

Financial Results for the 3rd Quarter FY 2010

February 4, 2011

UBE INDUSTRIES, LTD.

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※This “3rd Quarter (3Q)” data states information for 9 month totals.

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

FY10 3rd Quarter Consolidated Results

Scope of Consolidation

— Financial Results for the 3rd Quarter FY10 —

Item	End of FY09 (A)	End of FY10 3Q (B)	Change (B) - (A)	Notes
Number of consolidated subsidiaries	67	66	-1	Newly Included: 1 Newly Excluded: 2
Number of equity method affiliates	24	24	0	Newly Included: None Newly Excluded: None
Total	91	90	-1	

Major P/L & B/S Items

— Financial Results for the 3rd Quarter FY10 —

(Billion Yen)

Item	FY09 3Q (A)	FY10 3Q (B)	Change (B) - (A)
Sales	398.1	452.4	54.3
Operating income	18.3	30.6	12.2
Ordinary income	12.0	26.2	14.2
Net income	5.3	15.0	9.6
Item	End of FY09 (A)	End of FY10 3Q (B)	Change (B) - (A)
Total assets	654.7	666.3	11.5
Debt	281.3	273.6	-7.7
Net debt	244.0	238.2	-5.8
Equity capital *1	178.8	186.7	7.9

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

Non Operating Items

— Financial Results for the 3rd Quarter FY10 —

(Billion Yen)

Item		FY09 3Q (A)	FY10 3Q (B)	Change (B) - (A)
Operating income		18.3	30.6	12.2
Non Operating Items	Net interest expense	-3.6	-2.7	0.9
	Equity in earnings of unconsolidated subsidiaries and affiliated companies	0.4	1.0	0.5
	Gain(loss) on foreign currency exchange	0.0	-0.5	-0.4
	Others	-3.0	-2.0	0.9
	Total	-6.3	-4.3	1.9
Ordinary income		12.0	26.2	14.2

Extraordinary Items

— Financial Results for the 3rd Quarter FY10 —

(Billion Yen)

Item	FY09 3Q (A)	FY10 3Q (B)	Change (B) - (A)
Gain on share change balance	0.0	0.4	0.4
Reversal of allowance for doubtful accounts	0.3	0.0	-0.2
Others	0.1	0.2	0.1
Extraordinary income	0.4	0.7	0.2
Loss on disposal of PP & E	-2.4	-0.2	2.1
Asset retirement obligations (Due to application of accounting standards)	0.0	-0.9	-0.9
Loss on impairment	0.0	-0.3	-0.3
Others	-0.2	-0.1	0.1
Extraordinary loss	-2.8	-1.7	1.0
Net extraordinary income/loss	-2.3	-1.0	1.3

Operating Income – Net Income

– Financial Results for the 3rd Quarter FY10 –

(Billion Yen)

Item	FY09 3Q (A)	FY10 3Q (B)	Change (B) - (A)
Operating income	18.3	30.6	12.2
Non operating item	-6.3	-4.3	1.9
Ordinary income	12.0	26.2	14.2
Extraordinary item	-2.3	-1.0	1.3
Income before income tax and minority interest	9.6	25.2	15.5
Income tax and minority interest	-4.3	-10.1	-5.8
Net income	5.3	15.0	9.6
Net income per share(Yen/Share)	5.33yen	14.96yen	9.63yen

Environmental Factors

— Financial Results for the 3rd Quarter FY10 —

(Billion Yen)

Item			FY09 3Q (A)	FY10 3Q (B)	Change (B) - (A)	Impacts on Consolidated OP Income
Exchange Rate		Yen/\$	93.6	86.8	-6.8	0.2
Material Price	Naphtha (Domestic)	\$/t	570	722	152	-2.4
		Yen/KL	39,000	45,800	6,800	(-1.6)
	Benzene (Average of US and Euro Contract Price)	\$/t	694	960	266	-7.0 (-5.3)
	Australian Coal (CIF)	\$/t	96.7	120.7	24.0	-4.1
		Yen/t	9,048	10,477	1,429	(-2.6)

(): including impacts from fluctuation of exchange rate

Sales by Segment

— Financial Results for the 3rd Quarter FY10 —

(Billion Yen)

