

# Financial Results for the 3<sup>rd</sup> Quarter FY 2008

**February 6, 2009**

**UBE INDUSTRIES, LTD.**

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※ This “3<sup>rd</sup> Quarter (3Q)” data states information for 9 month totals  
(April 1, 2008 – December 31, 2008)

# FY08 3<sup>rd</sup> Quarter Consolidated Results

# Scope of Consolidation

— Financial Results for the 3<sup>rd</sup> Quarter FY08 —

Item	End of Mar. 2008 (A)	End of Dec. 2008 (B)	Change (B) - (A)	Notes
Number of consolidated subsidiaries	<b>67</b>	<b>66</b>	<b>-1</b>	Newly Included: None Newly Excluded: 1 (Sell off: 1)
Number of equity method affiliates	<b>28</b>	<b>28</b>	<b>0</b>	Newly Included: None Newly Excluded: None
<b>Total</b>	<b>95</b>	<b>94</b>	<b>-1</b>	

# Major P/L & B/S Items

— Financial Results for the 3<sup>rd</sup> Quarter FY08 —

(Billion Yen)

Item	FY07 3Q (A)	FY08 3Q (B)	Change (B) - (A)
Sales	514.3	546.7	32.2
Operating income	38.6	37.3	-1.2
Ordinary income	33.3	30.5	-2.8
Net income	16.8	19.6	2.8
Item	End of Mar. 2008 (A)	End of Dec. 2008 (B)	Change (B) - (A)
Total assets	720.8	730.7	9.8
Debt	300.7	311.0	10.3
Net debt	275.6	280.5	4.8
Equity capital * 1	193.8	189.8	-4.0

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

# Non Operating Items

— Financial Results for the 3<sup>rd</sup> Quarter FY08 —

(Billion Yen)

Item		FY07 3Q (A)	FY08 3Q (B)	Change (B) - (A)
Operating income		38.6	37.3	-1.2
Non Operating Items	Net interest expense	-4.4	-3.6	0.8
	Equity in earnings of unconsolidated subsidiaries and affiliated companies	0.9	0.7	-0.2
	Gain(loss) on foreign currency exchange	0.6	-1.2	-1.8
	Others	-2.4	-2.6	-0.1
	Total	-5.2	-6.8	-1.5
Ordinary income		33.3	30.5	-2.8

# Extraordinary Items

— Financial Results for the 3<sup>rd</sup> Quarter FY08 —

(Billion Yen)

Item		FY07 3Q (A)	FY08 3Q (B)	Change (B) - (A)
	Gain on share change balance	0.0	0.3	0.3
	Gain on sale of PP&E	0.4	0.0	-0.4
	Other	0.5	0.0	-0.5
<b>Extraordinary income</b>		<b>0.9</b>	<b>0.3</b>	<b>-0.6</b>
	Loss on related business	-0.1	* -2.7	-2.6
	Loss on impairment	-3.0	* -1.6	1.4
	Others	-1.7	-1.4	0.2
<b>Extraordinary loss</b>		<b>-4.9</b>	<b>-5.8</b>	<b>-0.9</b>
<b>Net extraordinary income/loss</b>		<b>-3.9</b>	<b>-5.4</b>	<b>-1.5</b>

\*The loss from the dissolution of North American wheel manufacturing operations -4.3

# Operating Income – Net Income

– Financial Results for the 3<sup>rd</sup> Quarter FY08 –

(Billion Yen)

Item	FY07 3Q (A)	FY08 3Q (B)	Change (B) - (A)
Operating income	38.6	37.3	-1.2
Non operating item	-5.2	-6.8	-1.5
Ordinary income	33.3	30.5	-2.8
Extraordinary item	-3.9	-5.4	-1.5
Income before income tax and minority interest	29.4	25.0	-4.3
Income tax and minority interest	-12.5	* -5.3	7.2
Net income	16.8	19.6	2.8
Net income per share(Yen/Share)	16.72yen	19.58yen	2.86yen

