

**FY2009 Consolidated Results
FY2010 Consolidated Forecasts**

May 11, 2010

UBE INDUSTRIES, LTD.

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FY09 Consolidated Results

Scope of Consolidation

— FY09 Consolidated Results —

Item	End of FY08 (A)	End of FY09 (B)	Change (B) - (A)	Notes
Number of consolidated subsidiaries	65	67	+2	Newly Included: 2 Newly Excluded: None
Number of equity method affiliates	27	24	-3	Newly Included: 1 Newly Excluded: 4
Total	92	91	-1	

Major P/L & B/S Items

— FY09 Consolidated Results —

(Billion Yen)

Item	FY08 (A)	FY09 (B)	Change (B) - (A)
Sales	684.7	549.5	-135.1
Operating income	31.1	27.5	-3.5
Ordinary income	20.3	18.9	-1.4
Net income	11.6	8.2	-3.4
Item	End of FY08 (A)	End of FY09 (B)	Change (B) - (A)
Total assets	677.9	654.7	-23.1
Debt	306.8	281.3	-25.4
Net debt	267.7	244.0	-23.6
Equity capital *1	171.9	178.8	6.8
Dividend(Yen /Share)	4.0	4.0	0.0

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

Non Operating Items

— FY09 Consolidated Results —

(Billion Yen)

Item		FY08	FY09	Change
		(A)	(B)	(B) - (A)
Operating income		31.1	27.5	-3.5
Non operating items	Net interest expense	-5.0	-4.8	0.2
	Equity in earnings of unconsolidated subsidiaries and affiliated companies	0.8	0.9	0.0
	Gain(loss) on foreign currency exchange	-1.3	0.0	1.2
	Others	-5.1	-4.6	0.5
	Total	-10.7	-8.6	2.1
Ordinary income		20.3	18.9	-1.4

Extraordinary Items

— FY09 Consolidated Results —

(Billion Yen)

Item		FY08 (A)	FY09 (B)	Change (B) - (A)
Extraordinary income	Gain on share change balance	0.3	0.0	-0.3
	Reversal of allowance for doubtful accounts	0.0	0.3	0.3
	Subsidies	0.4	0.0	-0.3
	Others	0.1	0.3	0.1
	Total	0.9	0.7	-0.2
Extraordinary loss	Loss on disposal of PP&E	-1.9	-3.3	-1.3
	Loss on impairment	-1.8	-0.1	1.6
	Loss on related business	-2.6	-0.1	2.5
	Others	-1.4	-0.4	0.9
	Total	-7.8	-4.1	3.7
Net extraordinary income/loss		-6.8	-3.4	3.4

Operating Income – Net Income

– FY09 Consolidated Results –

(Billion Yen)

Item	FY08 (A)	FY09 (B)	Change (B) - (A)
Operating income	31.1	27.5	-3.5
Non operating item	-10.7	-8.6	2.1
Ordinary income	20.3	18.9	-1.4
Extraordinary item	-6.8	-3.4	3.4
Income before income tax and minority interest	13.5	15.5	2.0
Income tax and minority interest	-1.8	-7.3	-5.5
Net income	11.6	8.2	-3.4
Net income per share(Yen/Share)	11.59yen	8.17yen	-3.42yen

Environmental Factors

— FY09 Consolidated Results —

(Billion Yen)

Item			FY08 (A)	FY09 (B)	Change (B) - (A)	Impacts on Consolidated OP Income
Exchange Rate	Yen/\$		100.5	92.8	-7.7	0.6
Material Price	Naphtha (CIF)	\$/t	798	607	-191	4.1
		Yen/KL	58,900	41,100	-17,800	(5.1)
	Benzene (Average of US and Euro Contract Price)	\$/t	989	753	-236	7.5 (9.7)
	Australian Coal (CIF)	\$/t	153.0	97.5	-55.5	11.9
		Yen/t	15,382	9,048	-6,334	(13.5)

():including impacts from fluctuation of exchange rate

Sales by Segment

— FY09 Consolidated Results —

(Billion Yen)

