

Financial Results for the 1st Quarter FY 2011

August 1, 2011

UBE INDUSTRIES, LTD.

Scope of Consolidation

— Financial Results for the 1st Quarter FY11 —

Item	End of FY10 (A)	End of FY11 1Q (B)	Change (B) - (A)	Notes
Number of consolidated subsidiaries	66	66	0	Newly Included : None Newly Excluded : None
Number of equity method affiliates	24	24	0	Newly Included : None Newly Excluded : None
Total	90	90	0	

Major P/L & B/S Items

— Financial Results for the 1st Quarter FY11 —

(Billion Yen)

Item	FY10 1Q (A)	FY11 1Q (B)	Change (B) - (A)
Sales	139.9	149.4	9.4
Operating income	4.3	8.7	4.3
Ordinary income	3.0	8.3	5.2
Net income	1.7	5.0	3.2
Item	End of FY10 (A)	End of FY11 1Q (B)	Change (B) - (A)
Total assets	661.5	667.5	6.0
Debt	260.5	255.9	-4.5
Net debt	211.0	211.7	0.6
Equity capital *1	187.0	189.3	2.3

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

Non Operating Items

— Financial Results for the 1st Quarter FY11 —

(Billion Yen)

Item		FY10 1Q (A)	FY11 1Q (B)	Change (B) - (A)
Operating income		4.3	8.7	4.3
Non Operating Items	Net interest expense	-0.7	-0.6	0.0
	Equity in earnings of unconsolidated subsidiaries and affiliated companies	0.3	0.4	0.1
	Others	-0.9	-0.1	0.7
	Total	-1.3	-0.3	0.9
Ordinary income		3.0	8.3	5.2

Extraordinary Items

— Financial Results for the 1st Quarter FY11 —

(Billion Yen)

Item		FY10 1Q (A)	FY11 1Q (B)	Change (B) - (A)
Extraordinary Income	Gain on sale of PP & E	0.1	0.0	0.0
	Gain on share change balance	0.4	0.0	-0.4
	Others	0.0	0.0	0.0
	Total	0.5	0.0	-0.5
Extraordinary Loss	Asset retirement obligations	-0.9	0.0	0.9
	Loss on disposal of PP & E	-0.1	-0.2	0.0
	Others	0.0	0.0	0.0
	Total	-1.0	-0.2	0.7
Net extraordinary income/loss		-0.4	-0.2	0.2

Operating Income – Net Income

– Financial Results for the 1st Quarter FY11 –

(Billion Yen)

Item	FY10 1Q	FY11 1Q	Change
	(A)	(B)	(B) - (A)
Operating income	4.3	8.7	4.3
Non operating item	-1.3	-0.3	0.9
Ordinary income	3.0	8.3	5.2
Extraordinary item	-0.4	-0.2	0.2
Income before income tax and minority interest	2.6	8.1	5.5
Income tax and minority interest	-0.8	-3.1	-2.2
Net income	1.7	5.0	3.2
Net income per share(Yen/Share)	1.71	4.98	3.27

Environmental Factors

— Financial Results for the 1st Quarter FY11 —

(Billion Yen)

Item		FY10 1Q (A)	FY11 1Q (B)	Change (B) - (A)	Impacts on Consolidated OP Income	
Exchange Rate	Yen/\$	92.0	81.7	-10.3	0.2	
Material Price	(CIF) Naphtha	\$ /t	743	1,002	259	-1.3
	(Domestic)	Yen/KL	49,700	59,000	9,300	(-0.8)
	Benzene (Average of US and Euro Contract Price)	\$ /t	1,021	1,248	227	-1.9 (-0.8)
	Australian Coal	\$ /t	124.7	143.6	18.9	-0.9
	(CIF)	Yen/t	11,472	11,732	260	(-0.1)

(): including impacts from fluctuation of exchange rate

Sales by Segment

— Financial Results for the 1st Quarter FY11 —

(Billion Yen)

Segment	FY10 1Q (A)	FY11 1Q (B)	Change (B) - (A)	Major Factors
Chemicals & Plastics	43.6	53.4	9.8	Caprolactam chain 9.2 Synthetic rubber 0.6
Specialty Chemicals & Products	16.7	15.9	-0.7	Specialty products -0.9 Fine chemicals 0.1
Pharmaceutical	1.9	1.7	-0.2	
Cement & Construction Materials	47.0	49.8	2.7	Construction materials and Quicklime related products -0.8 Cement and Ready-mixed concrete 3.7, etc.
Machinery & Metal Products	19.9	15.6	-4.3	Machinery -1.5 Aluminum wheels -2.8
Energy & Environment	11.7	13.5	1.7	Coal 2.0 Power -0.3
Others	6.2	6.6	0.3	
Adjustment	-7.4	-7.3	0.0	
Total	139.9	149.4	9.4	Increased by 6.7%

