

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

Ube Industries, Ltd.

1. Consolidated Companies

Fiscal period	Previous fiscal year ended Mar. 31, 2010	Current first 3Qs ended Dec 31, 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 Three Quarters of the Fiscal Year Ending March 31, 2011 (April 1, 2010 to December 31, 2011)

(1) Results of Operations

(Billions of Yen – except per share data)

	Previous first 3Qs ended Dec 31, 2009	Current first 3Qs ended Dec 31, 2010	Change
Net sales	398.1	452.4	54.3
Operating income	18.3	30.6	12.2
Net interest expenses	-3.6	-2.7	0.9
Equity in earnings of affiliates	0.4	1.0	0.5
Other non-operating income	-3.1	-2.6	0.4
Ordinary income	12.0	26.2	14.2
Extraordinary income	0.4	0.7	0.2
Extraordinary losses	-2.8	-1.7	1.0
Net income	5.3	15.0	9.6

Net income per share	5.33 Yen	14.96 Yen	9.63 Yen
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Presupposition conditions

Exchange rate (Yen per US\$)	93.6	86.8	-6.8
Naphtha price (Yen/kl)	39,000	45,800	6,800
Australian coal price (Yen/ton)	9,048	10,477	1,429

Net Sales by Segment

(Billions of Yen)

	Previous first 3Qs ended Dec 31, 2009	Current first 3Qs ended Dec 31, 2010	Change	Comments
Chemicals & Plastics	115.0	149.2	34.1	- Increase in sales price and volume, etc.
Specialty Chemicals & Products	43.6	51.2	7.5	- Increase in sales volume, etc.
Pharmaceutical	7.5	6.4	-1.0	- Decrease in sales prices, etc.
Cement & Construction Materials	139.5	149.8	10.3	- Increase in sales volume of calcia and magnesia products, and functional inorganic materials, etc.
Machinery & Metal Products	60.1	60.1	0.0	
Energy & Environment	39.8	43.1	3.3	- Increase in selling price of coal and dealing volume of coal for storage, etc.
Other	13.3	19.3	5.9	- Increase in sales of overseas sales subsidiaries, etc.
Adjustment	-20.9	-27.0	-6.0	
Total	398.1	452.4	54.3	

Operating Income by Segment

(Billions of Yen)

	Previous first 3Qs ended Dec 31, 2009	Current first 3Qs ended Dec 31, 2010	Change	Comments
Chemicals & Plastics	0.5	11.7	11.2	- Increase in spread between selling prices and costs of raw materials for caprolactam, as well as in sales volume, etc.
Specialty Chemicals & Products	2.5	6.5	3.9	- Increase in sales volume, etc.
Pharmaceutical	3.1	1.6	-1.4	- Decrease in sales prices, etc.
Cement & Construction Materials	4.2	6.4	2.2	- Increase in sales volume of calcia and magnesia products, and functional inorganic materials, as well as in volume of waste disposal, etc
Machinery & Metal Products	3.6	1.2	-2.4	- Decrease in shipments and deterioration in profitability of industrial machines, etc.
Energy & Environment	3.3	2.6	-0.6	- Impacted from unrealized income relating to coal in stock, etc.
Other	0.6	0.9	0.2	
Adjustment	0.1	-0.7	-0.9	
Total	183.0	30.6	12.2	

(2) Financial Condition

(Billions of Yen)

Assets	Previous fiscal year ended Mar. 31, 2010	Current first 3Qs ended Dec 31, 2010	Change
Cash and deposits	37.5	35.5	-1.9
Accounts receivable	133.5	141.8	8.3
Inventories	69.7	78.0	8.2
Property, plant and equipment	324.7	316.5	-8.1
Intangible fixed assets	4.2	4.4	0.2
Investments and other assets	85.1	89.9	4.8
Total assets	654.7	666.3	11.5

