

## Consolidated Financial Report for the First Half of the Fiscal Year Ending March 31, 2010

## Ube Industries, Ltd.

## 1. Consolidated Companies

Fiscal period	Previous fiscal year ended Mar. 31, 2009	Current first half ended Sep. 30, 2009	Change
Number of companies			
Consolidated companies	65	67	2
Companies using equity method accounting	27	27	0
Total	92	94	2

2. Consolidated Business Results for the First Half of the Fiscal Year Ending March 31, 2010  
(April 1, 2009 to September 30, 2009)

## (1) Results of Operations

(Billions of yen – except per share data)

	Previous first half ended Sep. 30, 2008	Current first half ended Sep. 30, 2009	Change
Net sales	372.1	256.2	-115.8
Operating income	27.1	7.1	-20.0
Net interest expenses	-2.3	-2.3	0.0
Equity in earnings of affiliates	0.2	-0.2	-0.4
Other non-operating income	-1.4	-1.7	-0.3
Ordinary income	23.5	2.5	-21.0
Extraordinary income	0.3	0.1	-0.1
Extraordinary losses	-0.7	-2.2	-1.5
Net income	14.4	0.0	-14.5

Net income per share	14.36 Yen	-0.07 Yen	-14.43 Yen
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## Presupposition conditions

Exchange rate (yen per US\$)	106.1	95.5	-10.6
Naphtha price (yen/kl)	78,400	37,600	-40,800
Australian coal price (yen/ton)	18,090	9,168	-8,922

## Net Sales by Segment

(Billions of yen)

	Previous first half ended Sep. 30, 2008	Current first half ended Sep. 30, 2009	Change	Comments
Chemicals & Plastics	127.3	71.5	-55.7	- Decrease in sales volume and selling price, etc.
Specialty Chemicals & Products	48.4	35.7	-12.6	- Decrease in sales volume, etc.
Cement & Construction Materials	105.5	87.8	-17.7	- Decrease in sales volume, etc.
Machinery & Metal Products	59.6	38.4	-21.2	- Decrease in sales volume and selling price of steel products - Decrease in shipment of molding machines - Decrease in sales volume for aluminum wheels, etc.
Energy & Environment	29.3	21.0	-8.3	- Decrease in sales volume and selling price for coal sales, etc.
Other	1.8	1.6	-0.1	
Total	372.1	256.2	-115.8	

## Operating Income by Segment

(Billions of yen)

	Previous first half ended Sep. 30, 2008	Current first half ended Sep. 30, 2009	Change	Comments
Chemicals & Plastics	10.7	-1.9	-12.6	-Decrease in sales volume -Decrease in spread between selling price and costs of raw materials/fuel for caprolactam, etc.
Specialty Chemicals & Products	5.8	3.5	-2.3	-Decrease in sales volume, etc.
Cement & Construction Materials	3.8	1.4	-2.4	-Decrease in sales volume, etc.
Machinery & Metal Products	2.3	1.4	-0.9	-Decrease in shipments of molding machines -Decrease in sales volume for aluminum wheels, etc.
Energy & Environment	4.2	2.2	-1.9	-Decrease in sales of coal and in volume of coal storage by contract, etc.
Other	0.3	0.3	0.0	
<b>Total</b>	<b>27.1</b>	<b>7.1</b>	<b>-20.0</b>	

## (2) Financial Condition

(Billions of yen)

<b>Assets</b>	Previous fiscal year ended Mar. 31, 2009	Current first half ended Sep. 30, 2009	Change
Cash and deposits	39.3	37.6	-1.6
Accounts receivable	124.0	122.1	-1.8
Inventories	92.6	80.2	-12.3
Property, plant and equipment	332.4	331.4	-0.9
Intangible fixed assets	4.1	4.2	0.0
Investments and other assets	85.4	86.6	1.2
<b>Total assets</b>	<b>677.9</b>	<b>662.4</b>	<b>-15.5</b>

