

**FY2010 Consolidated Results
FY2011 Consolidated Forecasts**

May 11, 2011

UBE INDUSTRIES, LTD.

Contents

- FY10 Consolidated Results
- FY11 Consolidated Forecasts
- Appendix

※This material is the revised version after the slide on page 13 was replaced according to the revision of the consolidated financial statement on May 24, 2011.

FY10 Consolidated Results

Scope of Consolidation

— FY10 Consolidated Results —

Item	End of FY09 (A)	End of FY10 (B)	Change (B) - (A)	Notes
Number of consolidated subsidiaries	67	66	-1	Newly Included: 3 Newly Excluded: 4
Number of equity method affiliates	24	24	0	Newly Included: None Newly Excluded: None
Total	91	90	-1	

Major P/L & B/S Items

— FY10 Consolidated Results —

(Billion Yen)

Item	FY09 (A)	FY10 (B)	Change (B) - (A)
Sales	549.5	616.0	66.5
Operating income	27.5	44.3	16.7
Ordinary income	18.9	39.1	20.1
Net income	8.2	17.2	9.0
Item	End of FY09 (A)	End of FY10 (B)	Change (B) - (A)
Total assets	654.7	661.5	6.7
Debt	281.3	260.5	-20.7
Net debt	244.0	211.0	-33.0
Equity capital *1	178.8	187.0	8.1
Dividend(Yen /Share)	4.0	5.0	1.0

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

Non Operating Items

— FY10 Consolidated Results —

(Billion Yen)

Item		FY09 (A)	FY10 (B)	Change (B) - (A)
Operating income		27.5	44.3	16.7
Non operating income	Net interest expense	-4.8	-3.7	1.0
	Equity in earnings of unconsolidated subsidiaries and affiliated companies	0.9	1.6	0.6
	Others	-4.6	-3.1	1.5
	Total	-8.6	-5.2	3.3
Ordinary income		18.9	39.1	20.1

Extraordinary Items

— FY10 Consolidated Results —

(Billion Yen)

Item		FY09 (A)	FY10 (B)	Change (B) - (A)
Extraordinary income	Gain on sale of PP&E	0.1	0.6	0.5
	Gain on share change balance	0.0	0.4	0.4
	Compensation received	0.0	0.4	0.3
	Others	0.5	0.6	0.0
	Total	0.7	2.0	1.3
Extraordinary loss	Loss on impairment	-0.1	-4.9	-4.8
	Loss on related business	-0.1	-4.9	-4.8
	Loss on disposal of PP&E	-3.3	-0.6	2.6
	Loss due to earthquake disaster	0.0	-0.7	-0.7
	Others	-0.4	-1.1	-0.6
Total	-4.1	-12.4	-8.3	
Net extraordinary income/loss		-3.4	-10.3	-6.9

Operating Income – Net Income

– FY10 Consolidated Results –

(Billion Yen)

Item	FY09 (A)	FY10 (B)	Change (B) - (A)
Operating income	27.5	44.3	16.7
Non operating item	-8.6	-5.2	3.3
Ordinary income	18.9	39.1	20.1
Extraordinary item	-3.4	-10.3	-6.9
Income before income tax and minority interest	15.5	28.7	13.1
Income tax and minority interest	-7.3	-11.4	-4.1
Net income	8.2	17.2	9.0
Net income per share(Yen/Share)	8.17yen	17.18yen	9.01yen

Environmental Factors

— FY10 Consolidated Results —

(Billion Yen)

Item			FY09 (A)	FY10 (B)	Change (B) - (A)	Impacts on Consolidated OP Income
Exchange Rate		Yen/\$	92.8	85.7	-7.1	0.0
Material Price	Naphtha (Domestic)	\$/t	609	762	153	-3.2
		Yen/KL	41,200	47,500	6,300	(-2.0)
	Benzene (Average of US and Euro Contract Price)	\$/t	753	997	244	-8.5 (-6.0)
	Australian Coal (CIF)	\$/t	97.5	120.0	22.5	-5.0
		Yen/t	9,048	10,287	1,239	(-2.9)

(): including impacts from fluctuation of exchange rate

Sales by Segment

— FY10 Consolidated Results —

(Billion Yen)

