

Consolidated Financial Report for the First Three Quarters of the Fiscal Year Ending March 31, 2012

Ube Industries, Ltd.

1. Consolidated Companies

Fiscal period	Previous fiscal year ended Mar. 31, 2011	Current first 3Qs ended Dec. 31, 2011	Change
Number of companies			
Consolidated companies	66	67	1
Companies using equity method accounting	24	25	1
Total	90	92	2

2. Consolidated Business Results for the First Three Quarters of the Fiscal Year Ending March 31, 2012 (April 1, 2011 to December 31, 2011)

(1) Results of Operations

(Billions of Yen – except per share data)

	Previous first 3Qs ended Dec. 31, 2010	Current first 3Qs ended Dec. 31, 2011	Change
Net sales	452.4	470.9	18.5
Operating income	30.6	35.0	4.4
Net interest expenses	-2.7	-2.3	0.4
Equity in earnings of affiliates	1.0	0.9	0.0
Other non-operating income	-2.6	-2.5	0.0
Ordinary income	26.2	31.1	4.9
Extraordinary income	0.7	0.2	-0.4
Extraordinary losses	-1.7	-1.6	0.1
Net income	15.0	19.4	4.4

Net income per share	14.96 Yen	19.35 Yen	4.39 Yen
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Business conditions

Exchange rate (Yen per US\$)	86.8	79.0	-7.8
Naphtha price (Yen/kl)	45,800	55,200	9,400
Australian coal price (Yen/ton)	10,477	11,400	923

Net Sales by Segment

(Billions of Yen)

	Previous first 3Qs ended Dec. 31, 2010	Current first 3Qs ended Dec. 31, 2011	Change	Comments
Chemicals & Plastics	149.2	174.1	24.9	- Increase in sales prices, etc.
Specialty Chemicals & Products	51.2	48.8	-2.3	- Decrease in sales prices, etc.
Pharmaceutical	6.4	6.9	0.4	- Increase in sales volume, etc.
Cement & Construction Materials	149.8	154.6	4.7	- Increase in sales volume of cement, ready-mixed concrete, and increase in income of recycling of wastes
Machinery & Metal Products	60.1	48.6	-11.4	- Withdrawal from aluminum wheel business, decrease in shipment of industrial machines, etc.
Energy & Environment	43.1	460	2.9	- Increase in selling prices of coal and sold electric power, etc.
Other	19.3	19.8	0.4	
Adjustment	-27.0	-28.1	-1.1	
Total	452.4	470.9	18.5	

Operating Income by Segment

(Billions of Yen)

	Previous first 3Qs ended Dec. 31, 2010	Current first 3Qs ended Dec. 31, 2011	Change	Comments
Chemicals & Plastics	11.7	19.4	7.6	- Increase in spread between selling prices and costs of raw materials for caprolactam, etc.
Specialty Chemicals & Products	6.5	5.1	-1.3	- Decrease in sales prices, etc.
Pharmaceutical	1.6	2.1	0.4	- Increase in sales volume, etc.
Cement & Construction Materials	6.4	5.8	-0.6	- Increase in energy cost and decrease in sales volume of calcia, etc.
Machinery & Metal Products	1.2	0.7	-0.4	- Decrease in shipment and deterioration in profitability of industrial machines, etc.
Energy & Environment	2.6	2.5	-0.1	
Other	0.9	0.8	0.0	
Adjustment	-0.7	-1.5	-0.8	- Increase in administration and general expense, etc.
Total	30.6	35.0	4.4	

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	Previous fiscal year ended Mar. 31, 2011	Current first 3Qs ended Dec. 31, 2011	Change
Cash and deposits	49.7	35.0	-14.6
Accounts receivable	134.9	143.3	8.3
Inventories	73.2	88.6	15.4
Property, plant and equipment	313.9	312.6	-1.2
Intangible fixed assets	4.9	4.7	-0.2
Investments and other assets	84.7	86.6	1.9
Total assets	661.5	671.0	9.5