\* Including tax effect relating to the loss from the dissolution of North American wheel manufacturing operations +6.8



# Environmental Factors

— Financial Results for the 3<sup>rd</sup> Quarter FY08 —

(Billion Yen)

Item			FY07 3Q (A)	FY08 3Q (B)	Change (B) - (A)	Impacts on Consolidated OP Income
Exchange Rate		Yen/\$	117.3	102.8	-14.5	2.0
Material Price	(CIF) Naphtha (Domestic)	\$/t	709	937	228	-4.2
		Yen/KL	59,800	69,600	9,800	(-2.1)
	Benzene(Average of US and Euro Contract Price)	\$/t	1,088	1,143	55	-2.5 (2.0)
	Australian Coal (CIF)	\$/t	108.5	160.0	51.5	-11.2
		Yen/t	12,725	16,448	3,723	(-7.0)

( ):including impacts on fluctuation of exchange rate

# Sales by Segment

— Financial Results for the 3<sup>rd</sup> Quarter FY08 —

(Billion Yen)

Segment	FY07 3Q (A)	FY08 3Q (B)	Change (B) - (A)	Major Factors
<b>Chemicals &amp; Plastics</b>	<b>170.4</b>	<b>181.1</b>	<b>10.6</b>	Caprolactam chain 6.0 Synthetic rubber 4.7
<b>Specialty Chemicals &amp; Products</b>	<b>69.0</b>	<b>71.8</b>	<b>2.8</b>	Overseas sales subsidiaries 3.0 Fine chemicals and Pharmaceuticals 1.2 Specialty products -1.3
<b>Cement &amp; Construction Materials</b>	<b>155.1</b>	<b>162.2</b>	<b>7.0</b>	Construction materials and Quicklime related products 4.9 Cement and Ready-mixed concrete 1.5
<b>Machinery &amp; Metal Products</b>	<b>85.4</b>	<b>84.2</b>	<b>-1.1</b>	Aluminum wheels -3.8 Machinery 2.6
<b>Energy &amp; Environment</b>	<b>31.2</b>	<b>44.4</b>	<b>13.1</b>	Coal 12.5
<b>Others</b>	<b>2.9</b>	<b>2.8</b>	<b>-0.1</b>	
<b>Total</b>	<b>514.3</b>	<b>546.7</b>	<b>32.3</b>	Increased by 6.3%

# Operating Income by Segment

— Financial Results for the 3<sup>rd</sup> Quarter FY08 —

(Billion Yen)

Segment	FY07 3Q (A)	FY08 3Q (B)	Change (B) - (A)	Major Factors
Chemicals & Plastics	11.8	11.7	-0.1	Caprolactam chain -1.5 Synthetic rubber 1.5
Specialty Chemicals & Products	9.5	7.6	-1.8	Specialty products -2.2 Fine chemicals and Pharmaceuticals 0.2
Cement & Construction Materials	8.3	8.0	-0.2	Cement and Ready-mixed concrete -0.5 Construction materials and Quicklime related products 0.3
Machinery & Metal Products	4.7	2.9	-1.8	Machinery -1.0 Aluminum wheels -0.8
Energy & Environment	3.5	6.4	2.9	Coal 2.5
Others	0.6	0.6	0.0	
<b>Total</b>	<b>38.6</b>	<b>37.3</b>	<b>-1.2</b>	Decreased by 3.3%

# Analysis of Operating Income

— Financial Results for the 3<sup>rd</sup> Quarter FY08 —

(Billion Yen)