Liabilities	Previous fiscal year ended Mar. 31, 2010	Current first 3Qs ended Dec 31, 2010	Change
Notes and accounts payable-trade	78.9	89.5	10.5
Interest-bearing debt	281.3	273.6	-7.7
(Net debt) *1	(244.0)	(238.2)	(-5.8)
Other liabilities	92.2	92.6	0.3
Net assets	202.1	210.5	8.3
(Shareholders' Equity)	(187.6)	(198.6)	(11.0)
(Valuation and translation adjustments)	(-8.8)	(-11.9)	(-3.0) *2
(Share subscription rights and Minority interests)	(23.3)	(23.8)	(0.4)
Total liabilities and Net assets	654.7	666.3	11.5

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

*2 Increase in foreign currency translation adjustment -2.7 billion Yen, etc

(3)Cash Flows

	(Billions of Yen)	(Billions of Yen)
	Current first 3Qs ended Dec 31, 2010	(Ref.) Previous first 3Qs ended Dec 31, 2009
Cash flows from operating activities	30.2 *1	32.6
Cash flows from investing activities	-19.2 *2	-24.1
Cash flows from financing activities	-12.3	-14.7
(Interest-bearing debt)	(-7.1)	(-9.1)
(Dividend paid and Other)	(-5.1)	(-5.6)
Cash and cash equivalents at end of period	35.3	32.8

*1 Net income before taxes for the first 3Q of the fiscal year 25.2billion Yen
 Depreciation and amortization 24.7billion Yen
 Increase or decrease in working capital -7.3billion Yen, etc
 *2 Acquisition of tangible/ intangible fixed assets -19.4 billion Yen, etc

(4)Qualitative Information

Qualitative Information for Operating Results

Chemicals & Plastics Segment

Shipments of caprolactam and industrial chemicals were strong, and those of polybutadiene rubber (synthetic rubber) and polyamide resins were steady, thanks to booming demand. In addition, the favorable supply and demand led to increase in prices of many types of products. In particular, the spread between selling prices and cost of raw materials for caprolactam increased substantially compared to the same period in the previous year.

As a result, consolidated segment sales increased by 34.1billion yen, compared to the same period in the previous year, to 149.2 billion yen, while consolidated operating income increased by 11.2 billion yen to 11.7 billion yen.

Specialty Chemicals & Products Segment

Shipments of separator for lithium-ion batteries, high-purity chemicals for LEDs and semiconductors, ceramic products and fine chemical products were strong, and that of electrolyte for lithium-ion batteries was steady. Shipment of polyimide products increased, especially in the field of films used in flat-screen televisions and that of gas separation membranes recovered; both exceeded the figure of the same period in the previous year.

As a result, consolidated segment sales increased by 7.5 billion yen, compared to the same period in the previous year, to 51.2 billion yen, while consolidated operating income increased by 3.9 billion yen to 6.5 billion yen.

Pharmaceutical Segment

Shipments of pharmaceutical active ingredient for antiallergenic drug and blood-pressure-lowering drug increased, but those of other pharmaceutical active ingredients and intermediates, especially in the field of products manufactured under contract, were lower than the same period in the previous year.

As a result, consolidated segment sales decreased by 1.0 billion yen, compared to the same period in the previous year, to 6.4 billion yen, while consolidated operating income decreased by 1.4 billion yen to 1.6 billion yen.

Cement & Construction Materials Segment

Shipments of cement, ready-mixed concrete and building materials were lower than the same period in the previous year, although the shipment figures seem to cease to fall, thanks to signs of recovery in the indices such condominium and housing construction and capital investments. In order to overcome the current situation, we made efforts for further cost reduction, and enhanced the performance of recycling of various types of waste for use. On the other hand, shipments of calcia and magnesia products were strong, especially in the field of products targeting to the iron and steel industry.

As a result, consolidated segment sales increased by 10.3 billion yen, compared to the same period in the previous year, to 149.8 billion yen, while consolidated operating income increased by 2.2 billion yen to 6.4 billion yen.

