

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

Ube Industries, Ltd.

1. Consolidated Companies

Fiscal period	Previous Fiscal Year ended Mar. 31, 2009	Current First 3Qs ended Dec. 31, 2009	Change
Number of companies			
Consolidated companies	65	67	2
Companies using equity method accounting	27	25	-2
Total	92	92	0

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

(1) Results of Operations

(Billions of yen – except per share data)

	Previous First 3Qs ended Dec. 31, 2008	Current First 3Qs ended Dec. 31, 2009	Change
Net sales	546.7	398.1	-148.6
Operating income	37.3	18.3	-18.9
Net interest expenses	-3.6	-3.6	0.0
Equity in earnings of affiliates	0.7	0.4	-0.2
Other non-operating income	-3.8	-3.1	0.7
Ordinary income	30.5	12.0	-18.4
Extraordinary income	0.3	0.4	0.0
Extraordinary losses	-5.8	-2.8	3.0
Net income	19.6	5.3	-14.3

Net income per share	19.58 Yen	5.33 Yen	-14.25 Yen
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Presupposition conditions

Exchange rate (yen per US\$)	102.8	93.6	-9.2
Naphtha price (yen/kl)	68,500	39,100	-29,400
Australian coal price (yen/ton)	16,448	9,048	-7,400

Net Sales by Segment

(Billions of yen)

	Previous First 3Qs ended Dec. 31, 2008	Current First 3Qs ended Dec. 31, 2009	Change	Comments
Chemicals & Plastics	181.1	112.5	-68.6	- Decrease in sales volume and selling price, etc.
Specialty Chemicals & Products	71.8	54.6	-17.2	- Decrease in sales volume, etc.
Cement & Construction Materials	162.2	137.1	-25.1	- Decrease in sales volume, etc.
Machinery & Metal Products	84.2	59.6	-24.5	- Decrease in selling price and sales volume of steel products - Decrease in sales volume of aluminum wheels, etc.
Energy & Environment	44.4	31.5	-12.8	- Decrease in sales volume and selling price of coal sales, etc.
Other	2.8	2.6	-0.1	
Total	546.7	398.1	-148.6	

Operating Income by Segment

(Billions of yen)

	Previous First 3Qs ended Dec. 31, 2008	Current First 3Qs ended Dec. 31, 2009	Change	Comments
Chemicals & Plastics	11.7	1.0	-10.6	-Decrease in spread between selling price and costs of raw materials/fuel, and in sales volume, etc.
Specialty Chemicals & Products	7.6	5.8	-1.7	-Decrease in sales volume, etc.
Cement & Construction Materials	8.0	4.2	-3.8	-Decrease in sales volume, etc.
Machinery & Metal Products	2.9	3.1	0.1	-Decrease in sales volume for steel products, etc. -Improvement in performance, as a result of withdrawal from the aluminum wheels business in North America
Energy & Environment	6.4	3.4	-3.0	-Decrease in volume of coal storage and sales of coal by contract, etc.
Other	0.6	0.6	0.0	
Total	37.3	18.3	-18.9	

(2) Financial Condition

(Billions of yen)

Assets	Previous Fiscal Year ended Mar. 31, 2009	Current First 3Qs ended Dec. 31, 2009	Change
Cash and deposits	39.3	33.0	-6.3
Accounts receivable	124.0	133.1	9.0
Inventories	92.6	79.7	-12.8
Property, plant and equipment	332.4	325.2	-7.1
Intangible fixed assets	4.1	4.1	0.0
Investments and other assets	85.4	87.4	2.0
Total assets	677.9	662.7	-15.2

Liabilities	Previous Fiscal Year ended Mar. 31, 2009	Current First 3Qs ended Dec. 31, 2009	Change
Notes and accounts payable-trade	80.3	80.6	0.3
Interest-bearing debt	306.8	297.9	-8.8
(Net debt) *1	(267.7)	(265.1)	(-2.5)
Other liabilities	96.1	86.7	-9.3
Net assets	194.7	197.2	2.5
(Shareholders' Equity)	(183.7)	(184.8)	(1.0)
(Valuation and translation adjustments)	(-11.8)	(-10.5)	(1.2) *2
(Share subscription rights and Minority interests)	(22.7)	(23.0)	(0.2)
Total liabilities and Net assets	677.9	662.7	-15.2

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

*2 Increase in foreign currency translation adjustment 1.1 billion yen, etc

(3)Cash Flows

	(Billions of yen)	(Billions of yen)
	Current First 3Qs ended Dec. 31, 2009	(Ref.) Previous First 3Qs ended Dec. 31, 2008
Cash flows from operating activities	32.6 *1	23.6
Cash flows from investing activities	-24.1 *2	-23.5
Cash flows from financing activities	-14.7	6.8
(Interest-bearing debt)	(-9.1)	(12.4)
(Dividend paid and Other)	(-5.6)	(-5.5)
Cash and cash equivalents at end of period	32.8	30.5

*1 Net income before taxes for the first 3Qs of the fiscal year 9.6 billion yen
 Depreciation and amortization 25.2 billion yen
 Increase or decrease in working capital 4.2 billion yen, etc
 *2 Acquisition of tangible/ intangible fixed assets -24.3 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 started to show signs of recovery after the sudden decline in the third quarter of the previous fiscal year and beyond, but they were lower in general than the same period in the previous fiscal year when demand remained at a high level until the second quarter. The spreads of prices between products and raw materials/fuels for the above products contracted substantially compared to the same period in the previous fiscal year, reflecting the supply and demand. As a result, consolidated segment sales decreased by 68.6 billion yen, compared to the same period in the previous fiscal year to 112.5 billion yen, while consolidated operating income decreased by 10.6 billion yen to 1.0 billion yen.