Segment	FY09 (A)	FY10 (B)	Change (B) - (A)	Major Factors
Chemicals & Plastics	165.0	204.5	39.4	Caprolactam chain 30.1 Synthetic rubber 9.0
Specialty Chemicals & Products	60.3	68.7	8.4	Specialty products 6.0 Fine chemicals 2.4
Pharmaceutical	9.9	8.8	-1.1	
Cement & Construction Materials	188.3	200.4	12.0	Construction materials and Quicklime related products 4.7 Cement and Ready-mixed concrete 6.0, etc.
Machinery & Metal Products	81.7	83.4	1.6	Machinery 1.9 Aluminum wheels -0.3
Energy & Environment	54.1	59.1	4.9	Coal 3.9, Power 0.9
Others	19.0	26.8	7.7	Overseas sales subsidiaries 6.2, etc.
Adjustment	-29.3	-35.9	-6.6	
Total	549.5	616.0	66.5	Increased by 12.1%

Operating Income by Segment

— FY10 Consolidated Results —

(Billion Yen)

Segment	FY09 (A)	FY10 (B)	Change (B) - (A)	Major Factors
Chemicals & Plastics	4.7	20.0	15.2	Caprolactam chain 11.7 Synthetic rubber 3.5
Specialty Chemicals & Products	3.2	8.7	5.4	Specialty products 4.2 Fine chemicals 1.2
Pharmaceutical	3.7	2.3	-1.4	
Cement & Construction Materials	6.1	8.0	1.9	Construction materials and Quicklime related products 1.6 Cement and Ready-mixed concrete 0.3
Machinery & Metal Products	4.4	1.7	-2.6	Machinery -3.0 Aluminum wheels 0.3
Energy & Environment	4.3	4.0	-0.2	
Others	0.9	1.1	0.1	
Adjustment	-0.1	-1.6	-1.5	
Total	27.5	44.3	16.7	Increased by 60.8%

Analysis of Operating Income

— FY10 Consolidated Results —

(Billion Yen)

Segment	Operating Income									
	FY09 (A)	FY10 (B)	Change (B) - (A)						Subtotal	Impact from Internal Acct. Method
				Price *1	Sales Volume	Fixed Cost	Impact from LCM Method	Others *2		
Chemicals & Plastics	4.7	20.0	15.2	13.4	2.7	-2.2	-5.3	5.8	14.4	0.9
Specialty Chemicals & Products	3.2	8.7	5.4	-3.8	9.1	-1.8	0.1	1.4	5.0	0.4
Pharmaceutical	3.7	2.3	-1.4	-1.5	1.0	-0.8	0.0	-0.2	-1.5	0.1
Cement & Construction Materials	6.1	8.0	1.9	-0.3	2.0	-0.5	0.1	0.4	1.7	0.3
Machinery & Metal Products	4.4	1.7	-2.6	-0.5	-0.9	0.3	0.0	-1.3	-2.4	-0.3
Energy & Environment	4.3	4.0	-0.2	0.6	0.8	0.0	0.1	*3 -1.2	0.3	-0.6
Others	0.9	1.1	0.1	0.1	0.1	-0.1	0.0	0.1	0.1	0.0
Adjustment	-0.1	-1.6	-1.5	0.0	0.0	-0.6	0.0	-0.2	-0.8	-0.8
Total	27.5	44.3	16.7	7.7	14.8	-5.7	-5.0	4.8	16.7	0.0

*1: Including both selling and purchase change *2: Including inventory valuation changes 3.9

*3: Including decrease in excluding unrealized gains -0.6

Consolidated Balance Sheet

— FY10 Consolidated Results —

(Billion Yen)

Item		End of FY09 (A)	End of FY10 (B)	Change (B) - (A)
Assets	Current assets	261.5	281.7	20.1
	Fixed assets	393.1	379.7	-13.3
	Total	654.7	661.5	6.7
Liabilities	Interest-bearing debts	281.3	260.5	-20.7
	Other liabilities	171.2	189.4	18.2
	Total	452.6	450.0	-2.5
Net Assets	Equity capital *1	178.8	187.0	8.1
	Minority interests and others	23.3	24.4	1.0
	Total	202.1	211.4	9.2
Total liabilities and net assets		654.7	661.5	6.7

