

**Consolidated Financial Report for the First Quarter of the Fiscal Year Ending March 31, 2012****Ube Industries, Ltd.****1. Consolidated Companies**

Fiscal period	Previous fiscal year ended Mar. 31, 2011	First Q ended June 30, 2011	Change
Number of companies			
Consolidated companies	66	66	0
Companies using equity method accounting	24	24	0
Total	90	90	0

**2. Consolidated Business Results for the First Three Quarters of the Fiscal Year Ending March 31, 2012 (April 1, 2011 to June 30, 2011)****(1) Results of Operations**

(Billions of Yen – except per share data)

	First Q ended June 30, 2010	First Q ended June 30, 2011	Change
Net sales	139.9	149.4	9.4
Operating income	4.3	8.7	4.3
Net interest expenses	-0.7	-0.6	0.0
Equity in earnings of affiliates	0.3	0.4	0.1
Other non-operating income	-0.9	-0.1	0.7
Ordinary income	3.0	8.3	5.2
Extraordinary income (losses), net	-0.4	-0.2	0.2
Net income	1.7	5.0	3.2

Net income per share	1.71 Yen	4.98 Yen	3.27 Yen
----------------------	----------	----------	----------

## Presupposition conditions

Exchange rate (Yen per US\$)	92.0	81.7	-10.3
Naphtha price (Yen/kl)	49,700	59,000	9,300
Australian coal price (Yen/ton)	11,472	11,732	260

**Net Sales by Segment**

(Billions of Yen)

	First Q ended June 30, 2010	First Q ended June 30, 2011	Change	Comments
Chemicals & Plastics	43.6	53.4	9.8	- Increase in caprolactam sales price, etc.
Specialty Chemicals & Products	16.7	15.9	-0.7	- Decrease in sales prices, etc.
Pharmaceutical	1.9	1.7	-0.2	- Decrease in sales volume, etc.
Cement & Construction Materials	47.0	49.8	2.7	- Increase in sales volume of cement, ready-mixed concrete, etc.
Machinery & Metal Products	19.9	15.6	-4.3	- Withdrawal from aluminum wheel business, decrease in shipment of industrial machines, etc.
Energy & Environment	11.7	13.5	1.7	- Increase in selling prices and dealing volume of coal, etc.
Other	6.2	6.6	0.3	
Adjustment	-7.4	-7.3	0.0	
Total	139.9	149.4	9.4	

**Operating Income by Segment**

(Billions of Yen)

	First Q ended June 30, 2010	First Q ended June 30, 2011	Change	Comments
Chemicals & Plastics	0.7	6.0	5.3	- Increase in spread between selling prices and costs of raw materials for caprolactam, etc.
Specialty Chemicals & Products	1.6	1.4	-0.2	- Decrease in sales prices, etc.
Pharmaceutical	0.5	0.0	-0.4	- Decrease in sales volume, etc.
Cement & Construction Materials	1.0	1.2	0.1	
Machinery & Metal Products	0.1	0.0	-0.1	
Energy & Environment	0.1	0.3	0.1	
Other	0.1	0.1	0.0	
Adjustment	-0.1	-0.6	-0.4	- Increase in research and development expenses, etc.
Total	4.3	8.7	4.3	

**(2) Financial Condition**

(Billions of Yen)

<b>Assets</b>	Fiscal year ended Mar. 31, 2011	First Q ended June 30, 2011	Change
Cash and deposits	49.7	44.3	-5.3
Accounts receivable	134.9	129.1	-5.7
Inventories	73.2	87.7	14.5
Property, plant and equipment	313.9	316.9	3.0
Intangible fixed assets	4.9	5.0	0.0
Investments and other assets	84.9	84.5	0.4
Total assets	661.5	667.5	6.0