Operating Income by Segment

— Financial Results for the 1st Quarter FY11 —

(Billion Yen)

Segment	FY10 1Q (A)	FY11 1Q (B)	Change (B) - (A)	Major Factors
Chemicals & Plastics	0.7	6.0	5.3	Caprolactam chain 4.9 Synthetic rubber 0.4
Specialty Chemicals & Products	1.6	1.4	-0.2	Specialty products -0.3 Fine chemicals 0.1
Pharmaceutical	0.5	0.0	-0.4	
Cement & Construction Materials	1.0	1.2	0.1	
Machinery & Metal Products	0.1	0.0	-0.1	
Energy & Environment	0.1	0.3	0.1	
Others	0.1	0.1	0.0	
Adjustment	-0.1	-0.6	-0.4	
Total	4.3	8.7	4.3	Increased by 99.8%

Analysis of Operating Income by Segment

— Financial Results for the 1st Quarter FY11 —

(Billion Yen)

Segment	Operating Income						
	FY10 1Q (A)	FY11 1Q (B)	Change (B) - (A)	Price *1	Sales Volume	Fixed Cost	Others *2
Chemicals & Plastics	0.7	6.0	5.3	3.3	1.2	-0.1	0.9
Specialty Chemicals & Products	1.6	1.4	-0.2	-0.5	0.4	-0.1	0.0
Pharmaceutical	0.5	0.0	-0.4	-0.3	-0.4	0.1	0.1
Cement & Construction Materials	1.0	1.2	0.1	-0.3	0.2	-0.6	0.9
Machinery & Metal Products	0.1	0.0	-0.1	0.0	-0.1	0.0	0.0
Energy & Environment	0.1	0.3	0.1	-0.1	0.2	0.0	0.1
Others	0.1	0.1	0.0	0.0	0.0	0.0	0.0
Adjustment	-0.1	-0.6	-0.4	0.0	0.0	-0.4	0.0
Total	4.3	8.7	4.3	2.0	1.6	-1.1	1.9

*1: Including both selling and purchase change *2: Including inventory valuation changes 1.2

Sales Progress by Segment

— Financial Results for the 1st Quarter FY11 —

(Billion Yen)

Segment	FY10			FY11			Change (B) - (A)
	First Half	1Q	Progress (A)	First Half Forecast	1Q	Progress (B)	
Chemicals & Plastics	97.2	43.6	44.9%	111.0	53.4	48.2%	3.3%
Specialty Chemicals & Products	34.4	16.7	48.5%	34.5	15.9	46.2%	-2.3%
Pharmaceutical	4.1	1.9	48.1%	4.0	1.7	44.7%	-3.4%
Cement & Construction Materials	95.5	47.0	49.3%	99.0	49.8	50.3%	1.0%
Machinery & Metal Products	41.5	19.9	48.0%	36.0	15.6	43.3%	-4.7%
Energy & Environment	26.7	11.7	44.1%	31.0	13.5	43.7%	-0.4%
Others	12.4	6.2	50.8%	11.5	6.6	57.6%	6.8%
Adjustment	-17.3	-7.4	---	-19.0	-7.3	---	
Total	294.6	139.9	47.5%	308.0	149.4	48.5%	1.0%

Operating Income Progress by Segment

— Financial Results for the 1st Quarter FY11 —

(Billion Yen)

Segment	FY10			FY11			Change (B) - (A)
	First Half	1Q	Progress (A)	First Half Forecast	1Q	Progress (B)	
Chemicals & Plastics	5.6	0.7	13.2%	9.8	6.0	62.0%	48.8%
Specialty Chemicals & Products	4.1	1.6	39.7%	2.5	1.4	57.0%	17.3%
Pharmaceutical	1.4	0.5	40.3%	1.0	0.0	9.2%	-31.1%
Cement & Construction Materials	2.9	1.0	36.2%	2.7	1.2	45.5%	9.3%
Machinery & Metal Products	1.1	0.1	17.5%	0.5	0.0	8.0%	-9.5%
Energy & Environment	1.2	0.1	10.1%	1.0	0.3	30.2%	20.1%
Others	0.4	0.1	42.0%	0.4	0.1	46.5%	4.5%
Adjustment	-0.2	-0.1	---	-0.9	-0.6	---	---
Total	16.7	4.3	26.1%	17.0	8.7	51.4%	25.3%