Segment	FY08 (A)	FY09 (B)	Change (B) - (A)	Major Factors
Chemicals & Plastics	212.6	161.1	-51.4	Caprolactam chain -39.0 Synthetic rubber -11.8, etc.
Specialty Chemicals & Products	87.0	75.4	-11.6	Overseas sales subsidiaries -5.9 Specialty products -4.4 Fine chemicals and Pharmaceuticals -1.3
Cement & Construction Materials	209.4	184.8	-24.6	Cement and Ready-mixed concrete -16.0 Construction materials and Quicklime related products -10.0, etc.
Machinery & Metal Products	110.0	80.8	-29.2	Machinery -21.0 Aluminum wheels -8.2
Energy & Environment	61.8	43.6	-18.1	Coal -16.1, Power -2.1, etc.
Others	3.5	3.5	0.0	
Total	684.7	549.5	-135.1	Decreased by 19.7%

Operating Income by Segment

— FY09 Consolidated Results —

(Billion Yen)

Segment	FY08 (A)	FY09 (B)	Change (B) - (A)	Major Factors
Chemicals & Plastics	2.0	5.1	3.1	Caprolactam chain 4.9 Synthetic rubber -2.3, etc.
Specialty Chemicals & Products	6.7	7.2	0.4	Fine chemicals and Pharmaceuticals 0.4 Specialty products 0.2, etc.
Cement & Construction Materials	8.8	6.1	-2.7	Cement and Ready-mixed concrete -2.6 Construction materials and Quicklime related products -0.3, etc.
Machinery & Metal Products	4.0	3.7	-0.3	Machinery -1.5 Aluminum wheels 1.2
Energy & Environment	8.6	4.3	-4.2	Coal -3.3, Power -1.2, etc.
Others	0.7	0.8	0.0	
Total	31.1	27.5	-3.5	Decreased by 11.4%

Analysis of Operating Income

— FY09 Consolidated Results —

(Billion Yen)

Segment	Operating Income							
	FY08	FY09	Change	Price *1	Sales Volume	Fixed Cost	Impact from LCM Method	Others *2
	(A)	(B)	(B) - (A)					
Chemicals & Plastics	2.0	5.1	3.1	-4.7	-1.7	3.0	11.1	-4.6
Specialty Chemicals & Products	6.7	7.2	0.4	-1.6	-0.3	2.8	0.7	-1.1
Cement & Construction Materials	8.8	6.1	-2.7	2.1	-7.1	3.5	0.1	-1.3
Machinery & Metal Products	4.0	3.7	-0.3	2.6	-2.7	2.6	0.0	*3 -2.7
Energy & Environment	8.6	4.3	-4.2	-4.4	-1.6	0.2	0.0	*4 1.5
Others	0.7	0.8	0.0	0.0	0.0	0.1	0.0	0.0
Total	31.1	27.5	-3.5	-6.0	-13.4	12.2	11.9	-8.2

*1: Including both selling and purchase change *2: Including inventory valuation changes -4.9

*3: Including marginal profit on machinery products -2.5 *4: Including decrease in excluding unrealized gains 0.9

Consolidated Balance Sheet

— FY09 Consolidated Results —

(Billion Yen)

Item		End of FY08 (A)	End of FY09 (B)	Change (B) - (A)
Assets	Current assets	277.5	261.5	-15.9
	Fixed assets	400.3	393.1	-7.2
	Total	677.9	654.7	-23.1
Liabilities	Interest-bearing debts	306.8	281.3	-25.4
	Other liabilities	176.4	171.2	-5.1
	Total	483.2	452.6	-30.6
Net assets	Equity capital *1	171.9	178.8	6.8
	Minority interests and others	22.7	23.3	0.5
	Total	194.7	202.1	7.4
Total liabilities and net assets		677.9	654.7	-23.1

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

Consolidated Statements of Cash Flows

— FY09 Consolidated Results —

(Billion Yen)

Item	FY08	FY09	
A.Cash flows from operating activities	45.5	60.1	Income before tax and minority interests 15.5, Depreciation and amortization 33.4, Working capital 11.4
B.Cash flows from investing activities	-32.9	-29.9	Acquisition of PP&E -30.4
Free cash flows (A+B)	12.6	30.1	
C.Cash flows from financing activities	4.3	-32.2	Decrease in interest-bearing debts -26.0 Dividends -4.9
D.Net increase/decrease in cash and cash equivalents	14.0	-1.8	
E.Cash and cash equivalents at end of the fiscal year	39.1	37.2	

