mar. 31, 2009	Current 1Q ended June 30, 2009	Fiscal year ending Mar. 31, 2010 (Forecast)
Capital investment	35.4	5.1	25.0
Depreciation and amortization	34.8	8.2	34.0
Research and development expenses	14.1	3.0	13.8
Adjusted operating income *1	33.6	-1.2	25.5
Interest-bearing debt	306.8	303.2	300.0
Net debt *2	267.7	271.1	265.0
Equity capital*3	171.9	167.9	174.0
Total assets	677.9	655.5	680.0
Net D/E ratio (times)	1.6	1.6	1.5
Equity ratio(%)	25.4	25.6	25.6
Ratio of operating income to net sales (%)	4.6	-1.0	4.5
Return on assets - ROA (%) *4	4.8	-	3.8
Return on equity – ROE (%)	6.4	-	4.0

*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