Consolidated Balance Sheet

— Financial Results for the 1st Quarter FY11 —

(Billion Yen)

Item		End of FY10 (A)	End of FY11 1Q (B)	Change (B) - (A)
Assets	Current assets	281.7	283.9	2.2
	Fixed assets	379.7	383.6	3.8
	Total	661.5	667.5	6.0
Liabilities	Interest-bearing debts	260.5	255.9	-4.5
	Other liabilities	189.4	197.9	8.4
	Total	450.0	453.9	3.8
Net assets	Equity capital *1	187.0	189.3	2.3
	Minority interest and Others	24.4	24.2	-0.1
	Total	211.4	213.6	2.1
Total liabilities and net assets		661.5	667.5	6.0

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

Consolidated Statements of Cash Flows

— Financial Results for the 1st Quarter FY11 —

(Billion Yen)

Item	FY10 1Q	FY11 1Q	
A.Cash flows from operating activities	16.7	13.8	Income before tax and minority interests 8.1, Depreciation and amortization 7.8, Working capital -2.3
B.Cash flows from investing activities	-5.9	-9.3	Acquisition of PP&E -9.3
Free cash flows (A+B)	10.7	4.5	
C.Cash flows from financing activities	-5.3	-10.4	Decrease in interest-bearing debts -4.8 Dividends and others -5.4
D.Net increase/decrease in cash and cash equivalents	5.4	-5.2	
E.Cash and cash equivalents at end of the first quarter	42.7	44.2	

Business Highlight

— Financial Results for the 1st Quarter FY11 —

Chemicals and Plastics

- ◆ Ube Industries, Ltd. completed debottlenecking enhancement of the caprolactam facility in the Sakai Factory. (April, 2011)

Specialty Chemicals and Products

- ◆ Ube Industries, Ltd. agreed with Samsung Mobile Display Co, Ltd. (Korea) to establish a joint venture to manufacture polyimide for substrates to be used in the next-generation displays. (May, 2011)
- ◆ Ube Industries, Ltd. launched commercial operation of the diol facility in Ube Fine Chemicals (Asia) Co., Ltd. (Thailand). (June, 2011)
- ◆ Ube Industries, Ltd. agreed with The Dow Chemical Company (U.S.) to establish a joint venture to manufacture and market electrolytes for lithium-ion rechargeable batteries. (July, 2011)

Appendix

Major Subsidiaries

— Financial Results for the 1st Quarter FY11 —

(Billion Yen)

Subsidiaries and Affiliates		Business	Sales FY11 1Q	Operating income change from FY10 1Q
Chemicals & Plastics	UBE CHEMICALS (ASIA) PUBLIC CO., LTD	Manufacture and sales of caprolactam and polyamide resin	10.0	↑
	UBE CHEMICAL EUROPE, S.A.	Manufacture and sales of caprolactam.	6.9	↑
	THAI SYNTHETIC RUBBERS CO., LTD.	Manufacture and sales of polybutadiene	3.9	↑
	UBE ENGINEERING PLASTICS, S.A.	Manufacture and sales of polyamide resin	3.0	↑
	UBE AMMONIA INDUSTRY, LTD.	Manufacture and sales of ammonia	2.3	↑
	UBE FILM, LTD.	Manufacture and sales of plastic-film products	2.7	→
Specialty Chemicals & Products	UBE-NITTO KASEI CO., LTD.	Manufacture and sales of electronics & IT materials, FRP, industrial materials and fiber-reinforced plastics	3.0	→
Cement & Construction Materials	UBE CONSTRUCTION MATERIALS SALES CO., LTD.	Sales of construction materials	12.1	→
	UBE MATERIAL INDUSTRIES, LTD.	Manufacture and sales of seawater magnesia, magnesium hydroxide, quicklime, slaked lime and others	scheduled to be announced on 08/04/2011	
	UBE SHIPPING & LOGISTICS, LTD.	Domestic shipping, harbor transportation, shipping-agent services and customs clearing	3.9	↓
	KANTO UBE CONCRETE CO., LTD.	Manufacture and sales of ready-mixed concrete	2.4	→
Machinery & Metal Products	UBE MACHINERY CORPORATION, LTD.	Manufacture and sales of industrial machinery and bridges	5.0	↓
	UBE STEEL CO., LTD.	Manufacture and sales of cast iron, steel products and rolled steel billets	5.5	↓
	UBE TECHNO ENG. CO., LTD.	Service and maintenance of industrial machinery and equipment	2.5	→
Energy & Environment	UBE C&A CO., LTD.	Sales of imported steaming coal from Australia and other countries	6.4	→

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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