<b>Liabilities</b>	Previous fiscal year ended Mar. 31, 2009	Current first half ended Sep. 30, 2009	Change
Notes and accounts payable-trade	80.3	72.8	-7.4
Interest-bearing debt	306.8	302.7	-4.0
(Net debt) *1	(267.7)	(265.3)	(-2.3)
Other liabilities	96.1	92.3	-3.8
<b>Net assets</b>	<b>194.7</b>	<b>194.5</b>	<b>-0.2</b>
(Shareholders' Equity)	(183.7)	(179.5)	(-4.2)
(Valuation and translation adjustments)	(-11.8)	(-7.5)	(4.2) *2
(Share subscription rights and Minority interests)	(22.7)	(22.5)	(-0.2)
<b>Total liabilities and Net assets</b>	<b>677.9</b>	<b>662.4</b>	<b>-15.5</b>

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

\*2 Increase in foreign currency translation adjustment 3.9 billion yen, etc

### (3)Cash Flows

	(Billions of yen)	(Billions of yen)
	Current first half ended Sep. 30, 2009	(Ref.) Previous first half ended Sep. 30, 2008
Cash flows from operating activities	25.5 *1	32.1
Cash flows from investing activities	-17.4 *2	-17.5
Cash flows from financing activities	-10.1	-11.8
(Interest-bearing debt)	(-4.7)	(-6.2)
(Dividend paid and Other)	(-5.4)	(-5.5)
Cash and cash equivalents at end of period	37.4	26.9

\*1 Net income before taxes for the first half of the fiscal year      0.4 billion yen  
 Depreciation and amortization    16.6 billion yen  
 Increase in working capital    7.8 billion yen, etc  
 \*2 Acquisition of tangible/ intangible fixed assets                        -17.7 billion yen, etc

### (4)Qualitative Information

#### Qualitative Information for Operating Results

##### Chemicals & Plastics Segment

Shipments of caprolactam, polyamide resins, polybutadiene rubber (synthetic rubber), and industrial chemicals started to recover after the sudden decline in the third quarter of last year and beyond, but they were still lower than the same period in the previous year when the shipments hovered at a high level. The spreads between selling prices and costs of raw materials/fuels for the above products contracted substantially compared to the same period in the previous year, reflecting deteriorating supply and demand.

As a result, consolidated segment sales decreased by 55.7 billion yen, or 43.8%, compared to the same period in the previous year to 71.5 billion yen, while consolidated operating income decreased by 12.6 billion yen to -1.9 billion yen.

##### Specialty Chemicals & Products Segment

Demand decreased drastically after the economic recession in the last fall and beyond showed a slight recovery in the first quarter of this year. However, it was still weak, and shipments of polyimide products, high-purity chemicals for semiconductors, electrolyte for lithium-ion batteries, gas separation membranes and fine chemical products were lower than the same period in the previous year. On the other hand, shipments of separator for lithium-ion batteries and pharmaceutical active ingredients and intermediates were strong.

As a result, consolidated segment sales decreased by 12.6 billion yen, or 26.2%, compared to the same period in the previous year to 35.7 billion yen, while consolidated operating income decreased by 2.3 billion yen, or 39.0%, to 3.5 billion yen.

##### Cement & Construction Materials Segment

Shipments of cement, ready-mixed concrete and building materials were low, reflecting a slump in construction demand due to depressed capital investment and housing construction. Recycling of various types of waste for use as raw materials was affected by the downturn in industrial activity and construction demand, while shipments of calcia and magnesia products were also heavily affected by decreased production in the iron and steel industry and other factors.

As a result, consolidated segment sales decreased by 17.7 billion yen, or 16.8%, compared to the same period in the previous year to 87.8 billion yen, while consolidated operating income decreased by 2.4 billion yen, or 62.8%, to 1.4 billion yen.

##### Machinery & Metal Products Segment

In the machinery business, shipments of industrial machines primarily for the resources related industry overseas, such as ceramic industry machinery and vertical mills, were strong, but shipments of molding machines were weak mainly due to depressed capital investment in the automobile industry. Orders for various types of industrial equipment remained at a high level, while those for molding machines decreased substantially. Shipments of steel products decreased, but the business performance was steady due to cost reduction.