Liabilities and Net Assets	Previous fiscal year ended Mar. 31, 2011	Current first 3Qs ended Dec. 31, 2011	Change
Liabilities	450.0	450.9	0.8
Notes and accounts payable-trade	89.1	86.9	-2.2
Interest-bearing debt	260.5	267.6	7.0
(Net debt) *1	(211.0)	(232.6)	(21.6)
Other liabilities	100.3	96.3	-3.9
Net assets	211.4	220.1	8.7
(Shareholders' Equity)	200.9	215.3	14.4
(Accumulated Other Comprehensive Income)	-13.9	-19.4	-5.5 *2
(Share subscription rights and Minority interests)	24.3	24.2	-0.1
Total liabilities and Net assets	661.5	671.0	9.5

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

*2 Decrease in foreign currency translation adjustment -5.1billion Yen, etc

(3)Cash Flows

	(Billions of Yen)	(Billions of Yen)
	Current first 3Qs ended Dec. 31, 2011	(Ref.) Current first 3Qs ended Dec. 31, 2010
Cash flows from operating activities	16.2 *1	30.2
Cash flows from investing activities	-31.3 *2	-19.2
Cash flows from financing activities	1.2	-12.3
(Interest-bearing debt)	(7.6)	(-7.1)
(Dividend paid and Other)	(-6.4)	(-5.1)
Cash and cash equivalents at end of period	34.9	35.3

*1 Net income before taxes for the first three quarters of the fiscal year 29.7billion Yen

Depreciation and amortization 24.3billion Yen

Increase or decrease in working capital -25.9billion Yen, etc

Payment of corporate income tax, etc -7.5billion Yen, etc

*2 Acquisition of tangible/ intangible fixed assets -31.4billion Yen, etc

(4)Qualitative Information

Qualitative Information for Operating Results

Chemicals & Plastics Segment

Market condition of caprolactam, which is used to synthesize polyamide, turned to be weak in the early fall due to concern about downturn in economy after price rising had seen because of booming demand in the Asia market, while the spread between selling prices and cost of raw materials increased substantially compared to the same period last year. Sales of polybutadiene rubber (synthetic rubber) and polyamide resins hovered at a steady level, as the concerned damage of the Great East Japan Earthquake and the Thai floods was not so serious in terms of raw material procurement and demand from the automobile industry. On the other hand, an accident occurred at our ammonia production facility at the end of September affected supply of industrial chemicals and other products in our caprolactam chain.

As a result, consolidated segment sales increased by 24.9 billion yen, compared to the same period in the previous year, to 174.1 billion yen, while consolidated operating income increased by 7.6 billion yen to 19.4 billion yen.

Specialty Chemicals & Products Segment

Shipments of many products including polyimide in this segment were weak due to sluggish demand in the field of electronics and information materials such as flat-screen displays, and prices of those products also decreased. In addition, sales of fine chemical products were affected by the Great East Japan Earthquake and appreciation of yen. Shipments of electrolyte and separators for lithium-ion batteries continued to increase, but decrease in the prices deepened. Sales of ceramic products were steady, especially in the field of products used for bearings and cutting tools.

As a result, consolidated segment sales decreased by 2.3 billion yen, compared to the same period in the previous year, to 48.8 billion yen, while consolidated operating income decreased by 1.3 billion yen to 5.1 billion yen.

Pharmaceutical Segment

Sales of pharmaceutical active ingredients and intermediates hovered at a steady level, especially ones used for antiallergic drug and antiplatelet agent developed by UBE.

As a result, consolidated segment sales increased by 0.4 billion yen, compared to the same period in the previous year, to 6.9 billion yen, while consolidated operating income increased by 0.4 billion yen to 2.1 billion yen.

Cement & Construction Materials Segment

Sales of cement, ready-mixed concrete and building materials increased, thanks to signs of recovery in the indices such as condominium and housing construction and capital investments as well as signs of increase in so-called reconstruction demand, but were affected by rise in energy cost to some extent. Our cement manufacturing facilities continued to be in full operation by taking in booming overseas demand, and, in addition, recycling of various types of waste for use as raw materials/fuel was expanded. Sales of calcia and magnesia products were weak as a whole. In particular, sales of calcia products were affected by slump in raw steel production.

As a result, consolidated segment sales increased by 4.7 billion yen, compared to the same period in the previous year, to 154.6 billion yen, while consolidated operating income decreased by 0.6 billion yen to 5.8 billion yen

Machinery & Metal Products Segment

Both shipment of and received orders for molding machines mainly to the automobile industries increased. Received orders for industrial machines such as vertical mills and conveyers hovered at the almost same level with the same period

last year, but shipments of them decreased. Profitability of both molding machines and industrial machines remained low, due to appreciation of yen and severe competition with overseas and domestic manufacturers. Shipment of steel products continued to be steady, but was affected by appreciation of yen.