Segment	Operating Income							
	FY07 3Q (A)	FY08 3Q (B)	Change (B) - (A)	Price *1	Sales Volume	Fixed Cost	Change in Regulation including LCM Method	Others
Chemicals & Plastics	11.8	11.7	-0.1	2.9	-1.1	0.3	-3.4	*2 1.2
Specialty Chemicals & Products	9.5	7.6	-1.8	-1.9	1.4	-1.8	-0.3	0.7
Cement & Construction Materials	8.3	8.0	-0.2	2.2	-1.8	0.3	-0.7	-0.3
Machinery & Metal Products	4.7	2.9	-1.8	-0.5	-0.6	-0.5	-0.1	-0.1
Energy & Environment	3.5	6.4	2.9	3.2	0.2	-0.4	0.1	-0.1
Others	0.6	0.6	0.0	0.0	0.0	0.1	0.0	-0.1
Total	38.6	37.3	-1.2	5.9	-1.9	-2.0	-4.4	1.3

\* 1 : Including both selling and purchase change

\* 2 : Inventory valuation changes 2.9

# Consolidated Balance Sheet

— Financial Results for the 3<sup>rd</sup> Quarter FY08 —

(Billion Yen)

Item	End of Mar. 2008 (A)	End of Dec. 2008 (B)	Change (B) - (A)
Current assets	297.8	331.5	33.6
Fixed assets	422.9	399.1	-23.8
<b>Total assets</b>	<b>720.8</b>	<b>730.7</b>	<b>9.8</b>
Interest-bearing debts	300.7	311.0	10.3
Other liabilities	201.1	206.0	4.9
<b>Total liabilities</b>	<b>501.8</b>	<b>517.1</b>	<b>15.2</b>
Equity capital *1	193.8	189.8	-4.0
Minority interests	25.1	23.7	-1.4
<b>Total net assets</b>	<b>219.0</b>	<b>213.5</b>	<b>-5.4</b>
<b>Total liabilities and net assets</b>	<b>720.8</b>	<b>730.7</b>	<b>9.8</b>

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

# Consolidated Statements of Cash Flows

— Financial Results for the 3<sup>rd</sup> Quarter FY08 —

(Billion Yen)

Item	FY08 3Q	
<b>A.Cash flows from operating activities</b>	<b>23.6</b>	Income before tax and minority interests 25.0 Depreciation and amortization 26.2 Working capital -24.8
<b>B.Cash flows from investing activities</b>	<b>-23.5</b>	Acquisition of PP&E -23.5
<b>Free cash flows (A + B)</b>	<b>0.1</b>	
<b>C.Cash flows from financing activities</b>	<b>6.8</b>	Increase in interest-bearing debts 32.6 Bond redemption -20.1 Dividends -5.5
<b>D.Net increase/decrease in cash and cash equivalents</b>	<b>5.4</b>	
<b>E.Cash and cash equivalents at end of December 2008</b>	<b>30.5</b>	

# Business Highlight

## — Financial Results for the 3<sup>rd</sup> Quarter FY08 —

### Chemicals and Plastics

- ◆ A memorandum was concluded that collaborative commercialization of the wide-ranging chemical business in Thailand is examined with PTT Public Company Limited, which develops natural gas, petroleum refining and petro-chemistry in Thailand. (December 2008)
- ◆ The production facility of butadiene rubber (BR) in Nantong (China) was completed which is owned by the joint venture company, TSRC Ube (Nantong) Chemical Industry Co., Ltd. (December 2008)

### Specialty Chemicals and Products

- ◆ An agreement was concluded that the entire stock of UBE Medical Co., Ltd., a company selling, manufacturing and importing medical equipment, to Japan Lifeline Co., Ltd. (December 2008)
- ◆ The Committee for Medicinal Products for Human Use (CHMP) of the European Medicines Agency (EMA) has issued a positive opinion recommending approval of Prasugrel, an antiplatelet agent. (December 2008)
- ◆ An agreement was concluded that new material technology for aircraft is developed in collaboration with Boeing. (January 2009)

# FY08 Consolidated Forecasts



# Scope of Consolidation

## -FY08 Consolidated Forecasts-

Item	End of Mar. 2008 (A)	End of Mar. 2009 (B)	Change (B) - (A)	Notes
Number of consolidated subsidiaries	67	65	-2	Newly Included: None Newly Excluded: 2 (Sell off 1, Dissolution 1)
Number of equity method affiliates	28	27	-1	Newly Included: None Newly Excluded: 1 (Dissolution 1)
<b>Total</b>	<b>95</b>	<b>92</b>	<b>-3</b>	