Specialty Chemicals & Products Segment

Demand that had decreased drastically after the economic recession in the fall of two years ago and beyond showed a slight recovery in the first quarter of this fiscal year. However, shipments of polyimide products, high-purity chemicals for semiconductors, electrolyte for lithium-ion batteries, gas separation membranes and fine chemical products were lower than the same period in the previous fiscal year. On the other hand, shipments of separator for lithium-ion batteries and pharmaceutical active ingredients and intermediates were strong. As a result, consolidated segment sales decreased by 17.2 billion yen, compared to the same period in the previous fiscal year to 54.6 billion yen, while consolidated operating income decreased by 1.7 billion yen to 5.8 billion yen.

Cement & Construction Materials Segment

Shipments of cement, ready-mixed concrete and building materials were low, reflecting a slump in construction demand due to the depression in public investment in addition to capital investment and housing construction. Recycling of various types of waste for use as raw materials, and magnesia products were sluggish, affected by the downturn in construction demand. On the other hand, shipments of calcia products showed signs of recovery, but they were lower than the same period in the previous fiscal year. As a result, consolidated segment sales decreased by 25.1 billion yen, compared to the same period in the previous fiscal year to 137.1 billion yen, while consolidated operating income decreased by 3.8 billion yen to 4.2 billion yen.

Machinery & Metal Products Segment

In the machinery business, shipments of industrial machines primarily for the resources related industry overseas, such as ceramic industry machinery and vertical mills, were strong, but shipments of molding machines were weak mainly due to depressed capital investment in the automobile industry. Orders for molding machines decreased substantially, while those for various types of industrial machines slowed. Sales of steel products were low due to decline in sales price in line with the significant drop in the price of scrap, the raw material for steel. In the aluminum wheel business, shipments increased, especially in the area of parts for hybrid vehicles, but were lower in total than the same period in the previous fiscal year. The business performance improved in comparison with the same period in the previous fiscal year, as a result of the impact of the decision to withdraw from the aluminum wheels business in North American business. As a result, consolidated segment sales decreased by 24.5 billion yen, compared to the same period in the previous fiscal year to 59.6 billion yen, while consolidated operating income increased by 0.1 billion yen to 3.1 billion 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 our main customers such as the chemical, fiber and textile, and electricity industries. In the independent power producer business, operating rate and power supplied declined compared to the same period in the previous fiscal year due to periodic repairs, and repair costs also increased. As a result, consolidated segment sales decreased by 12.8 billion yen, compared to the same period in the previous fiscal year to 31.5 billion yen, while consolidated operating income decreased by 3.0 billion yen to 3.4 billion yen.

Other

Consolidated segment sales decreased by 0.1 billion yen, compared to the same period in the previous fiscal year to 2.6 billion yen, while consolidated operating income was 0.6 billion yen.

Qualitative Information for Financial Condition

Total assets at the end of the third quarter of the fiscal year decreased by 15.2 billion yen to 662.7 billion yen compared to the end of the previous fiscal year. Current assets decreased by 8.0 billion yen due to a decrease of 12.8 billion yen in inventories, which include commercial products, manufactured goods, raw materials and stored goods. Fixed assets decreased by 7.2 billion yen due to a decrease of 7.1 billion yen in tangible fixed assets. Total liabilities decreased by 17.8 billion yen to 465.4 billion yen as a result of a decrease of 8.8 billion yen in interest-bearing debt. Net assets increased by 2.5 billion yen to 197.2 billion yen. There was a 1.2 billion yen increase in retained earnings due to quarterly net profit, as well as a 1.1 billion yen increase in foreign currency translation adjustments.

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

The earnings forecast announced on May 11, 2009 is not changed.

(Billions of yen – except per share data)

	Previous Fiscal Year ended Mar. 31, 2009	Current Fiscal Year ending Mar. 31, 2010 (forecast)	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

(Reference) Consolidated Key Indicators

(Billions of yen – except where noted)

	Previous First 3Qs ended Dec. 31, 2008	Current First 3Qs ended Dec. 31, 2009	Current Fiscal Year ending Mar. 31, 2010 (forecast)	Previous Fiscal Year ended Mar. 31, 2009
Capital investment	20.0	17.6	25.0	35.4
Depreciation and amortization	26.2	25.2	34.0	34.8
Research and development expenses	10.6	9.4	13.8	14.1
Adjusted operating income *1	39.4	19.6	25.5	33.6
Interest-bearing debt	311.0	297.9	290.0	306.8
Net debt *2	280.5	265.1	257.0	267.7
Equity capital*3	189.8	174.2	175.0	171.9
Total assets	730.7	662.7	665.0	677.9
Net D/E ratio (times)	1.5	1.5	1.5	1.6
Equity ratio (%)	26.0	26.3	26.3	25.4
Ratio of operating income to net sales (%)	6.8	4.6	4.5	4.6
Return on assets - ROA (%) *4	-	-	3.8	4.8
Return on equity – ROE (%)	-	-	4.0	6.4
Number of employees	11,274	11,277	11,190	11,264

*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