

Financial Results for the First Half FY 2009

November 5, 2009

UBE INDUSTRIES, LTD.

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※This “2nd Quarter (2Q)” data states information for 6 month totals
(April 1 – September 30)

FY09 First Half Consolidated Results

Scope of Consolidation

— Financial Results for the First Half FY09 —

Item	End of FY08	End of FY09 2Q	Change	Notes
	(A)	(B)	(B) - (A)	
Number of consolidated subsidiaries	65	67	+2	Newly Included : 2 Newly Excluded : None
Number of equity method affiliates	27	27	±0	Newly Included : 1 Newly Excluded : 1
Total	92	94	+2	

Major P/L & B/S Items

— Financial Results for the First Half FY09 —

(Billion Yen)

Item	FY08 2Q (A)	FY09 2Q (B)	Change (B) - (A)
Sales	372.1	256.2	-115.8
Operating income	27.1	7.1	-20.0
Ordinary income	23.5	2.5	-21.0
Net income	14.4	0.0	-14.5
Item	End of FY08 (A)	End of FY09 2Q (B)	Change (B) - (A)
Total assets	677.9	662.4	-15.5
Debt	306.8	302.7	-4.0
Net debt	267.7	265.3	-2.3
Equity capital *1	171.9	172.0	0.0

*1: Equity capital = Net assets — Share subscription rights — Minority interests

Non Operating Items

— Financial Results for the First Half FY09 —

(Billion Yen)

Item		FY08 2Q (A)	FY09 2Q (B)	Change (B) - (A)
Operating income		27.1	7.1	-20.0
Non Operating Items	Net interest expense	-2.3	-2.3	0.0
	Equity in earnings of unconsolidated subsidiaries and affiliated companies	0.2	-0.2	-0.4
	Gain(loss) on foreign currency exchange	0.0	-0.2	-0.1
	Others	-1.4	-1.7	-0.3
	Total	-3.5	-4.6	-1.0
Ordinary income		23.5	2.5	-21.0

Extraordinary Items

— Financial Results for the First Half FY09 —

(Billion Yen)

Item		FY08 2Q (A)	FY09 2Q (B)	Change (B) - (A)
	Gain on share change balance	0.3	0.0	-0.3
	Others	0.0	0.1	0.1
	Extraordinary income	0.3	0.1	-0.1
	Loss on disposal of PP & E	-0.3	-2.1	-1.7
	Loss on valuation of inventories	-0.1	0.0	0.1
	Others	-0.2	-0.1	0.0
	Extraordinary loss	-0.7	-2.2	-1.5
	Net extraordinary income/loss	-0.3	-2.1	-1.7

Operating Income – Net Income

– Financial Results for the First Half FY09 –

(Billion Yen)

Item	FY08 2Q (A)	FY09 2Q (B)	Change (B) - (A)
Operating income	27.1	7.1	-20.0
Non operating item	-3.5	-4.6	-1.0
Ordinary income	23.5	2.5	-21.0
Extraordinary item	-0.3	-2.1	-1.7
Income before income tax and minority interest	23.1	0.4	-22.7
Income tax and minority interest	-8.7	-0.4	8.2
Net income	14.4	0.0	-14.5
Net income per share(Yen/Share)	14.36 yen	-0.07yen	-14.43yen

Environmental Factors

— Financial Results for the First Half FY09 —

(Billion Yen)

Item		FY08 2Q (A)	FY09 2Q (B)	Change (B) - (A)	Impacts on Consolidated OP Income	
Exchange Rate	Yen/\$	106.1	95.5	-10.6	0.5	
Material Price	(CIF)	\$/t	1,039	534	-505	5.4
	Naphtha (Domestic)	Yen/KL	78,400	37,600	-40,800	(5.9)
	Benzene (Average of US and Euro Contract Price)	\$/t	1,198	588	-610	9.7 (10.6)
	Australian Coal	\$/t	170.5	96.0	-74.5	8.1
	(CIF)	Yen/t	18,090	9,168	-8,922	(9.1)

():including impacts on fluctuation of exchange rate

Sales by Segment

— Financial Results for the First Half FY09 —

(Billion Yen)

