

Consolidated Financial Report for the First Quarter of the Fiscal Year Ending March 31, 2013

Ube Industries, Ltd.

1. Consolidated Companies

Fiscal period	Previous fiscal year ended Mar. 31, 2012	First Q ended June. 30, 2012	Change
Number of companies			
Consolidated companies	67	67	0
Companies using equity method accounting	25	25	0
Total	92	92	0

2. Consolidated Business Results for the First Quarter of the Fiscal Year Ending March 31, 2013
(April 1, 2012 to June 30, 2012)

(1) Results of Operations

(Billions of Yen – except per share data)

	First Q ended June. 30, 2011	First Q ended June. 30, 2012	Change
Net sales	149.4	151.2	1.8
Operating income	8.7	6.0	-2.6
Net interest expenses	-0.6	-0.6	0.0
Equity in earnings of affiliates	0.4	0.0	-0.3
Other non-operating income	-0.1	0.3	0.5
Ordinary income	8.3	5.8	-2.4
Extraordinary income (losses), net	-0.2	0.1	0.3
Net income	5.0	2.3	-2.6
Net income per share	4.98 Yen	2.33 Yen	-2.65 Yen

Presupposition conditions

	81.7	80.2	-1.5
Exchange rate (Yen per US\$)			
Naphtha price (Yen/kl)	59,000	60,600	1,600
Australian coal price (Yen/ton)	11,732	10,506	-1,226

Net Sales by Segment

(Billions of Yen)

	First Q ended June. 30, 2011	First Q ended June. 30, 2012	Change	Comments
Chemicals & Plastics	53.4	54.4	0.9	- Increase in sales volume, etc.
Specialty Chemicals & Products	15.9	15.6	-0.3	- Decrease in sales prices, etc.
Pharmaceutical	1.7	2.4	0.6	- Increase in sales volume and licence revenue
Cement & Construction Materials	49.8	50.5	0.7	- Increase in sales volume of cement, ready-mixed concrete, etc.
Machinery & Metal Products	15.6	15.3	-0.2	- Decrease in sales volume of steel products, increase in shipment of industrial machines, etc.
Energy & Environment	13.5	16.4	2.9	- Increase in selling price of coal and sold electric power, etc.
Other	6.6	6.3	-0.3	-
Adjustment	-7.3	-9.9	-2.5	-
Total	149.4	151.2	1.8	-

Operating Income by Segment

(Billions of Yen)

	First Q ended June. 30, 2011	First Q ended June. 30, 2012	Change	Comments
Chemicals & Plastics	6.0	1.5	-4.4	- Decrease in spread between selling prices and costs of raw materials for caprolactam, etc
Specialty Chemicals & Products	1.4	0.6	-0.8	- Decrease in sales prices, etc.
Pharmaceutical	0.0	0.7	0.6	- Increase in sales volume and licence revenue
Cement & Construction Materials	1.2	1.7	0.5	- Increase in sales volume of cement, ready-mixed concrete, decrease in fixed costs, etc.
Machinery & Metal Products	0.0	0.6	0.6	- Increase in shipment of industrial machines, improvement in profitability of molding machines, etc.
Energy & Environment	0.3	1.1	0.8	- Decrease in maintenance cost of IPP power plants, increase in selling price of electric power, etc
Other	0.1	0.2	0	
Adjustment	-0.6	-0.6	0	
Total	8.7	6.0	-2.6	

Note: Adjustment of operating income is calculated by totaling the company-wide cost excluding allocation to each segment and the tradeoff of inter-segment trades.

(2) Financial Condition

(Billions of Yen)

Assets	Fiscal year ended Mar. 31, 2012	First Q ended June. 30, 2012	Change
Cash and deposits	33.2	33.8	0.6
Accounts receivable	150.1	143.2	-6.8
Inventories	81.2	90.8	9.5
Property, plant and equipment	313.9	318.0	4.1
Intangible fixed assets	4.9	5.0	0.1
Investments and other assets	81.4	89.8	8.3
Total assets	664.9	680.9	15.9