# Major P/L & B/S Items

## -FY08 Consolidated Forecasts-

(Billion Yen)

Item	FY07 (A)	FY08 (B)	Change (B) - (A)
Sales	704.2	693.0	-11.2
Operating income	55.9	30.0	-25.9
Ordinary income	46.7	19.5	-27.2
Net income	24.0	10.5	-13.5
Item	End of Mar. 2008 (A)	End of Mar. 2009 (B)	Change (B) - (A)
Total assets	720.8	720.0	-0.8
Debt	300.7	310.0	9.3
Net Debt	275.6	280.0	4.4
Equity capital * 1	193.8	170.0	-23.8

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

# Environmental Factors

## -FY08 Consolidated Forecasts-

(Billion Yen)

Item			FY07 (A)	FY08 (B)	Change (B) - (A)	Impacts on Consolidated OP Income
Exchange Rate		Yen/\$	114.3	99.6 [90.0]	-14.7	2.3
Material Price	(CIF) Naphtha (Domestic)	\$/t	748	803 [400]	55	-1.8
		Yen/KL	61,500	59,000 [27,000]	-2,500	(0.8)
	Benzene(Average of US and Euro Contract Price)	\$/t	1,080	982 [300]	-98	1.7 (6.6)
	Australian Coal (CIF)	\$/t	96.5	152.0 [133.5]	55.5	-15.7
		Yen/t	11,030	15,139 [12,015]	4,109	(-10.4)

[ ]:numbers for the 4<sup>th</sup> quarter of the period only

( ):including impacts on fluctuation of exchange rate

# Sales by Segment

## -FY08 Consolidated Forecasts-

(Billion Yen)

Segment	FY07 (A)	FY08 (B)	Change (B) - (A)	Major Factors
Chemicals & Plastics	233.2	217.0	-16.2	Caprolactam chain -19.4 Synthetic rubber 3.2
Specialty Chemicals & Products	93.5	89.0	-4.5	Specialty products -6.1 Fine chemicals and Pharmaceuticals -0.3 Overseas sales subsidiaries etc. 2.0
Cement & Construction Materials	207.0	212.5	5.5	Construction materials and Quicklime related products 3.2 Cement and Ready-mixed concrete 2.3
Machinery & Metal Products	120.3	111.0	-9.3	Aluminum wheels -9.5 Machinery 0.2
Energy & Environment	46.4	60.0	13.6	Coal 11.7
Others	3.6	3.5	-0.1	
<b>Total</b>	<b>704.2</b>	<b>693.0</b>	<b>-11.2</b>	Decreased by 1.6%

# Operating Income by Segment

## -FY08 Consolidated Forecasts-

(Billion Yen)

Segment	FY07 (A)	FY08 (B)	Change (B) - (A)	Major Factors
Chemicals & Plastics	18.6	1.8	-16.8	Caprolactam chain -16.9 Synthetic rubber 0.1
Specialty Chemicals & Products	14.1	5.8	-8.3	Specialty products -7.1 Fine chemicals and Pharmaceuticals -1.2
Cement & Construction Materials	10.8	9.8	-1.0	Cement and Ready-mixed concrete -0.8 Construction materials and Quicklime related products -0.1
Machinery & Metal Products	6.6	3.4	-3.2	Machinery -1.7 Aluminum wheels -1.5
Energy & Environment	4.6	8.5	3.9	Coal 2.8
Others	0.8	0.7	-0.1	
<b>Total</b>	<b>55.9</b>	<b>30.0</b>	<b>-25.9</b>	Decreased by 46.3%

# Analysis of Operating Income

## -FY08 Consolidated Forecasts-

(Billion Yen)