Segment	FY08 2Q (A)	FY09 2Q (B)	Change (B) - (A)	Major Factors
Chemicals & Plastics	127.3	71.5	-55.7	Caprolactam chain -44.7 Synthetic rubber -10.4, etc.
Specialty Chemicals & Products	48.4	35.7	-12.6	Specialty products -7.8 Overseas sales subsidiaries -2.6 Fine chemicals and Pharmaceuticals -2.2
Cement & Construction Materials	105.5	87.8	-17.7	Cement and Ready-mixed concrete -9.2 Construction materials and Quicklime related products -8.7, etc.
Machinery & Metal Products	59.6	38.4	-21.2	Machinery -13.4 Aluminum wheels -7.8
Energy & Environment	29.3	21.0	-8.3	Coal -8.3
Others	1.8	1.6	-0.1	
Total	372.1	256.2	-115.8	Decreased by 31.1%

Operating Income by Segment

— Financial Results for the First Half FY09 —

(Billion Yen)

Segment	FY08 2Q (A)	FY09 2Q (B)	Change (B) - (A)	Major Factors
Chemicals & Plastics	10.7	-1.9	-12.6	Caprolactam chain -10.6 Synthetic rubber -2.4, etc.
Specialty Chemicals & Products	5.8	3.5	-2.3	Specialty products -2.4 Fine chemicals and Pharmaceuticals 0.2, etc.
Cement & Construction Materials	3.8	1.4	-2.4	Cement and Ready-mixed concrete -2.0 Construction materials and Quicklime related products -0.4
Machinery & Metal Products	2.3	1.4	-0.9	Machinery -1.1 Aluminum wheels 0.2
Energy & Environment	4.2	2.2	-1.9	Coal -1.8 Power -0.3, etc.
Others	0.3	0.3	0.0	
Total	27.1	7.1	-20.0	Decreased by 73.7%

Analysis of Operating Income

— Financial Results for the First Half FY09 —

(Billion Yen)

Segment	Operating Income							
	FY08 2Q (A)	FY09 2Q (B)	Change (B) - (A)	Price *1	Sales Volume	Fixed Cost	Impact due to LCM Method	Others *2
Chemicals & Plastics	10.7	-1.9	-12.6	-8.7	-3.8	2.7	4.9	-7.7
Specialty Chemicals & Products	5.8	3.5	-2.3	0.1	-4.4	2.1	0.0	-0.1
Cement & Construction Materials	3.8	1.4	-2.4	1.6	-5.2	1.9	0.1	-0.8
Machinery & Metal Products	2.3	1.4	-0.9	0.6	-1.6	1.9	-0.1	*3 -1.7
Energy & Environment	4.2	2.2	-1.9	-2.1	-1.7	0.3	0.2	*4 1.4
Others	0.3	0.3	0.0	0.0	0.0	0.1	0.0	-0.1
Total	27.1	7.1	-20.0	-8.5	-16.7	9.0	5.1	-9.0

*1: Including both selling and purchase change

*2 : Including inventory valuation changes -6.8

*3: Including marginal profit on machinery products -2.1

*4: Including decrease in excluding unrealized gains 1.2

Consolidated Balance Sheet

— Financial Results for the First Half FY09 —

(Billion Yen)

Item	End of FY08 (A)	End of FY09 2Q (B)	Change (B) - (A)
Current assets	277.5	262.7	-14.8
Fixed assets	400.3	399.6	-0.7
Total assets	677.9	662.4	-15.5
Interest-bearing debts	306.8	302.7	-4.0
Other liabilities	176.4	165.1	-11.2
Total liabilities	483.2	467.9	-15.3
Equity capital *1	171.9	172.0	0.0
Minority interest	22.7	22.5	-0.2
Total net assets	194.7	194.5	-0.2
Total liabilities and net assets	677.9	662.4	-15.5

*1: Equity capital = Net assets - Share subscription rights - Minority interests

Consolidated Statements of Cash Flows

— Financial Results for the First Half FY09 —

(Billion Yen)

Item	FY08 2Q	FY09 2Q	
A.Cash flows from operating activities	32.1	25.5	Income before tax and minority interests 0.4 Depreciation and amortization 16.6 Working capital 7.8
B.Cash flows from investing activities	-17.5	-17.4	Acquisition of PP&E -17.7
Free cash flows (A+B)	14.5	8.1	
C.Cash flows from financing activities	-11.8	-10.1	Increase in interest-bearing debts -4.7 Dividends -4.5
D.Net increase/decrease in cash and cash equivalents	1.8	-1.6	
E.Cash and cash equivalents at end of the second quarter	26.9	37.4	