Liabilities	Fiscal year ended Mar. 31, 2012	First Q ended June. 30, 2012	Change
Notes and accounts payable-trade	88.8	89.2	0.4
Interest-bearing debt	253.9	259.4	5.4
(Net debt) *1	(220.8)	(225.7)	(4.8)
Other liabilities	97.7	104.1	6.4
Net assets	224.4	228.0	3.6
(Shareholders' Equity)	(218.8)	(216.1)	(-2.6)
(Accumulated Other Comprehensive Income)	(-19.3)	(-13.0)	(6.3) *2
(Share subscription rights and Minority interests)	(24.9)	(24.9)	(0.0)
Total liabilities and Net assets	664.9	680.9	15.9

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

*2 Improvement in foreign currency translation adjustment

6.8 billion yen, etc

(3)Cash Flows

	(Billions of Yen)	(Billions of Yen)
	First Q ended June. 30, 2012	(Ref.) First Q ended June. 30, 2011
Cash flows from operating activities	12.3 *1	13.8
Cash flows from investing activities	-12.0 *2	-9.3
Cash flows from financing activities	-0.6	-10.4
(Interest-bearing debt)	(4.9)	(-4.8)
(Dividend paid and Other)	(-5.6)	(-5.6)
Cash and cash equivalents at end of period	33.7	44.2

*1 Net income before taxes 6.0 billion Yen
 Depreciation and amortization 7.6 billion Yen
 Increase or decrease in working capital -0.9 billion Yen, etc

*2 Acquisition of tangible/ intangible fixed assets -8.5 billion Yen, etc

(4)Qualitative Information

Qualitative Information for Operating Results

Chemicals & Plastics Segment

Sales of caprolactam, which is used to synthesize polyamide, was affected by the economic slowdown on the global scale and relaxation of supply and demand in the China market, which was caused by operation start-up of competitor's facilities, and the spread between selling prices and cost of raw materials decreased substantially compared to the same period last year when the sales were strong. Shipments of polybutadiene rubber (synthetic rubber) and polyamide resins were steady, especially in the field targeting the automobile industry, thanks to so-called eco-car subsidy. Sales of industrial chemicals were also steady.

As a result, consolidated segment sales increased by 0.9 billion yen, compared to the same period in the previous year, to 54.4 billion yen, while consolidated operating income decreased by 4.4 billion yen to 1.5 billion yen.

Specialty Chemicals & Products Segment

Shipment of polyimide products mainly used as films of flat-screen televisions was sluggish due to slower recovery of demand in the field of electronics and information materials, and those of functional materials such as electrolyte for lithium-ion batteries mainly targeting mobile products and ceramic products mainly used as components for solar cell production were weak. On the other hand, shipment of separator for lithium-ion batteries was strong, thanks to continuous strong demand for the products mounted on automobiles. Shipment of fine chemical products hovered at a steady level as a whole, but was affected by appreciation of yen to some extent.

As a result, consolidated segment sales decreased by 0.3 billion yen, compared to the same period in the previous year, to 15.6 billion yen, while consolidated operating income decreased by 0.8 billion yen to 0.6 billion yen.

Pharmaceutical Segment

Sales of pharmaceutical active ingredients and intermediates grew steadily, especially ones used for antiallergic drug discovered by UBE. The royalty revenues of those products also increased.

As a result, consolidated segment sales increased by 0.6 billion yen, compared to the same period in the previous year, to 2.4 billion yen, while consolidated operating income increased by 0.6 billion yen to 0.7 billion yen.

Cement & Construction Materials Segment

Sales of cement, ready-mixed concrete and building materials increased in comparison with the same period in the previous year, thanks to recovery in the indices such as condominium and housing construction and capital investments, as well as signs of increase in so-called reconstruction demand. Recycling of various types of waste for use as raw materials/fuel also hovered at a steady level. Shipment of calcia and magnesia products used for flue-gas desulfurization of privately-owned electrical power facilities hovered at a steady level, but the sales as a whole decreased in comparison with the same period in the previous year, due to slower recovery of demand in the field of electronics and information materials.

As a result, consolidated segment sales increased by 0.7 billion yen, compared to the same period in the previous year, to 50.5 billion yen, while consolidated operating income increased by 0.5 billion yen to 1.7 billion yen.