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

Consolidated Statements of Cash Flows

— FY10 Consolidated Results —

(Billion Yen)

Item	FY09	FY10	
A. Cash flows from operating activities	60.1	67.0	Income before tax and minority interests 28.7 Depreciation and amortization 33.1 Working capital 3.4
B. Cash flows from investing activities	-29.9	-28.6	Acquisition of PP&E -29.7
Free cash flows (A+B)	30.1	38.3	
C. Cash flows from financing activities	-32.2	-25.0	Decrease in interest-bearing debts -19.7 Dividends and others -5.2
D. Net increase/decrease in cash and cash equivalents	-1.8	12.2	
E. Cash and cash equivalents at end of the fiscal year	37.2	49.5	

Business Highlight

— FY10 Consolidated Results —

Chemicals and Plastics

- ◆ Ube Industries, Ltd. launched business operations of production facilities for metallocene butadiene rubber (MBR) using a metallocene catalyst. (February, 2011)

Specialty Chemicals and Products

- ◆ Ube Industries, Ltd. concluded an agreement to provide license to Chinese companies for technology of manufacturing polyester materials from coal. (November, 2010)
- ◆ Ube Industries, Ltd. established a joint venture, Ube Maxell, Co., Ltd., together with Hitachi Maxell, Ltd. for the purpose of manufacture, sales and other operations with lithium-ion battery separator films. (February, 2011)
- ◆ Ube Industries, Ltd. commenced reinforcement of production facilities for silicon nitride (ceramics) in order to meet the growing demand for components required for the production of solar cells, etc. (March, 2011)

Machinery and Metal Products

- ◆ Ube Industries, Ltd. made a decision to withdraw from aluminum wheel business in response to drastic changes in the car market environment. (March, 2011)

Others

- ◆ Ube Industries, Ltd. founded Ube Korea that shall serve as a base for the market and sales development of the products of the Group in South Korea (March, 2011)

Management Indices

— FY10 Consolidated Results —

Item	Computation	Unit	FY09 (A)	FY10 (B)	Change (B) - (A)
Net D/E Ratio	Net debt /Equity capital	Times	1.4	1.1	-0.3
Equity Ratio	Equity capital /Total assets	%	27.3	28.3	1.0
Operating margin	Operating Income /Sales	%	5.0	7.2	2.2
Return on Assets (ROA)	Business income /Total assets	%	4.4	7.2	2.8
Return on Equity (ROE)	Net income /Equity capital	%	4.7	9.4	4.7

Notes: Business income: Operating income + Interest and dividend income + Equity income of unconsolidated subsidiaries and affiliates

FY11 Consolidated Forecasts

Scope of Consolidation

— FY11 Consolidated Forecasts —

Item	End of FY10 (A)	End of FY11 (B)	Change (B) - (A)	Notes
Number of consolidated subsidiaries	66	65	-1	Newly Included: None Newly Excluded: 1
Number of equity method affiliates	24	23	-1	Newly Included: None Newly Excluded: 1
Total	90	88	-2	

Major P/L & B/S Items

— FY11 Consolidated Forecasts —

(Billion Yen)

Item	FY10 (A)	FY11 (B)	Change (B) - (A)
Sales	616.0	650.0	34.0
Operating income	44.3	44.0	-0.3
Ordinary income	39.1	38.0	-1.1
Net income	17.2	20.0	2.8
Item	End of FY10 (A)	End of FY11 (B)	Change (B) - (A)
Total assets	661.5	685.0	23.5
Debt	260.5	252.0	-8.5
Net debt	211.0	218.0	7.0
Equity capital *1	187.0	196.0	9.0
Dividend(Yen /Share)	5.0	5.0	0.0

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

Environmental Factors

— FY11 Consolidated Forecasts —

(Billion Yen)

Item			FY10 (A)	FY11 (B)	Change (B) - (A)	Impacts on Consolidated OP Income
Exchange Rate		Yen/\$	85.7	85.0	-0.7	0.1
Material Price	Naphtha (Domestic)	(CIF) \$/t	762	1,050	288	-5.5
		Yen/KL	47,500	64,000	16,500	(-5.3)
	Benzene (Average of US and Euro Contract Price)	\$/t	997	1,243	246	-8.2 (-7.3)
	Australian Coal (CIF)	\$/t	120.0	152.1	32.1	-6.6
		Yen/t	10,287	12,924	2,637	(-6.4)