Business Highlight

— FY09 Consolidated Results —

Chemicals and Plastics

- ◆ Ube Industries merged two subsidiaries in Thailand, Thai Caprolactam Public Co., Ltd. and Ube Nylon (Thailand) Ltd., into a newly established subsidiary named Ube Chemical (Asia) Public Co., Ltd. (Feb 2010)

Specialty Chemicals and Products

- ◆ Ube's subsidiary in Thailand, a manufacture of fine chemical products, started construction of the production facilities for 1,6-Hexanediol. (June 2009)
- ◆ The U.S. Food and Drug Administration (FDA) approved Effient™ (prasugrel), an antiplatelet agent discovered by Ube Industries and Daiichi Sankyo Co., Ltd. (July 2009)
- ◆ Ube Industries decided on construction of its fourth pharmaceutical production facilities in response to future increase in demand for pharmaceutical active ingredients and intermediates. (Dec 2010)

Cement and Construction Materials

- ◆ Ube Material Industries, Ltd. successfully developed high performance zinc oxide powder for use in solar cells and liquid crystals, which are expected to see market growth. (March 2010)

Machinery and Metal Products

- ◆ Ube Industries spun off its aluminum wheel business by establishing a new wholly-owned subsidiary UBE ALUMINUM WHEELS Ltd. (March 2010)

Others

- ◆ Ube Industries established Pharmaceutical Division as the third cornerstone of Ube's chemicals business. (Apr 2010)

Management Indices

— FY09 Consolidated Results —

Item	Computation	Unit	FY08 (A)	FY09 (B)	Change (B) - (A)
Net D/E Ratio	Net debt /Equity capital	Times	1.6	1.4	-0.2
Equity Ratio	Equity capital /Total assets	%	25.4	27.3	1.9
Operating margin	Operating Income /Sales	%	4.6	5.0	0.4
Return on Assets (ROA)	Business income /Total assets	%	4.8	4.4	-0.4
Return on Equity (ROE)	Net income /Equity capital	%	6.4	4.7	-1.7

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

FY10 Consolidated Forecasts

Scope of Consolidation

— FY10 Consolidated Forecasts —

Item	End of FY09 (A)	End of FY10 (B)	Change (B) - (A)	Notes
Number of consolidated subsidiaries	67	67	0	Newly Included :2 Newly Excluded :2
Number of equity method affiliates	24	25	+1	Newly Included :1 Newly Excluded :None
Total	91	92	+1	

Major P/L & B/S Items

— FY10 Consolidated Forecasts —

(Billion Yen)

Item	FY09 (A)	FY10 (B)	Change (B) - (A)
Sales	549.5	610.0	60.5
Operating income	27.5	33.0	5.5
Ordinary income	18.9	24.5	5.6
Net income	8.2	14.5	6.3
Item	End of FY09 (A)	End of FY10 (B)	Change (B) - (A)
Total assets	654.7	660.0	5.3
Debt	281.3	270.0	-11.3
Net debt	244.0	243.0	-1.0
Equity capital *1	178.8	189.0	10.2
Dividend(Yen /Share)	4.0	5.0	1.0

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

Environmental Factors

— FY10 Consolidated Forecasts —

(Billion Yen)

Item			FY09 (A)	FY10 (B)	Change (B) - (A)	Impacts on Consolidated OP Income
Exchange Rate	Yen/\$		92.8	90.0	-2.8	0.2
Material Price	Naphtha (CIF)	\$/t	607	750	143	-3.0
		Yen/KL	41,100	48,900	7,800	(-2.5)
	Benzene (Average of US and Euro Contract Price)	\$/t	753	1,050	297	-10.5 (-9.2)
	Australian Coal (CIF)	\$/t	97.5	128.0	30.5	-6.5
		Yen/t	9,048	11,520	2,472	(-5.7)

