

Consolidated Financial Report for the First Quarter of the Fiscal Year Ending March 31, 2011

Ube Industries, Ltd.

1. Consolidated Companies

Fiscal period	Fiscal Year ended March 31, 2010	1Q ended June 30, 2010	Change
Number of companies			
Consolidated companies	67	66	-1
Companies using equity method accounting	24	24	0
Total	91	90	-1

2. Consolidated Business Results for the First Quarter of the Fiscal Year Ending March 31, 2011
(April 1, 2010 to June 30, 2010)

(1) Results of Operations

(Billions of yen – except per share data)

	1Q ended June 30, 2009	1Q ended June 30, 2010	Change
Net sales	120.1	139.9	19.8
Operating income	-1.2	4.3	5.6
Net interest expenses	-1.2	-0.7	0.5
Equity in earnings of affiliates	-0.2	0.3	0.6
Other non-operating income	-0.6	-0.9	-0.2
Ordinary income	-3.4	3.0	6.4
Extraordinary income	0.0	0.5	0.5
Extraordinary losses	-1.6	-1.0	0.6
Net income	-3.2	1.7	4.9

Net income per share	-3.25 Yen	1.71 Yen	4.96 Yen
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Presupposition conditions

Exchange rate (yen per US\$)	97.3	92.0	-5.3
Naphtha price (yen/kl)	33,300	49,700	16,400
Australian coal price (yen/ton)	9,146	11,472	2,326

Net Sales by Segment

(Billions of yen)

	1Q ended June 30, 2009	1Q ended June 30, 2010	Change	Comments
Chemicals & Plastics	32.8	43.6	10.7	- Increase in selling price and volume, etc.
Specialty Chemicals & Products	12.6	16.7	4.0	- Increase in sales volume, etc.
Pharmaceutical	2.7	1.9	-0.7	Decrease in sales volume, etc.
Cement & Construction Materials	43.6	47.0	3.4	- Increase in sales volumes of calcia and magnesia products, and specialty inorganic materials, etc.
Machinery & Metal Products	16.6	19.9	3.2	- Increase in shipment of industrial machines and molding machines - Increase in sales volumes of aluminum wheels, etc.
Energy & Environment	12.6	11.7	-0.8	
Other	4.5	6.2	1.7	
Adjustment	-5.6	-7.4	-1.7	
Total	120.1	139.9	19.8	

Operating Income by Segment

(Billions of yen)

	1Q ended June 30, 2009	1Q ended June 30, 2010	Change	Comments
Chemicals & Plastics	-4.2	0.7	4.9	- Increase in spread between selling prices and costs of raw materials/fuels for caprolactam, as well as in sales volume, etc.
Specialty Chemicals & Products	-0.0	1.6	1.7	- Increase in sales volume, etc.
Pharmaceutical	1.3	0.5	-0.7	- Decrease in sales volume, etc.
Cement & Construction Materials	0.3	1.0	0.7	- Increase in sales volumes of calcia and magnesia products, and specialty inorganic materials, etc.
Machinery & Metal Products	0.1	0.1	0.0	
Energy & Environment	1.2	0.1	-1.1	- Decrease in impact of unrealized income relating to coal in stock, etc.
Other	0.1	0.1	0.0	
Adjustment	-0.1	-0.1	-0.0	
Total	-1.2	4.3	5.6	

(2) Financial Condition

(Billions of yen)

Assets	Fiscal Year ended March 31, 2010	1Q ended June 30, 2010	Change
Cash and deposits	37.5	42.9	5.4
Accounts receivable	133.5	129.8	-3.6
Inventories	69.7	79.8	10.1
Property, plant and equipment	324.7	322.2	-2.4
Intangible fixed assets	4.2	4.2	0.0
Investments and other assets	85.1	85.9	0.8
Total assets	654.7	665.2	10.4