Business Highlight

— Financial Results for the First Half FY09 —

Chemicals and Plastics

- ◆ TSRC Ube (Nantong) Chemical Industry Co., Ltd., which is the Chinese joint venture operation of Ube Industries, Marubeni Corporation and TSRC Corporation, has begun commercial operation in its factory for polybutadiene rubber. (May 2009)
- ◆ The project of reducing N₂O in the production process of caprolactam in Thailand was registered by the United Nations. (June 2009)

Specialty Chemicals and Products

- ◆ Ube Industries has completed its plant construction for silicon nitride (increasing its capabilities). (April 2009)
- ◆ Ube Industries established the new subsidiary was named Ube Fine Chemicals (Asia) Co., Ltd. in Thailand. (June 2009)
- ◆ The U.S. Food and Drug Administration (FDA) has approved Effient™ (prasugrel), an antiplatelet agent discovered by Ube Industries and Daiichi Sankyo Co., Ltd. (July 2009)

Machinery and Metal Products

- ◆ Ube Industries, Ltd. spin off its aluminum wheel business by establishing a new wholly-owned subsidiary UBE ALUMINUM WHEELS Ltd.

FY09 Consolidated Forecasts

Major P/L & B/S Items

— FY09 Consolidated Forecasts —

(Billion Yen)

Item	FY08 (A)	FY09 (B)	Change (B) - (A)
Sales	684.7	552.0	-132.7
Operating income	31.1	25.0	-6.1
Ordinary income	20.3	14.5	-5.8
Net income	11.6	7.0	-4.6
Item	End of FY08 (A)	End of FY09 (B)	Change (B) - (A)
Total assets	677.9	680.0	2.1
Debt	306.8	300.0	-6.8
Net debt	267.7	265.0	-2.7
Equity capital *1	171.9	174.0	2.1

*1: Equity capital = Net assets — Share subscription rights — Minority interests

Sales Progress by Segment

— FY09 Consolidated Forecasts —

(Billion Yen)

Segment	FY08			FY09			Change (B) - (A)
	Full Year	2Q	Progress (A)	Full Year Forecast	2Q	Progress (B)	
Chemicals & Plastics	212.6	127.3	59.9%	150.5	71.5	47.5%	- 12.4%
Specialty Chemicals & Products	87.0	48.4	55.6%	80.0	35.7	44.6%	- 11.0%
Cement & Construction Materials	209.4	105.5	50.4%	196.0	87.8	44.8%	- 5.6%
Machinery & Metal Products	110.0	59.6	54.2%	84.5	38.4	45.4%	- 8.8%
Energy & Environment	61.8	29.3	47.4%	37.6	21.0	55.9%	8.5%
Others	3.5	1.8	51.4%	3.4	1.6	47.1%	- 4.3%
Total	684.7	372.1	54.3%	552.0	256.2	46.4%	- 7.9%

Operating Income Progress by Segment

— FY09 Consolidated Forecasts —

(Billion Yen)

Segment	FY08			FY09			Change (B) - (A)
	Full Year	2Q	Progress (A)	Full Year Forecast	2Q	Progress (B)	
Chemicals & Plastics	2.0	10.7	535.0%	1.5	-1.9	---	---
Specialty Chemicals & Products	6.7	5.8	86.6%	8.0	3.5	43.8%	-42.8%
Cement & Construction Materials	8.8	3.8	43.2%	8.5	1.4	16.5%	-26.7%
Machinery & Metal Products	4.0	2.3	57.5%	3.5	1.4	40.0%	-17.5%
Energy & Environment	8.6	4.2	48.8%	2.9	2.2	75.9%	27.1%
Others	0.7	0.3	42.9%	0.6	0.3	50.0%	7.1%
Total	31.1	27.1	87.1%	25.0	7.1	28.4%	-58.7%

【Reference】

Net Sales (Comparisons for forecasts at the beginning of the period, by segment)
 — Financial Results for the First Half FY09 —