():including impacts from fluctuation of exchange rate

Operating Income – Net Income

– FY10 Consolidated Forecasts –

(Billion Yen)

Item	FY09 (A)	FY10 (B)	Change (B) - (A)
Operating income	27.5	33.0	5.5
Non operating item	-8.6	-8.5	0.1
Ordinary income	18.9	24.5	5.6
Extraordinary item	-3.4	-1.0	2.4
Income before income tax and minority interest	15.5	23.5	8.0
Income tax and minority interest	-7.3	-9.0	-1.7
Net income	8.2	14.5	6.3
Net income per share(Yen/Share)	8.17yen	14.42yen	6.25yen

Sales by Segment

— FY10 Consolidated Forecasts —

(Billion Yen)

Segment	FY09 (A)	FY10 (B)	Change (B) - (A)	Major Factors
Chemicals & Plastics	165.0	205.0	40.0	Caprolactam chain 33.3 Synthetic rubber 6.1, etc.
Specialty Chemicals & Products	60.3	73.5	13.2	Fine chemicals 2.8 Specialty products 10.4
Pharmaceutical	9.9	12.0	2.1	Manufacture under consignment 1.2, etc.
Cement & Construction Materials	188.3	185.0	-3.3	Cement and Ready-mixed concrete -7.5 Construction materials and Quicklime related products 2.1, etc.
Machinery & Metal Products	81.7	87.5	5.8	Machinery 5.3 Aluminum wheels 0.5
Energy & Environment	54.1	56.0	1.9	Coal 0.6, Power 1.2, etc.
Others	19.0	22.0	3.0	Overseas sales subsidiaries 2.7, etc.
Elimination of intercompany transactions	-29.3	-31.0	-1.7	
Total	549.5	610.0	60.5	Increased by 11.0%

Note : The segmental information in FY 2009 is rearranged due to the adoption of Management Approach in FY2010.

Operating Income by Segment

— FY10 Consolidated Forecasts —

(Billion Yen)

Segment	FY09 (A)	FY10 (B)	Change (B) - (A)	Major Factors
Chemicals & Plastics	4.7	11.5	6.8	Caprolactam chain 5.8 Synthetic rubber 1.2, etc.
Specialty Chemicals & Products	3.2	7.3	4.1	Fine chemicals 0.8 Specialty products 3.3
Pharmaceutical	3.7	4.0	0.3	
Cement & Construction Materials	6.1	6.0	-0.1	Cement and Ready-mixed concrete -0.5 Construction materials and Quicklime related products 0.9, etc.
Machinery & Metal Products	4.4	2.0	-2.4	Machinery -3.4 Aluminum wheels 1.0
Energy & Environment	4.3	2.8	-1.5	Coal -0.4, Power -1.0, etc.
Others	0.9	0.8	-0.1	
Adjustment	-0.1	-1.4	-1.3	
Total	27.5	33.0	5.5	Increased by 19.6%

Note : The segmental information in FY 2009 is rearranged due to the adoption of Management Approach in FY2010.

Analysis of Operating Income

— FY10 Consolidated Forecasts —

(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	11.5	6.8	7.2	2.8	-2.3	-5.4	3.6	5.9	0.9
Specialty Chemicals & Products	3.2	7.3	4.1	-3.2	9.3	-3.7	0.1	1.2	3.6	0.5
Pharmaceutical	3.7	4.0	0.3	-0.4	0.6	-0.8	0.0	0.8	0.2	0.1
Cement & Construction Materials	6.1	6.0	-0.1	-0.6	0.4	-0.5	0.0	0.3	-0.3	0.2
Machinery & Metal Products	4.4	2.0	-2.4	-0.2	-0.9	1.2	0.1	*3 -2.4	-2.1	-0.3
Energy & Environment	4.3	2.8	-1.5	0.1	0.4	-0.2	0.1	*4 -1.4	-0.9	-0.6
Others	0.9	0.8	-0.1	0.1	0.1	-0.3	0.0	-0.1	-0.1	0.0
Adjustment	-0.1	-1.4	-1.3	0.0	0.0	-0.4	0.0	-0.1	-0.5	-0.8
Total	27.5	33.0	5.5	3.0	12.7	-7.0	-5.1	1.9	5.5	0.0