Liabilities	Fiscal Year ended March 31, 2010	1Q ended June 30, 2010	Change
Notes and accounts payable-trade	78.9	88.7	9.7
Interest-bearing debt	281.3	280.6	-0.7
(Net debt) *1	(244.0)	(237.8)	(-6.2)
Other liabilities	92.2	96.3	4.1
Net assets	202.1	199.4	-2.7
(Shareholders' Equity)	(187.6)	(185.3)	(-2.3)
(Valuation and translation adjustments)	(-8.8)	(-8.4)	(0.3) *2
(Share subscription rights and Minority interests)	(23.3)	(22.5)	(-0.7)
Total liabilities and Net assets	654.7	665.2	10.4

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

*2 Increase in foreign currency translation adjustment 0.7 billion yen, etc

(3)Cash Flows

	(Billions of yen)	(Billions of yen)
	1Q ended June 30, 2010	(Ref.) 1Q ended June 30 2009
Cash flows from operating activities	16.7 *1	8.4
Cash flows from investing activities	-5.9 *2	-6.8
Cash flows from financing activities	-5.3	-8.8
(Interest-bearing debt)	(-0.8)	(-4.2)
(Dividend paid and Other)	(-4.3)	(-4.5)
Cash and cash equivalents at end of period	42.7	32.1

*1 Net income before taxes for the first quarter of the fiscal year 2.6 billion yen
Depreciation and amortization 8.1 billion yen
Increase or decrease in working capital 3.7 billion yen, etc
*2 Acquisition of tangible/ intangible fixed assets -6.5 billion yen, etc

(4)Qualitative Information

Qualitative Information for Operating Results

Chemicals & Plastics Segment

Shipments of polybutadiene rubber (synthetic rubber), caprolactam and polyamide resins that increased in the 2nd half of previous fiscal year were steady, thanks to strong demand in the Asian market. The spread between selling prices and costs of raw materials/fuels for caprolactam expanded greatly compared to the same period in the previous fiscal year, reflecting improvement in supply and demand.

As a result, consolidated segment sales increased by 10.7 billion yen compared to the same period in the previous fiscal year to 43.6 billion yen, and segment operating income increased by 4.9 billion yen to 0.7 billion yen.

Specialty Chemicals & Products Segment

Shipments of electrolyte and separator for lithium-ion batteries, high-purity chemicals for LED and semiconductors, and fine chemical products were strong. Shipment of polyimide products increased, especially in the field of films used in flat-screen televisions. Shipment of gas separation membranes that had been weak in the previous period recovered, especially in the field of nitrogen separation membranes, and exceeded the figure of the same period in the previous fiscal year.

As a result, consolidated segment sales increased by 4.0 billion yen compared to the same period in the previous fiscal year to 16.7 billion yen, and segment operating income increased by 1.7 billion yen to 1.6 billion yen.

Pharmaceutical Segment

Shipments of pharmaceutical products developed by UBE and those manufactured under contract were strong, but were lower than the same period in the previous fiscal year, due to deferred shipment of some products.

As a result, consolidated segment sales decreased by 0.7 billion yen compared to the same period in the previous fiscal year to 1.9 billion yen, and segment operating income decreased by 0.7 billion yen to 0.5 billion yen.

Cement & Construction Materials Segment

Shipments of cement, ready-mixed concrete and building materials were lower than the same period in the previous fiscal year, although figures such as condominium and housing construction and capital investments seemed to hit the bottom. In order to overcome the current situation, we made efforts for further cost reduction, and maintained the performance of recycling of various types of waste for use at the same level with the same period in the previous fiscal year. On the other hand, shipments of calcia and magnesia products were strong, thanks to increase in raw steel production.

As a result, consolidated segment sales increased by 3.4 billion yen compared to the same period in the previous fiscal year to 47.0 billion yen, and segment operating income increased by 0.7 billion yen to 1.0 billion yen.

Machinery & Metal Products Segment

In the machinery business, shipments of industrial machines such as conveyers for electricity industry and vertical mills for the China market were strong, while that of molding machines that had been in slump due to depressed capital investment from the automobile industries was a little higher than the same period in the previous fiscal year, although its level is hovering at a low level. Orders for molding and industrial machines were still low, reflecting severe competition with overseas and domestic manufacturers. Shipment of steel products was strong, but the profits decreased, due to

appreciation of yen and the other factors.