Segment	FY09 3Q (A)	FY10 3Q (B)	Change (B) - (A)	Major Factors
Chemicals & Plastics	115.0	149.2	34.1	Caprolactam chain 26.0 Synthetic rubber 8.1
Specialty Chemicals & Products	43.6	51.2	7.5	Specialty products 5.3 Fine chemicals 2.2
Pharmaceutical	7.5	6.4	-1.0	
Cement & Construction Materials	139.5	149.8	10.3	Construction materials and Quicklime related products 5.1 Cement and Ready-mixed concrete 3.7, etc.
Machinery & Metal Products	60.1	60.1	0.0	Machinery -0.7 Aluminum wheels 0.7
Energy & Environment	39.8	43.1	3.3	Coal 2.5 Power 0.8
Others	13.3	19.3	5.9	Overseas sales subsidiaries 4.7, etc
Elimination of intercompany transactions	-20.9	-27.0	-6.0	
Total	398.1	452.4	54.3	Increased by 13.6%

Operating Income by Segment

— Financial Results for the 3rd Quarter FY10 —

(Billion Yen)

Segment	FY09 3Q (A)	FY10 3Q (B)	Change (B) - (A)	Major Factors
Chemicals & Plastics	0.5	11.7	11.2	Caprolactam chain 9.0 Synthetic rubber 2.2
Specialty Chemicals & Products	2.5	6.5	3.9	Specialty products 3.3 Fine chemicals 0.6
Pharmaceutical	3.1	1.6	-1.4	
Cement & Construction Materials	4.2	6.4	2.2	Construction materials and Quicklime related products 1.8 Cement and Ready-mixed concrete 0.4
Machinery & Metal Products	3.6	1.2	-2.4	Machinery -2.9 Aluminum wheels 0.5
Energy & Environment	3.3	2.6	-0.6	Coal (Unrealized gains) -0.7, etc.
Others	0.6	0.9	0.2	
Adjustment	0.1	-0.7	-0.9	
Total	18.3	30.6	12.2	Increased by 66.4%

Analysis of Operating Income

— Financial Results for the 3rd Quarter FY10 —

(Billion Yen)

Segment	Operating Income									
	FY09 3Q (A)	FY10 3Q (B)	Change (B) - (A)						Subtotal	Impact from Internal Acct. Method
				Price *1	Sales Volume	Fixed Cost	Impact from LCM Method	Others *2		
Chemicals & Plastics	0.5	11.7	11.2	9.1	2.1	-1.2	-5.1	5.6	10.5	0.7
Specialty Chemicals & Products	2.5	6.5	3.9	-3.3	7.7	-1.4	0.1	0.7	3.7	0.3
Pharmaceutical	3.1	1.6	-1.4	-1.2	0.9	-0.6	-0.1	-0.5	-1.4	0.0
Cement & Construction Materials	4.2	6.4	2.2	0.4	1.4	-0.8	0.2	0.7	1.9	0.2
Machinery & Metal Products	3.6	1.2	-2.4	0.2	-0.7	0.1	0.1	-1.7	-2.0	-0.3
Energy & Environment	3.3	2.6	-0.6	0.4	0.7	-0.1	0.0	*3 -1.3	-0.3	-0.4
Others	0.6	0.9	0.2	0.1	0.1	-0.1	0.0	0.0	0.1	0.0
Adjustment	0.1	-0.7	-0.9	0.0	0.0	-0.2	0.0	-0.1	-0.3	-0.6
Total	18.3	30.6	12.2	5.7	12.2	-4.3	-4.8	3.4	12.2	0.0

*1: Including both selling and purchase change

*2: Including inventory valuation changes 3.4

*3: Including increase in excluding unrealized gains -0.7

Consolidated Balance Sheet

— Financial Results for the 3rd Quarter FY10 —

(Billion Yen)

Item	End of FY09 (A)	End of FY10 3Q (B)	Change (B) - (A)
Current assets	261.5	280.4	18.8
Fixed assets	393.1	385.9	-7.2
Total assets	654.7	666.3	11.5
Interest-bearing debts	281.3	273.6	-7.7
Other liabilities	171.2	182.1	10.9
Total liabilities	452.6	455.7	3.1
Equity capital *1	178.8	186.7	7.9
Minority interest	23.3	23.8	0.4
Total net assets	202.1	210.5	8.3
Total liabilities and net assets	654.7	666.3	11.5

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

Consolidated Statements of Cash Flows

— Financial Results for the 3rd Quarter FY10 —

(Billion Yen)

Item	FY09 3Q	FY10 3Q	
A.Cash flows from operating activities	32.6	30.2	Income before tax and minority interests 25.2 Depreciation and amortization 24.7 Working capital -7.3 Tax payment -4.1
B.Cash flows from investing activities	-24.1	-19.2	Acquisition of PP&E -19.4
Free cash flows (A+B)	8.4	11.0	
C.Cash flows from financing activities	-14.7	-12.3	Decrease in interest-bearing debts -7.1 Dividends -4.3
D.Net increase/decrease in cash and cash equivalents	-6.4	-1.9	
E.Cash and cash equivalents at end of the third quarter	32.8	35.3	