As a result, consolidated segment sales decreased by 11.4 billion yen, compared to the same period in the previous year, to 48.6 billion yen, while consolidated operating income decreased by 0.4 billion yen to 0.7 billion yen, partly due to the withdrawal from the aluminum wheel business decided in March, previous year.

Energy & Environment Segment

In the coal business, demand for both salable coals and the coals stored mainly for electricity industry at UBE's Coal Center was steady, but volume of handled coals was lower than that in the same period last year, due to shortage of handling capacity at the Coal Center. Power producer business was steady in spite of rise of fuel coal prices, thanks to price rise of sold electric power.

As a result, consolidated segment sales increased by 2.9 billion yen, compared to the same period in the previous year, to 46.0 billion yen, while consolidated operating income decreased by 0.1 billion yen to 2.5 billion yen.

Other

Consolidated segment sales of other businesses increased by 0.4 billion yen to 19.8 billion yen, while consolidated operating income decreased by 0.1 billion yen to 0.8 billion yen compared to the same period in the previous year.

Qualitative Information for Financial Condition

Total assets at the end of the third quarter of the fiscal year increased by 9.5 billion yen to 671.0 billion yen compared to the end of the previous fiscal year. Current assets increased by 9.1 billion yen in spite of a decrease of 14.6 billion yen in cash on hand and in banks, thanks to an increase of 15.4 billion yen in inventories, which include commercial products and manufactured goods. Fixed assets increased by 0.3 billion yen in spite of a decrease of 1.2 billion yen in tangible fixed assets, thanks to a 1.9 billion yen increase in investments and other assets.

Total liabilities increased by 0.8 billion yen to 450.9 billion yen due to a decrease of 2.2 billion yen in notes and accounts payable-trade as well as a 7.0 billion yen increase in interest-bearing debt.

Net assets increased by 8.7 billion yen to 220.1 billion yen in spite of a 5.1 billion yen decrease in foreign currency translation adjustments, thanks to a 14.4 billion yen increase in retained earnings resulted from net profit of this quarter.

3. Consolidated Earnings Forecast for the Year Ending March 31, 2012 (April 1, 2011 to March 31, 2012)

As yet no changes have been made to the earnings forecast for the full fiscal year ending March, 2012 that was announced on November 2, 2011, but as lately the conditions of chemicals and plastics market has rapidly aggravated and the recovery of demand for specialty chemicals and products has not advanced at the expected pace, we plan to continue carefully examining the future trends and make a revision of the forecast as needed.

(Billions of Yen – except per share data)

	Fiscal Year ended Mar. 31, 2011	Fiscal Year ending Mar. 31, 2012 (forecast)	Change
Net sales	616.0	662.0	46.0
Operating income	44.3	50.0	5.7
Ordinary income	39.1	44.5	5.4
Extraordinary income (losses), net	-10.4	-4.0	6.3
Net income	17.2	24.0	6.8
Net income per share	17.18 Yen	23.87 Yen	6.69 Yen

(Reference) Consolidated Key Indicators

(Billions of Yen – except where noted)

	Previous First 3Qs ended Dec. 31, 2010	Current First 3Qs ended Dec. 31, 2011	Fiscal Year ending March 31, 2012 (forecast)	Fiscal Year ended March 31, 2011
Capital investment	21.3	30.9	43.0	35.3
Depreciation and amortization	24.7	24.3	33.2	33.1
Research and development expenses	10.0	10.0	14.0	13.7
Adjusted operating income *1	32.5	36.8	52.0	47.0
Interest-bearing debt	273.6	267.6	252.0	260.5
Net debt *2	238.2	232.6	222.0	211.0
Equity capital*3	186.7	195.8	205.0	187.0
Total assets	666.3	671.0	675.0	661.5
Net D/E ratio (times)	1.3	1.2	1.1	1.1
Equity ratio (%)	28.0	29.2	30.4	28.3
Return on sales (%)	6.8	7.4	7.6	7.2
Return on assets - ROA (%) *4	-	-	7.8	7.2
Return on equity – ROE (%)	-	-	112.2	9.4
Number of employees	11,143	11,193	11,250	11,026

*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