(): including impacts from fluctuation of exchange rate

Operating Income – Net Income

– FY11 Consolidated Forecasts –

(Billion Yen)

Item	FY10 (A)	FY11 (B)	Change (B) - (A)
Operating income	44.3	44.0	-0.3
Non operating item	-5.2	-6.0	-0.8
Ordinary income	39.1	38.0	-1.1
Extraordinary item	-10.3	-3.0	7.3
Income before income tax and minority interest	28.7	35.0	6.3
Income tax and minority interest	-11.4	-15.0	-3.6
Net income	17.2	20.0	2.8
Net income per share(Yen/Share)	17.18yen	19.89yen	2.71yen

Sales by Segment

— FY11 Consolidated Forecasts —

(Billion Yen)

Segment	FY10 (A)	FY11 (B)	Change (B) - (A)	Major Factors
Chemicals & Plastics	204.5	226.0	21.5	Caprolactam chain 17.9 Synthetic rubber 2.8, etc.
Specialty Chemicals & Products	68.7	76.0	7.3	Specialty products 5.3 Fine chemicals 1.9
Pharmaceutical	8.8	11.5	2.7	
Cement & Construction Materials	200.4	203.5	3.1	Construction materials and Quicklime related products 1.9 Cement and Ready-mixed concrete 0.8, etc.
Machinery & Metal Products	83.4	79.0	-4.4	Machinery 6.3 Aluminum wheels -10.7
Energy & Environment	59.1	67.0	7.9	Coal 5.4, Power 2.3
Others	26.8	25.0	-1.8	Overseas sales subsidiaries -0.6, etc.
Adjustment	-35.9	-38.0	-2.1	
Total	616.0	650.0	34.0	Increased by 5.5%

Operating Income by Segment

— FY11 Consolidated Forecasts —

(Billion Yen)

Segment	FY10 (A)	FY11 (B)	Change (B) - (A)	Major Factors
Chemicals & Plastics	20.0	18.5	-1.5	Synthetic rubber -1.4, etc.
Specialty Chemicals & Products	8.7	8.5	-0.2	Specialty products -0.3 Fine chemicals 0.1
Pharmaceutical	2.3	4.0	1.7	
Cement & Construction Materials	8.0	8.0	0.0	Construction materials and Quicklime related products -0.3 Cement and Ready-mixed concrete 0.2, etc.
Machinery & Metal Products	1.7	3.0	1.3	Machinery 0.2 Aluminum wheels 1.0
Energy & Environment	4.0	3.5	-0.5	Power -0.4, etc.
Others	1.1	1.0	-0.1	
Adjustment	-1.6	-2.5	-0.9	
Total	44.3	44.0	-0.3	Decreased by 0.8%

Analysis of Operating Income

— FY11 Consolidated Forecasts —

(Billion Yen)

Segment	Operating Income						
	FY10	FY11	Change	Price *1	Sales Volume	Fixed Cost	Others *2
	(A)	(B)	(B) - (A)				
Chemicals & Plastics	20.0	18.5	-1.5	-0.4	1.4	-2.7	0.2
Specialty Chemicals & Products	8.7	8.5	-0.2	-2.7	5.3	-3.6	0.8
Pharmaceutical	2.3	4.0	1.7	-0.6	1.1	-0.2	1.4
Cement & Construction Materials	8.0	8.0	0.0	-1.5	1.5	-1.3	1.3
Machinery & Metal Products	1.7	3.0	1.3	0.2	-0.3	0.0	1.4
Energy & Environment	4.0	3.5	-0.5	-0.4	0.2	-0.3	0.0
Others	1.1	1.0	-0.1	0.1	0.1	-0.2	-0.1
Adjustment	-1.6	-2.5	-0.9	0.0	0.0	-0.9	0.0
Total	44.3	44.0	-0.3	-5.3	9.3	-9.2	4.7

*1: Including both selling and purchase change *2: Including inventory valuation changes 0.8