Business Highlight

— Financial Results for the 3rd Quarter FY10 —

Chemicals & Plastics

- ◆ New production facilities for nylon 6 resin have gradually started commercial operations in Thailand. (October 2010)

Specialty Chemicals & Products

- ◆ Ube Industries, Ltd. and Advanced Softmaterials Inc. have agreed to form a comprehensive alliance to develop the business for Slide-Ring Material®, an innovative new polymer material. The comprehensive alliance encompasses sales, development and other business factors of Slide-Ring Material® products. (October 2010)

Machinery & Metal Products

- ◆ Ube Industries, Ltd. launched a new large-scale die-casting machine, the “UB-iV Series”, which possesses cost performance for newly-emerging markets and achieves sophistication that is even easier to use. (November 2010)

Energy & Environment

- ◆ Ube Industries, Ltd. went into full swing with verification testing combustion of PKS (Palm Kernel Shell) premixed with coal at its in-house power generation plant as one measure for the prevention of global warming. (December 2010)

FY10 Consolidated Forecasts

Major P/L & B/S Items

— FY10 Consolidated Forecasts —

(Billion Yen)

Item	FY09 (A)		FY10 (B)		Change (B) - (A)	
		3Q (Progress)		3Q (Progress)		3Q
Sales	549.5	398.1 (72.4%)	613.0	452.4 (73.8%)	63.5	54.3
Operating income	27.5	18.3 (66.6%)	36.0	30.6 (85.0%)	8.5	12.2
Ordinary income	18.9	12.0 (63.5%)	28.5	26.2 (92.1%)	9.6	14.2
Net income	8.2	5.3 (65.2%)	17.0	15.0 (88.4%)	8.8	9.6
Item	End of FY09 (A)		End of FY10 (B)		Change (B) - (A)	
Total assets	654.7		654.0		-7.0	
Debt	281.3		265.0		-16.3	
Net debt	244.0		235.0		-9.0	
Equity capital *1	178.8		187.0		8.2	
Dividend(Yen /Share)	4.0		5.0		1.0	

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

Appendix

Major Subsidiaries

— Financial Results for the 3rd Quarter FY10 —

(Billion Yen)

Subsidiaries and Affiliates		Business	Sales FY10 3Q	Operating income change from FY09 3Q
Chemicals & Plastics	UBE CHEMICALS (ASIA) PUBLIC CO., LTD	Manufacture and sales of caprolactam and polyamide resin	20.9	↑
	UBE CHEMICAL EUROPE, S.A.	Manufacture and sales of caprolactam.	18.2	↑
	THAI SYNTHETIC RUBBERS CO., LTD.	Manufacture and sales of polybutadiene	10.8	→
	UBE ENGINEERING PLASTICS, S.A.	Manufacture and sales of polyamide resin	7.3	↓
	UBE AMMONIA INDUSTRY, LTD.	Manufacture and sales of ammonia	10.1	↑
	UBE FILM, LTD.	Manufacture and sales of plastic-film products	7.7	↓
Specialty Chemicals & Products	UBE-NITTO KASEI CO., LTD.	Manufacture and sales of electronics & IT materials, FRP, industrial materials and fiber-reinforced plastics	10.7	↑
Cement & Construction Materials	UBE CONSTRUCTION MATERIALS SALES CO., LTD.	Sales of construction materials	33.7	→
	UBE MATERIAL INDUSTRIES, LTD.	Manufacture and sales of seawater magnesia, magnesium hydroxide, quicklime, slaked lime and others	31.4	↑
	UBE SHIPPING & LOGISTICS, LTD.	Domestic shipping, harbor transportation, shipping-agent services and customs clearing	12.1	↑
	KANTO UBE CONCRETE CO., LTD.	Manufacture and sales of ready-mixed concrete	7.4	→
Machinery & Metal Products	UBE MACHINERY CORPORATION, LTD.	Manufacture and sales of industrial machinery and bridges	23.1	↓
	UBE STEEL CO., LTD.	Manufacture and sales of cast iron, steel products and rolled steel billets	14.2	↓
	UBE TECHNO ENG. CO., LTD.	Service and maintenance of industrial machinery and equipment	7.8	↑
Energy & Environment	UBE C&A CO., LTD.	Sales of imported steaming coal from Australia and other countries	14.4	↓

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



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