<b>Liabilities</b>	Fiscal year ended Mar. 31, 2011	First Q ended June 30, 2011	Change
Notes and accounts payable-trade	89.1	94.0	4.9
Interest-bearing debt	260.5	255.9	-4.5
(Net debt) *1	(211.0)	(211.7)	(0.6)
Other liabilities	100.3	103.8	3.6
Net assets	211.4	213.6	2.1
(Shareholders' Equity)	(200.9)	(200.8)	(0.0)
(Accumulated Other Comprehensive Income)	(-13.9)	(-11.5)	(2.3) *2
(Share subscription rights and Minority interests)	(24.4)	(24.2)	(-0.1)
Total liabilities and Net assets	661.5	667.5	6.0

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

\*2 Increase in foreign currency translation adjustment 2.4 billion Yen, etc

### (3)Cash Flows

	(Billions of Yen)	(Billions of Yen)
	First Q ended June 30, 2011	(Ref.) First Q ended June 30, 2010
Cash flows from operating activities	13.8 *1	16.7
Cash flows from investing activities	-9.3 *2	-5.9
Cash flows from financing activities	-10.4	-5.3
(Interest-bearing debt)	(-4.8)	(-0.8)
(Dividend paid and Other)	(-5.6)	(-4.4)
Cash and cash equivalents at end of period	44.2	42.7

\*1 Net income before taxes for the first 1Q of the fiscal year 8.1 billion Yen

    Depreciation and amortization 7.8 billion Yen

    Increase or decrease in working capital -2.3 billion Yen, etc

\*2 Acquisition of tangible/ intangible fixed assets -9.3 billion Yen, etc

### (4)Qualitative Information

#### Qualitative Information for Operating Results

##### Chemicals & Plastics Segment

Sales of caprolactam, a nylon raw material, were strong thanks to vigorous demand in the Asian market, and the spread (spread between selling prices and costs of raw materials) expanded substantially compared with the same period in the previous year. Polybutadiene rubber (synthetic rubber) and polyamide resins were influenced by the Great East Japan Earthquake in the aspects of raw material procurement and demand for polybutadiene rubber (synthetic rubber) and polyamide resins for automobiles, however, sales were steady. Industrial chemicals were strong for sales of ammonia for coal thermal power generation, etc.

As a result, consolidated segment sales increased by 9.8 billion yen compared to the same period in the previous year to 53.4 billion yen, and segment operating income increased by 5.3 billion yen to 6.0 billion yen compared to the same period in the previous year.

##### Specialty Chemicals & Products Segment

Sales of electrolytes/separators for lithium-ion batteries, high-purity chemicals for LEDs were strong, and the demand for ceramic products was high mainly for production parts of solar cells, however, prices of some products further declined. In fine chemicals and polyimide products, especially in the field of films used in flat-screen televisions, the supply chain was affected by the Great East Japan Earthquake disaster, and in addition, sales of gas separation membranes were slow.

As a result, consolidated segment sales decreased by 0.7 billion yen compared to the same period in the previous year to 15.9 billion yen, and segment operating income decreased by 0.2 billion yen to 1.4 billion yen compared to the same period in the previous year.

##### Pharmaceutical Segment

Shipments of pharmaceutical active ingredients and intermediates, especially antiallergic drug product discovered by UBE, were strong overall; however, partly because shipping plans of this fiscal year were originally concentrated in the latter half, sales fell below sales in the same period in the previous year.

As a result, consolidated segment sales decreased by 0.2 billion yen compared to the same period in the previous year to 1.7 billion yen, and segment operating income decreased by 0.4 billion yen to 0.09 billion yen compared to the same period in the previous year.

##### Cement & Construction Materials Segment

Sales of cement, ready-mixed concrete and building materials seem to have ceased falling, thanks to signs of recovery in the indices such condominium and housing construction and capital investment, but still hovered at a low level. However, due to strong overseas demand that increased the amount of exports, the cement manufacturing facility was at full operation, and the performance of recycling of various types of waste for use as raw materials/fuel was enhanced. Sales of calcia and magnesia products were relatively steady.

As a result, consolidated segment sales increased by 2.7 billion yen compared to the same period in the previous year to 49.8 billion yen, and segment operating income increased by 0.1 billion yen to 1.2 billion yen compared to the same period in the previous year.