In the aluminum wheel business, shipment increased, especially in the field of the products used in hybrid vehicles, but profitability remained severe.

As a result, consolidated segment sales increased by 3.2 billion yen compared to the same period in the previous fiscal year to 19.9 billion yen, and segment operating income resulted in 0.1 billion yen almost unchanged from the same period in the previous fiscal year.

Energy & Environment Segment

Shipment of coal increased, thanks to steady demand from main customers such as the chemical and electricity industries, and the volume of coal dealing at UBE's Coal Center (a coal storage facility) was also steady, especially in the field targeting electricity industry. Profitability of the independent power producer business deteriorated, due to lowered price of electric power selling.

As a result, consolidated segment sales decreased by 0.8 billion yen compared to the same period in the previous fiscal year to 11.7 billion yen, and segment operating income decreased by 1.1 billion yen to 0.1 billion yen, due to impact of unrealized income relating to coal in stock.

Other

Consolidated segment sales increased by 1.7 billion yen compared to the same period in the previous fiscal year to 6.2 billion yen, thanks to increased sales of overseas sales subsidiaries, and segment operating income resulted in 0.1 billion yen almost unchanged from the same period in the previous fiscal year..

Qualitative Information for Financial Condition

Total assets of the first quarter increased by 10.4 billion yen to 665.2 billion yen. Current assets increased by 13.0 billion yen due to an increase of 5.4 billion yen in cash and cash equivalents and an increase of 10.1 billion yen in inventories, which includes commercial products, manufactured goods, raw materials and stored goods, while fixed assets decreased by 2.6 billion yen due to a decrease of 2.4 billion yen in tangible fixed assets.

Total liabilities increased by 13.1 billion yen to 465.7 billion yen mainly because of a 9.7 billion yen increase in notes and accounts payable-trade and of a 3.0 billion yen increase of reserve for bonuses.

Net assets decreased by 2.7 billion yen to 199.4 billion yen. There was a 0.7 billion yen increase in foreign currency translation adjustments, but retained earnings decreased by 2.3 billion yen mainly due to dividends from surplus, etc..

3. Consolidated Earnings Forecast for the Year Ending March 31, 2011 (April 1, 2010 to September 30, 2010, April 1, 2010 to March 31, 2011)

We do not change the earnings forecast announced on May 11, 2010.

(Billions of yen – except per share data)

	First 2Qs ending September 30, 2010 (forecast)	Fiscal Year ending March 31, 2011 (forecast)
Net sales	290.0	610.0
Operating income	12.0	33.0
Ordinary income	7.5	24.5
Net income	4.0	14.5
Net income per share	3.98 Yen	14.42 Yen

(Reference) Consolidated Key Indicators

(Billions of yen – except where noted)

	1Q ended June 30, 2009	1Q ended June 30, 2010	Fiscal Year ended March 31, 2010	Fiscal Year ending March 31, 2011
Capital investment	5.1	5.9	24.6	37.0
Depreciation and amortization	8.2	8.1	33.4	34.0
Research and development expenses	3.0	3.1	13.0	14.5
Adjusted operating income *1	-1.2	5.2	29.3	33.6
Interest-bearing debt	303.2	280.6	281.3	270.0
Net debt *2	271.1	237.8	244.0	243.0
Equity capital*3	167.9	176.9	178.8	189.0
Total assets	655.5	665.2	654.7	660.0
Net D/E ratio (times)	1.6	1.3	1.4	1.3
Equity ratio (%)	25.6	26.6	27.3	28.6
Ratio on sales (%)	-1.0	3.1	5.0	5.4
Return on assets - ROA (%) *4	-	-	4.4	5.1
Return on equity – ROE (%)	-	-	4.7	7.9
Number of employees	-	-	11,108	11,300

*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