(Billion Yen)

Segment	FY09 2Q		Change (B) - (A)	Major Factors
	Forecast at beginning of period (A)	Actual (B)		
Chemicals & Plastics	67.5	71.5	4.0	Caprolactam chain 2.5 Synthetic rubber 1.4, etc.
Specialty Chemicals & Products	34.5	35.7	1.2	Fine chemicals and Pharmaceuticals 1.6 Overseas sales subsidiaries 0.4 Specialty products -0.8
Cement & Construction Materials	95.5	87.8	-7.6	Cement and Ready-mixed concrete -4.2 Construction materials and Quicklime related products -3.9, etc.
Machinery & Metal Products	40.5	38.4	-2.0	Machinery -2.7 Aluminum wheels 0.7
Energy & Environment	18.5	21.0	2.5	Coal 2.5
Others	1.5	1.6	0.1	
Total	258.0	256.2	-1.7	Decreased by 0.7%

【Reference】

Operating Income (Comparisons for forecasts at the beginning of the period, by segment)
— Financial Results for the First Half FY09 —

(Billion Yen)

Segment	FY09 2Q		Change (B) - (A)	Major Factors
	Forecast at beginning of period (A)	Actual (B)		
Chemicals & Plastics	-6.0	-1.9	4.0	Caprolactam chain 3.4 Synthetic rubber 0.5, etc.
Specialty Chemicals & Products	1.8	3.5	1.7	Fine chemicals and Pharmaceuticals 1.1 Specialty products 0.6
Cement & Construction Materials	2.6	1.4	-1.1	Cement and Ready-mixed concrete -1.0, etc.
Machinery & Metal Products	0.6	1.4	0.8	Machinery 0.8
Energy & Environment	1.7	2.2	0.5	Coal 0.5
Others	0.3	0.3	0.0	
Total	1.0	7.1	6.1	Increased by 612.3%

Appendix

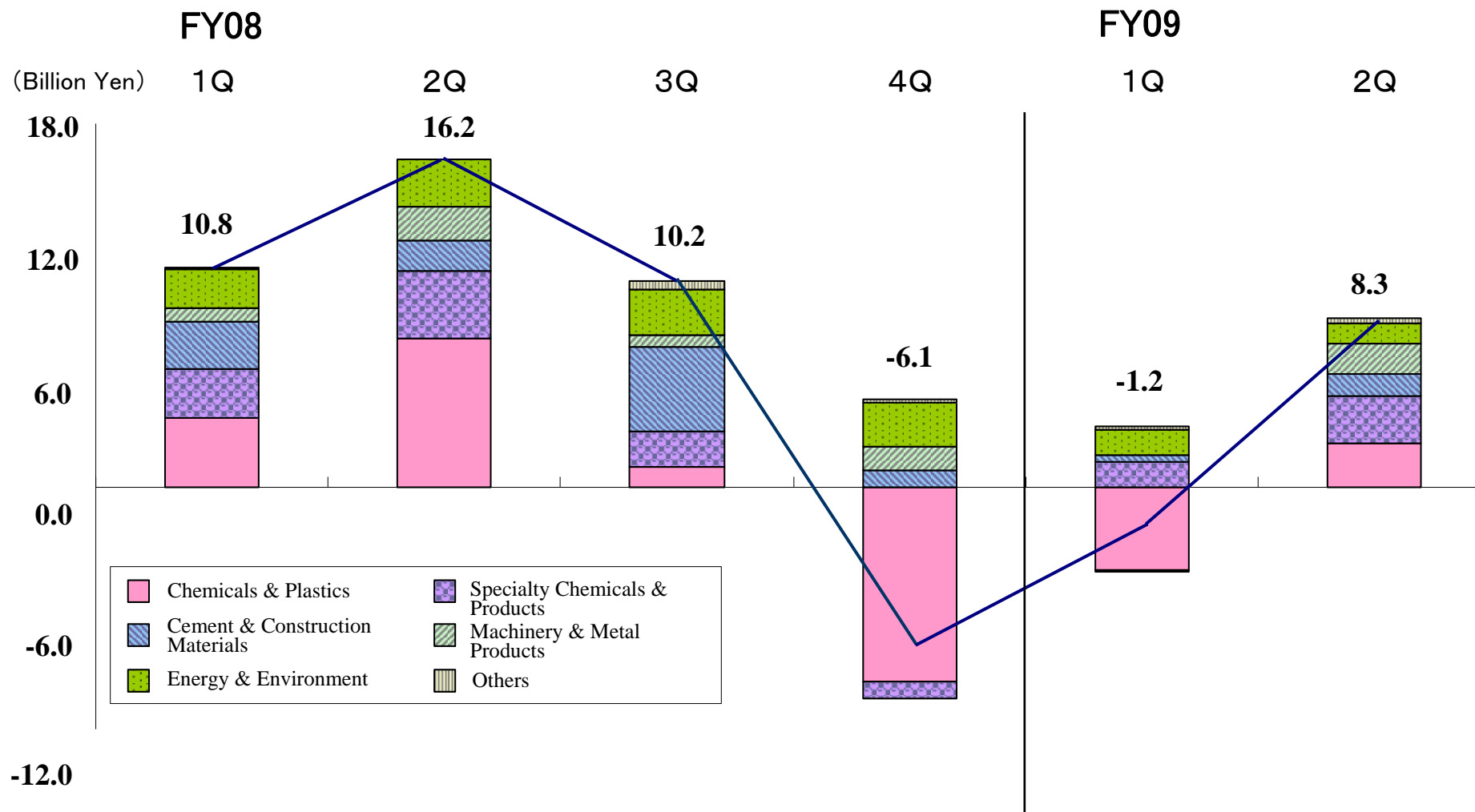
Achievement of Major Consolidated Subsidiaries