In the aluminum wheel business, shipments continued to be weak due to sluggish domestic car sales.

As a result, consolidated segment sales decreased by 21.2 billion yen, or 35.6%, compared to the same period in the previous year to 38.4 billion yen, while consolidated operating income decreased by 0.9 billion yen, or 38.9%, to 1.4 billion yen.

#### Energy & Environment Segment

Shipments of coal and the volume of coal dealing at UBE's Coal Center (a coal storage facility) were low due to sluggish demand from our main customers such as the power, chemical and textile industries, which are the core customers of the business. In the independent power producer business, operating rate and power supplied declined compared to the same period in the previous year due to periodic repairs, and repair costs also increased.

As a result, consolidated segment sales decreased by 8.3 billion yen, or 28.3%, compared to the same period in the previous year to 21.0 billion yen, while consolidated operating income decreased by 1.9 billion yen, or 46.9%, to 2.2 billion yen.

#### Other

Consolidated segment sales totaled 1.6 billion yen, and segment operating income was 0.3 billion yen.

### **Qualitative Information for Financial Condition**

Total assets at the end of the first half of the fiscal year decreased by 15.5 billion yen to 662.4 billion yen compared to the end of the previous fiscal year. Current assets decreased by 14.8 billion yen due to a decrease of 12.3 billion yen in inventories, which include commercial products, manufactured goods, raw materials and stored goods. Fixed assets decreased by 0.7 billion yen due to a decrease of 0.9 billion yen in tangible fixed assets.

Total liabilities decreased by 15.3 billion yen to 467.9 billion yen mainly because of decreases of 7.4 billion yen in notes and accounts payable-trade and of 4.0 billion yen in interest-bearing debt.

Net assets decreased by 0.2 billion yen to 194.5 billion yen. There was a 3.9 billion yen increase in foreign currency translation adjustments, but retained earnings decreased by 4.2 billion yen mainly due to dividends from surplus, etc..

### **3. Consolidated Earnings Forecast for the Year Ending March 31, 2010 (April 1, 2009 to March 31, 2010)**

Global economy is expected to recover gradually. However, the business conditions will continue to be severe due to uncertainty of demand, the price of raw materials and fuels, foreign exchange rate and others, concerned about slowdown in the global economy wearing off the effect upon stimulus measures taken by global countries.

The consolidated results for the first half were better than we expected. However, considering these circumstances, we do not change the earnings forecast announced on May 11, 2009.

(Billions of yen – except per share data)

	Previous fiscal year ended Mar. 31, 2009	Current fiscal year ending Mar. 31, 2010 (forecast)	Change
Net sales	684.7	552.0	-132.7
Operating income	31.1	25.0	-6.1
Ordinary income	20.3	14.5	-5.8
Extraordinary income (losses), net	-6.8	-2.5	4.3
Net income	11.6	7.0	-4.6
Net income per share	11.59 yen	6.96 Yen	-4.63 yen

## (Reference) Consolidated Key Indicators

(Billions of yen – except where noted)

	Previous first half ended Sep. 30, 2008	Current first half ended Sep. 30, 2009	Current fiscal year ending Mar. 31, 2010 (forecast)	Previous fiscal year ended Mar. 31, 2009
Capital investment	12.0	12.5	25.0	35.4
Depreciation and amortization	17.4	16.6	34.0	34.8
Research and development expenses	6.9	6.1	13.8	14.1
Adjusted operating income *1	28.3	7.5	25.5	33.6
Interest-bearing debt	292.7	302.7	300.0	306.8
Net debt *2	265.7	265.3	265.0	267.7
Equity capital*3	191.4	172.0	174.0	171.9
Total assets	727.7	662.4	680.0	677.9
Net D/E ratio (times)	1.4	1.5	1.5	1.6
Equity ratio (%)	26.3	26.0	25.6	25.4
Ratio of operating income to net sales (%)	7.3	2.8	4.5	4.6
Return on assets - ROA (%) *4	7.8	2.3	3.8	4.8
Return on equity – ROE (%)	15.0	-	4.0	6.4
Number of employees	11,288	11,406	11,260	11,264

\*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