*1: Including both selling and purchase change *2: Including inventory valuation changes 18

*3: Including marginal profit on machinery products -20 *4: Including increase in excluding unrealized gains -5

Management Indices

— FY10 Consolidated Forecasts —

Item	Computation	Unit	FY09 (A)	FY10 (B)	Change (B) - (A)
Net D/E Ratio	Net debt /Equity capital	Times	1.4	1.3	-0.1
Equity Ratio	Equity capital /Total assets	%	27.3	28.6	1.3
Operating margin	Operating Income /Sales	%	5.0	5.4	0.4
Return on Assets (ROA)	Business income /Total assets	%	4.4	5.1	0.7
Return on Equity (ROE)	Net income /Equity capital	%	4.7	7.9	3.2

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

Appendix

Major Subsidiaries

— FY09 Results —

(Billion Yen)

Subsidiaries and Affiliates		Business	Sales FY09	Operating income change from FY08
Chemicals & Plastics	THAI CAPROLACTAM PUBLIC CO., LTD.	Manufacture and sales of caprolactam	25.2	↑
	UBE CHEMICAL EUROPE, S.A.	Manufacture and sales of caprolactam	19.6	↑
	UBE NYLON (THAILAND) LTD.	Manufacture and sales of polyamide resin	6.5	→
	THAI SYNTHETIC RUBBERS CO., LTD.	Manufacture and sales of polybutadiene	9.6	↓
	UBE ENGINEERING PLASTICS, S.A.	Manufacture and sales of polyamide resin	8.9	↑
	UBE AMMONIA INDUSTRY, LTD.	Manufacture and sales of ammonia	12.7	→
	UBE FILM, LTD.	Manufacture and sales of plastic-film products	10.1	↑
Specialty Chemicals & Products	UBE-NITTO KASEI CO., LTD.	Manufacture and sales of electronics & IT materials, FRP, industrial materials and fiber-reinforced plastics	11.9	↑
Cement & Construction Materials	UBE CONSTRUCTION MATERIALS SALES CO., LTD.	Sales of construction materials	40.8	→
	UBE MATERIAL INDUSTRIES, LTD.	Manufacture and sales of seawater magnesia, magnesium hydroxide, quicklime, slaked lime, and others	36.7	↓
	UBE SHIPPING & LOGISTICS, LTD.	Domestic shipping, harbor transportation, shipping-agent services and customs clearing	13.6	↓
	KANTO UBE HOLDINGS CO., LTD.	Manufacture and sales of ready-mixed concrete	10.2	↑
Machinery & Metal Products	UBE MACHINERY CORPORATION, LTD.	Manufacture and sales of industrial machinery and bridges	32.4	↑
	UBE STEEL CO., LTD.	Manufacture and sales of cast iron, steel products and rolled steel billets	18.8	↓
	UBE TECHNO ENG. CO., LTD.	Service and maintenance of industrial machinery and equipment	9.3	↓
Energy & Environment	UBE C&A CO., LTD.	Sales of imported steaming coal from Australia and other countries	21.7	↓

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

R&D Expenses, Capital Expenditure and Depreciation

(Billion Yen)

Item	FY08	FY09	FY10
R&D expenses	14.1	13.0	14.5
Capital expenditure	35.4	24.6	37.0
Depreciation (& Amortization)	34.8	33.4	34.0

Major Items for Capital Expenditure for FY2010

Segment	Item	Site	Completion
Chemicals&Plastics	Ammonium sulfate enlargement facilities	Spain	Jan./'12
	Specialty rubbers (MBR) facilities	Chiba/Japan	Oct./'10
Specialty Chemicals& Products	Diol products production facilities	Thailand	May/'11
	Electrolytes prduction facilities (expansion)	Sakai/Japan	FY10 ~ FY14
	Separator production facilities (expansion)	Ube/Japan	FY10
Pharmaceutical	Fourth pharmaceutical production facilities	Ube/Japan	Nov./'11
Cement & Construction Materials	Sewage sludge dryness facilities	Isa/Japan	Feb./'12



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