(Billion Yen)

Subsidiaries and Affiliates		Business	Sales FY09 2Q	Operating income change from FY08 2Q
Chemicals & Plastics	THAI CAPROLACTAM PUBLIC CO., LTD.	Manufacture and sales of caprolactam	10.6	↓
	UBE CHEMICAL EUROPE, S.A.	Manufacture and sales of caprolactam	8.3	↓
	UBE NYLON (THAILAND) LTD.	Manufacture and sales of polyamide resin	2.7	→
	THAI SYNTHETIC RUBBERS CO., LTD.	Manufacture and sales of polybutadiene	4.2	↓
	UBE ENGINEERING PLASTICS, S.A.	Manufacture and sales of polyamide resin	4.3	↑
	UBE AMMONIA INDUSTRY, LTD.	Manufacture and sales of ammonia	5.1	↑
	UBE FILM, LTD.	Manufacture and sales of plastic-film products	5.0	↑
Specialty Chemicals & Products	UBE-NITTO KASEI CO., LTD.	Manufacture and sales of electronics & IT materials, FRP, industrial materials and fiber-reinforced plastics	5.7	→
Cement & Construction Materials	UBE CONSTRUCTION MATERIALS SALES CO., LTD.	Sales of construction materials	19.1	→
	UBE MATERIAL INDUSTRIES, LTD. (Consolidated)	Manufacture and sales of seawater magnesia, magnesium hydroxide, quicklime, slaked lime, and others	17.1	↓
	UBE SHIPPING & LOGISTICS, LTD.	Domestic shipping, harbor transportation, shipping-agent services and customs clearing	6.4	↓
	KANTO UBE HOLDINGS CO., LTD.	Manufacture and sales of ready-mixed concrete	4.9	↑
Machinery & Metal Products	UBE MACHINERY CORPORATION, LTD.	Manufacture and sales of industrial machinery and bridges	15.9	↓
	UBE STEEL CO., LTD.	Manufacture and sales of cast iron, steel products and rolled steel billets	9.4	→
	UBE TECHNO ENG. CO., LTD.	Service and maintenance of industrial machinery and equipment	4.5	↓
Energy & Environment	UBE C&A CO., LTD.	Sales of imported steaming coal from Australia and other countries	12.0	↓

Note: ↑ ↓ :Represent an increase or decrease of over 100 million JPY

Change in Quarterly Operating Income by Segment



The logo consists of a blue square containing white text. The text is arranged in four lines: "Wings of", "technology", "Spirit of", and "innovation" in a serif font, followed by "UBE" in a bold, italicized sans-serif font.

Wings of
technology
Spirit of
innovation
UBE

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