Machinery & Metal Products Segment

In the machinery business, shipment of molding machines started to recover after the prolonged slump due to depressed capital investment from the automobile industries, while those of industrial machines such as vertical mills for the China market and conveyers for electricity industry decreased, although the pace of them remained steady. Inquiries for both molding and industrial machines increased in the markets for the emerging countries, but shipments of them

hovered at the serious level, due to appreciation of yen and severe competition with overseas and domestic manufacturers. Shipment of steel products was also affected by 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 was unchanged, compared to the same period in the previous year, to 60.13 billion yen, while consolidated operating income decreased by 2.4 billion yen, compared to the same period in the previous year when the contract of big and highly-profitable conveyor project had been won, to 1.2 billion yen.

Energy & Environment Segment

Shipment of coal increased, thanks to steady demand from main customers such as the chemical and paper-manufacturing industries, and the volume of coal dealing at UBE's Coal Center (a coal storage facility) was also strong, 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 increased by 3.3 billion yen, compared to the same period in the previous year, to 43.1 billion yen, while consolidated operating income decreased by 0.6 billion yen to 2.6 billion yen, due to impact of unrealized income.

Other

Consolidated segment sales increased by 5.9 billion yen, compared to the same period in the previous year, to 19.3 billion yen, thanks to increased sales of overseas sales subsidiaries, while consolidated operating income increased by 0.2 billion yen to 0.9 billion yen.

Qualitative Information for Financial Condition

Total assets of the third quarter increased by 11.5 billion yen to 666.3 billion yen. Current assets increased by 18.8 billion yen due to an increase of 8.3 billion yen in notes and accounts receivable and an increase of 8.2 billion yen in inventories, which includes commercial products, manufactured goods, raw materials and stored goods, while fixed assets decreased by 7.2 billion yen due to a decrease of 8.1 billion yen in tangible fixed assets.

Total liabilities increased by 3.1 billion yen to 455.7 billion yen. There was a 10.5 billion yen increase in notes and accounts payable-trade, while interest-bearing debt decreased by 7.7 billion yen.

Net assets increased by 8.3 billion yen to 210.5 billion yen. There was a 11.0 billion yen increase in retained earnings resulted from net profit of this quarter, while foreign currency translation adjustments decreased by 2.7 billion yen.

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

The consolidated results to the third quarter have hovered at a level to exceed our most recent earnings forecast for the whole financial year announced on October 22, 2010. We may change the forecast, if needed, after observing the condition of our business environment.

(Billions of Yen – except per share data)

	Fiscal Year ended Mar. 31, 2010	Fiscal Year ending Mar. 31, 2011 (forecast)	Change
Net sales	549.5	613.0	63.5
Operating income	27.5	36.0	8.5
Ordinary income	18.9	28.5	9.6
Extraordinary income (losses), net	-3.4	-0.5	2.9
Net income	8.2	17.0	8.8
Net income per share	8.17 Yen	16.91 Yen	8.74 Yen

(Reference) Consolidated Key Indicators

(Billions of Yen – except where noted)

	Previous first 3Qs ended Dec 31, 2009	Current first 3Qs ended Dec 31, 2010	Fiscal Year ending Mar. 31, 2011 (forecast)	Fiscal Year ended Mar. 31, 2010
Capital investment	17.6	21.3	37.0	24.6
Depreciation and amortization	25.2	24.7	34.0	33.4
Research and development expenses	9.4	10.0	14.5	13.0
Adjusted operating income *1	19.6	32.5	37.5	29.3
Interest-bearing debt	297.9	273.6	265.0	281.3
Net debt *2	265.1	238.2	235.0	244.0
Equity capital*3	174.2	186.7	187.0	178.8
Total assets	662.7	666.3	654.0	654.7
Net D/E ratio (times)	1.5	1.3	1.3	1.4
Equity ratio (%)	26.3	28.0	28.6	27.3
Return on sales (%)	4.6	6.8	5.9	5.0
Return on assets - ROA (%) *4	-	-	5.7	4.4
Return on equity – ROE (%)	-	-	9.3	4.7
Number of employees	11,277	11,143	11,160	11,108

*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