Management Indices

— FY11 Consolidated Forecasts —

Item	Computation	Unit	FY10 (A)	FY11 (B)	Change (B) - (A)
Net D/E Ratio	Net debt /Equity capital	Times	1.1	1.1	0.0
Equity Ratio	Equity capital /Total assets	%	28.3	28.6	0.3
Operating margin	Operating Income /Sales	%	7.2	6.8	-0.4
Return on Assets (ROA)	Business income /Total assets	%	7.2	6.8	-0.4
Return on Equity (ROE)	Net income /Equity capital	%	9.4	10.4	1.0

Notes: Business income: Operating income + Interest and dividend income + Equity income of unconsolidated subsidiaries and affiliates

Appendix

Major Subsidiaries

— FY10 Results —

(Billion Yen)

Subsidiaries and Affiliates		Business	Sales FY10	Operating income change from FY09
Chemicals & Plastics	UBE CHEMICALS (ASIA) PUBLIC CO., LTD	Manufacture and sales of caprolactam and polyamide resin	29.3	↑
	UBE CHEMICAL EUROPE, S.A.	Manufacture and sales of caprolactam.	25.2	↑
	THAI SYNTHETIC RUBBERS CO., LTD.	Manufacture and sales of polybutadiene	15.5	↑
	UBE ENGINEERING PLASTICS, S.A.	Manufacture and sales of polyamide resin	9.6	↓
	UBE AMMONIA INDUSTRY, LTD.	Manufacture and sales of ammonia	14.0	→
	UBE FILM, LTD.	Manufacture and sales of plastic-film products	10.2	↓
Specialty Chemicals & Products	UBE-NITTO KASEI CO., LTD.	Manufacture and sales of electronics & IT materials, FRP, industrial materials and fiber-reinforced plastics	14.1	↑
Cement & Construction Materials	UBE CONSTRUCTION MATERIALS SALES CO., LTD.	Sales of construction materials	46.5	→
	UBE MATERIAL INDUSTRIES, LTD.	Manufacture and sales of seawater magnesia, magnesium hydroxide, quicklime, slaked lime and others	41.7	↑
	UBE SHIPPING & LOGISTICS, LTD.	Domestic shipping, harbor transportation, shipping-agent services and customs clearing	16.1	↑
	KANTO UBE CONCRETE CO., LTD.	Manufacture and sales of ready-mixed concrete	9.9	↑
Machinery & Metal Products	UBE MACHINERY CORPORATION, LTD.	Manufacture and sales of industrial machinery and bridges	31.6	↓
	UBE STEEL CO., LTD.	Manufacture and sales of cast iron, steel products and rolled steel billets	19.8	↓
	UBE TECHNO ENG. CO., LTD.	Service and maintenance of industrial machinery and equipment	11.1	↑
Energy & Environment	UBE C&A CO., LTD.	Sales of imported steaming coal from Australia and other countries	22.0	↓

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

R&D Expenses, Capital Expenditure and Depreciation

(Billion Yen)

Item	FY09	FY10	FY11
R&D expenses	13.0	13.7	14.5
Capital expenditure	24.6	35.3	43.0
Depreciation (& Amortization)	33.4	33.1	33.5

Major Items for Capital Expenditure

Segment	Item	Site	Completion
Chemicals&Plastics	Caprolactam production facilities (debottlenecking)	Thailand	Dec./'11
	Ammonium sulfate enlargement facilities	Spain	Jan./'12
	Butadiene rubbers facilities	Chiba/Japan	Oct./'12
Specialty Chemicals & Products	Diol products production facilities	Thailand	May/'11
	Second polycarbonate diol production facilities	Spain	Dec./'11
	Electrolytes production facilities (expansion)	Sakai/Japan	FY11 ~ FY14
	Separator production facilities (expansion)	Ube/Japan	Jul./'11
	Silicon nitride production facilities (expansion)	Ube/Japan	Mar./'12
	Second metal organics production facilities	Ube/Japan	Mar./'12
	Fourth phenol resin production facilities (at Meiwa Plastics Industries, Ltd., subsidiary of UBE)	Ube/Japan	Mar./'12
Pharmaceutical	Fourth pharmaceutical production facilities	Ube/Japan	Nov./'11
Cement & Construction Materials	Waste plastics (for fuel) processing facilities	Kanda/Japan	Nov./'11
	Sewage sludge dryness facilities	Isa/Japan	Dec./'12



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