Machinery & Metal Products Segment

Received orders for molding machines mainly used in the automobile industries increased in the North American market. At the same time, new models adapted continuously for new models in the market. Shipments of industrial machines such as vertical mills and conveyers remained at a steady level in the quarter under review, but the received orders for these products continued to be in a harsh condition, due to appreciation of yen and severe competition with both overseas and domestic manufacturers. Shipment of steel products was weak due to sluggish demand in the market and appreciation of yen.

As a result, consolidated segment sales decreased by 0.2 billion yen, compared to the same period in the previous year, to 15.3 billion yen, while consolidated operating income increased by 0.6 billion yen to 0.6 billion yen.

Energy & Environment Segment

In the coal business, shipment of salable coals and traded volumes of the coal storage at UBE's Coal Center were steady, especially in the fields targeting electricity, chemical and textile industries. In the power producer business, while maintenance costs comes from the IPP power plants has decreased compared to the same period in the previous year, electricity sales price increased by tight demand-supply situation.

As a result, consolidated segment sales increased by 2.9 billion yen, compared to the same period in the previous year, to 16.4 billion yen, while consolidated operating income increased by 0.8 billion yen to 1.1 billion yen.

Other

Consolidated segment sales of other businesses decreased by 0.3 billion yen to 6.3 billion yen, while consolidated operating income increased by 0.07 billion yen to 0.2 billion yen.

Qualitative Information for Financial Condition

Total assets at the end of the first quarter of the fiscal year increased by 15.9 billion yen to 680.9 billion yen compared to the end of the previous fiscal year. Current assets increased by 10.9 billion yen in spite of a decrease of 6.8 billion yen in notes and accounts receivable, but thanks to an increase of 9.5 billion yen in inventories, which include commercial products and manufactured goods. Fixed assets increased by 4.1 billion yen.

Total liabilities increased by 12.2 billion yen to 452.8 billion yen due to increases of 5.4 billion yen in interest-bearing debt and 3.4 billion yen in reserve for bonuses.

Net assets increased by 3.6 billion yen to 228.0 billion yen, mainly because of an increase of 2.3 billion yen in retained earnings resulted from net profit of this quarter and an improvement of 6.8 billion yen in foreign currency translation adjustments, despite there was dividend of surplus by 5.0 billion yen.

3. Consolidated Earnings Forecast for the Year Ending March 31, 2013 (April 1, 2012 to March 31, 2013)

We do not change the earning forecast announced on May 10, 2012.

(Billions of Yen – except per share data)

	Fiscal Year ended Mar. 31, 2012	Fiscal Year ending Mar. 31, 2013(forecast)	Change
Net sales	638.6	678.0	39.4
Operating income	46.0	47.0	1.0
Ordinary income	40.8	41.0	0.2
Extraordinary income (losses), net	-3.2	-3.0	0.2
Net income	22.9	23.0	0.1
Net income per share	22.85 Yen	22.88 Yen	0.03 Yen
Dividend per share	5.0 Yen	5.0 Yen	0.0 Yen
Business Conditions			
Exchange rate (yen per US\$)	79.1 Yen	80.0 Yen	0.9 yen
Naphtha price (yen/kl)	55,000 Yen	54,800 Yen	-200 yen
Australian coal price (yen/ton)	11,360 Yen	10,565 Yen	-795 yen

(Reference) Consolidated Key Indicators (Billions of yen – except where noted)

	1Q ended June. 30, 2011	1Q ended June. 30, 2012	Fiscal Year ending Mar. 31, 2013 (forecast)	Fiscal Year ended Mar. 31, 2012
Capital investment	10.1	7.6	38.0	44.4
Depreciation and amortization	7.8	7.6	32.5	32.9
Research and development expenses	3.2	3.4	14.5	13.7
Adjusted operating income *1	9.6	6.4	48.5	47.9
Interest-bearing debt	255.9	259.4	253.0	253.9
Net debt *2	211.7	225.7	219.0	220.8
Equity capital*3	189.3	203.1	220.0	199.4
Total assets	667.5	680.9	685.0	664.9
Net D/E ratio (times)	1.1	1.1	1.0	1.1
Equity ratio (%)	28.4	29.8	32.1	30.0
Return on sales (%)	5.8	4.0	6.9	7.2
Return on assets - ROA (%) *4	-	-	7.2	7.2
Return on equity – ROE (%)	-	-	11.0	11.9
Number of employees	11,237	11,248	11,450	11,081

*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