### Machinery & Metal Products Segment

Although shipments of molding machines mainly to the automobile industry were at a low level, orders have increased. In addition, shipments of industrial machines such as vertical mills and conveyers decreased, and the difficult situation for orders continued due to the appreciation of the yen and severe competition with overseas and domestic manufacturers. Shipments of steel products were steady but the influence of the steep rise in material scrap prices had an effect.

As a result, partly due to the withdrawal from the aluminum wheel business, consolidated segment sales decreased by 4.3 billion yen compared to the same period in the previous year to 15.6 billion yen, and segment operating income decreased by 0.1 billion yen to 0.04 billion yen compared to the same period in the previous year.

### Energy & Environment Segment

Sales of coal increased mainly for main customers such as the chemical and textile industries. The volume of coal dealing at UBE's Coal Center (a coal storage facility) was also steady, especially in the field targeting the electricity industry. Profitability of the independent power producer business deteriorated, due to increases in repair costs for regular repairs.

As a result, consolidated segment sales increased by 1.7 billion yen compared to the same period in the previous year to 13.5 billion yen, and segment operating income increased by 0.1 billion yen to 0.3 billion yen compared to the same period in the previous year.

### Other

Consolidated segment sales increased by 0.3 billion yen compared to the same period in the previous year to 6.6 billion yen, while consolidated operating income decreased by 0.009 billion yen compared to the same period in the previous year to 0.1 billion yen.

## **Qualitative Information for Financial Condition**

Total assets at the end of this first quarter increased by 6.0 billion yen to 667.5 billion yen compared to the end of last fiscal year. Although cash on hand and in banks decreased by 5.3 billion yen and notes and accounts receivable-trade also decreased by 5.7 billion yen compared to the end of the last fiscal year, thanks to an increase of 14.5 billion yen in inventories, which includes commercial products and manufactured goods, fixed assets increased by 3.8 billion yen mainly due to an increase of 3.0 billion yen in tangible fixed assets.

Total liabilities increased by 3.8 billion yen to 453.9 billion yen. Although interest-bearing debt decreased by 4.5 billion yen, there was a 4.9 billion yen increase in notes and accounts payable-trade, and in addition, the provision for bonuses increased by 3.4 billion yen.

Net assets increased by 2.1 billion yen to 213.6 billion yen. There was a 5.0 billion yen decrease in retained earnings resulted from a retained earnings payment, however, there was a 5.0 billion yen increase in retained earnings resulted from net profit of this quarter, while foreign currency translation adjustment improved by 2.4 billion yen.

## **3. Consolidated Earnings for the Year Ending March 31, 2012 ( April 1, 2011 to March 31, 2012)**

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

(Billions of Yen – except per share data)

	Fiscal Year ended Mar. 31, 2011	Fiscal Year ending Mar. 31, 2012 (forecast)	Change
Net sales	616.0	650.0	34.0
Operating income	44.3	44.0	-0.3
Ordinary income	39.1	38.0	-1.1
Extraordinary income (losses), net	-10.3	-3.0	7.3
Net income	17.2	20.0	2.8

  

Net income per share	17.18 Yen	19.89 Yen	2.71 Yen
----------------------	-----------	-----------	----------

## (Reference) Consolidated Key Indicators

(Billions of Yen – except where noted)

	Fiscal Year ended March 31, 2011	First Q ended June 30, 2011	Fiscal Year ending March 31, 2012 (forecast)
Capital investment	35.3	10.1	43.0
Depreciation and amortization	33.1	7.8	33.5
Research and development expenses	13.7	3.2	14.5
Adjusted operating income *1	47.0	9.6	46.0
Interest-bearing debt	260.5	255.9	252.0
Net debt *2	211.0	211.7	218.0
Equity capital*3	187.0	189.3	196.0
Total assets	661.5	667.5	685.0
Net D/E ratio (times)	1.1	1.1	1.1
Equity ratio (%)	28.3	28.4	28.6
Return on sales (%)	7.2	5.8	6.8
Return on assets - ROA (%) *4	7.2	-	6.8
Return on equity – ROE (%)	9.4	-	10.4
Number of employees	11,026	11,237	11,380

\*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