Segment	Operating Income							
	FY07 (A)	FY08 (B)	Change (B) - (A)	Price *1	Sales Volume	Fixed Cost	Change in Regulation including LCM Method	Others
Chemicals & Plastics	18.6	1.8	-16.8	-2.5	-6.3	0.4	-5.9	-2.5
Specialty Chemicals & Products	14.1	5.8	-8.3	-4.2	-0.4	-2.4	-0.3	-1.0
Cement & Construction Materials	10.8	9.8	-1.0	4.4	-3.9	-0.2	-1.0	-0.3
Machinery & Metal Products	6.6	3.4	-3.2	-0.7	-2.1	0.1	-0.1	-0.4
Energy & Environment	4.6	8.5	3.9	3.4	0.5	-0.6	0.1	0.5
Others	0.8	0.7	-0.1	0.0	0.0	0.4	0.0	-0.5
<b>Total</b>	<b>55.9</b>	<b>30.0</b>	<b>-25.9</b>	<b>0.4</b>	<b>-12.2</b>	<b>-2.3</b>	<b>-7.2</b>	<b>-4.2</b>

\* 1 : Including both selling and purchase price change

## (Reference) Consolidated Forecasts for FY08

— Net Sales (2/6/09 Publication, Comparisons for forecasts published on 10/29/08, by segment) —

(Billion Yen)

Segment	Revised forecasts (A)	Revised forecasts (B)	Change (B) - (A)	Major Factors
	10/29/08 Publication	2/6/09 Publication		
Chemicals & Plastics	246.5	217.0	-29.5	Caprolactam chain -19.4 Synthetic rubber -8.9
Specialty Chemicals & Products	105.8	89.0	-16.8	Specialty products -13.5 Fine chemicals and Pharmaceuticals -3.3
Cement & Construction Materials	225.0	212.5	-12.5	Construction materials and Quicklime related products -7.7 Cement and Ready-mixed concrete -1.9
Machinery & Metal Products	120.0	111.0	-9.0	Aluminum wheels -5.0 Machinery -4.0
Energy & Environment	68.0	60.0	-8.0	Coal -8.7
Others	3.7	3.5	-0.2	
<b>Total</b>	<b>769.0</b>	<b>693.0</b>	<b>-76.0</b>	Decreased by 9.9%

## (Reference) Consolidated Forecasts for FY08

— Operating Income (2/6/09 Publication, Comparisons for forecasts published on 10/29/08, by segment) —

(Billion Yen)

Segment	Revised forecasts (A)	Revised forecasts (B)	Change (B) - (A)	Major Factors
	10/29/08 Publication	2/6/09 Publication		
Chemicals & Plastics	15.6	1.8	-13.8	Caprolactam chain -10.9 Synthetic rubber -2.8
Specialty Chemicals & Products	14.1	5.8	-8.3	Specialty products -7.4 Fine chemicals and Pharmaceuticals -0.9
Cement & Construction Materials	10.0	9.8	-0.2	Construction materials and Quicklime related products -0.8 Cement and Ready-mixed concrete 0.6
Machinery & Metal Products	5.1	3.4	-1.7	Machinery -0.9 Aluminum wheels -0.8
Energy & Environment	7.4	8.5	1.1	Electric power 1.0 Coal 0.1
Others	0.8	0.7	-0.1	
<b>Total</b>	<b>53.0</b>	<b>30.0</b>	<b>-23.0</b>	Decreased by 43.4%



# Management Indices

## -FY08 Consolidated Forecasts-

Item	Unit	FY07 Actual (A)	FY08 Forecast (B)	Change (B) - (A)
Net D/E Ratio *1	Times	1.4	1.6	0.2
Equity Ratio	%	26.9	23.6	-3.3
Operating Margin	%	7.9	4.3	-3.6
Return on Assets (ROA) *2	%	8.2	4.4	-3.8
Return on Equity (ROE)	%	13.1	5.8	-7.3

\*1 Net debt (Debt — Cash and cash equivalents)/Equity capital

\*2 (Operating income + Interest and dividend income + Equity income of  
nonconsolidated subsidiaries and affiliates)/Total assets

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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