

Consolidated Financial Report for the Third Quarter of Fiscal Year Ending March 31, 2009

Ube Industries, Ltd.

1. Consolidated Companies

Fiscal period	Fiscal year ended Mar. 31, 2008	3Qs ended Dec. 31, 2008	Change
Number of companies			
Consolidated companies	67	66	-1
Companies using equity method accounting	28	28	0
Total	95	94	-1

2. Consolidated Business Results for the Third Quarter of Fiscal Year Ending March 31, 2009
(April 1, 2008 to December 31, 2009)

(1) Results of Operations

(Billions of yen – except per share data)

	Previous 3Qs ended Dec. 31, 2007	Current 3Qs ended Dec. 31, 2008	Change
Net sales	514.3	546.7	32.3
Operating income	38.6	37.3	-1.2
Net interest expenses	-4.4	-3.6	0.8
Equity in earnings of affiliates	0.9	0.7	-0.2
Other non-operating income	-1.8	-3.8	-2.0 *1
Ordinary income	33.3	30.5	-2.8
Extraordinary income (losses), net	-3.9	-5.4	-1.5
Net income	16.8	19.6	2.8

Net income per share	16.72 yen	19.58 yen	2.86 yen
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*1 Loss on foreign currency exchange, net -1.8 billion yen, etc

Presupposition conditions

Exchange rate (yen per US\$)	117.3	102.8	14.5
Naphtha price (yen/kl)	59,800	69,600	9,800
Australian coal price (yen/ton)	12,725	16,448	3,723

Net Sales by Segment

(Billions of yen)

	Previous 3Qs ended Dec. 31, 2007	Current 3Qs ended Dec. 31, 2008	Change	Comments
Chemicals & Plastics	170.4	181.1	10.6	-Increase in selling prices, etc
Specialty chemicals & products	69.0	71.8	2.8	-Increase in sales volume, etc
Cement & construction materials	155.1	162.2	7.0	-Increase in selling prices, etc
Machinery & metal products	85.4	84.2	-1.1	
Energy & environment	31.2	44.4	13.1	-Increase in selling prices and sales volume for coal sales, etc
Other	2.9	2.8	-0.1	
Total	514.3	546.7	32.3	

Operating Income by Segment

(Billions of yen)

	Previous 3Qs ended Dec. 31, 2007	Current 3Qs ended Dec. 31, 2008	Change	Comments
Chemicals & Plastics	11.8	11.7	-0.1	-Posted valuation loss on inventories -Decrease in sales volume -Increase in spread between selling prices and cost of raw materials/ fuels, etc
Specialty chemicals & products	9.5	7.6	-1.8	-Negative change in price factors, etc
Cement & construction materials	8.3	8.0	-0.2	-Rise in energy costs -Decrease in sales volume of cement, ready-mixed concrete and building materials -Increase in selling prices, etc -Increase in volume of waste processing, etc
Machinery & metal products	4.7	2.9	-1.8	-Increase in costs of materials and parts -Decrease in profitability due to yen appreciation -Decrease in sales volume of aluminum wheels -Negative change in sales mix for aluminum wheels, etc
Energy & environment	3.5	6.4	2.9	-Increase in net sales of salable coal, etc
Other	0.6	0.6	0.0	
Total	38.6	37.3	-1.2	

(2) Financial Condition

(Billions of yen)

Assets	Fiscal year ended Mar. 31, 2008	Current 3Qs ended Dec. 31, 2008	Change
Cash and deposits	25.3	30.7	5.3
Accounts receivable	163.9	158.4	-5.4
Inventories	84.6	112.4	27.7
Property, plant and equipment	360.0	337.3	-22.6
Intangible fixed assets	4.1	3.7	-0.4
Investments and other assets	82.7	88.0	5.3
Total assets	720.8	730.7	9.8

Liabilities	Fiscal year ended Mar. 31, 2008	Current 3Qs ended Dec. 31, 2008	Change
Notes and accounts payable-trade	107.1	108.4	1.2
Interest-bearing debt	300.7	311.0	10.3
(Net debt) *1	(275.6)	(280.5)	(4.8)
Other liabilities	93.9	97.6	3.6
Net assets	219.0	213.5	-5.4
(Shareholders' Equity)	(177.3)	(191.7)	(14.4)
(Valuation and translation adjustments)	(16.5)	(-1.9)	(-18.4) *2
(Share subscription rights and Minority interests)	(25.1)	(23.7)	(-1.4)
Total liabilities and Net assets	720.8	730.7	9.8

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

*2 Decrease in foreign currency translation adjustments -17.0 billion yen, etc

(3) Cash Flows

(Billions of yen)

	Current 3Qs ended Dec. 31, 2008
Cash flows from operating activities	23.6 *1
Cash flows from investing activities	-23.5 *2
Cash flows from financing activities	6.8
Cash and cash equivalents at end of the period	30.5

*1 Net income before taxes for the first three quarters of the fiscal year 25.0 billion yen

Depreciation and amortization 26.2 billion yen

Increase in working capital -24.8 billion yen, etc

*2 Acquisition of tangible/ intangible fixed assets -23.5 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 were generally strong until the second quarter, but were sluggish in the third quarter as production adjustments (reductions) were made due to stagnating demand caused by the rapid slowdown in the global economy. A spread (difference between raw material costs and product prices) was secured in the segment as previously rising raw material prices dropped sharply, after having been on the upswing until summer of last year, but a significant valuation loss was posted on inventories due to major declines in product prices caused by lower raw material prices and declining demand.

As a result, consolidated segment sales increased by 10.6 billion yen, or 6.2%, compared to the third quarter of the previous fiscal year to 181.1 billion yen, but segment operating income declined by 0.1 billion yen, or 1.1%, to 11.7 billion yen.

Specialty Chemicals & Products Segment

Shipments of electrolytes and separators for lithium-ion batteries were generally strong and shipments of high-purity chemicals for semiconductors were solid. However, shipments of both declined sharply in the latter half of the third quarter due to plummeting IT/digital products-related demand. Shipments of polyimide products, which had been on the recovery, were sluggish due to the impact of inventory adjustments for flat-screen television panels. Shipments were generally solid for fine chemicals and gas separation membranes, including nitrogen gas separation membranes, but shipments of these products plunged in the third quarter. Shipments of pharmaceutical active ingredients and intermediates were generally strong. It should also be noted that segment operating income was substantially impacted by a strong yen.

As a result, consolidated segment sales increased by 2.8 billion yen, or 4.1 %, compared to the third quarter of the previous fiscal year to 71.8 billion yen, but segment operating income decreased by 1.8 billion yen, or 19.9%, to 7.6 billion yen.

Cement & Construction Materials Segment

Shipments of cement, ready-mixed concrete and building materials were sluggish due to the impact of revisions to the Building Standards Law from two years ago, rising material prices and worsening economic conditions. Recycling of various types of waste for use as fuel and raw materials expanded steadily. Backed mainly by steel-related demand, shipments of calcia and magnesia were generally strong until the second quarter, but were impacted by the rapid drop-off in steel demand in the third quarter. The segment was significantly impacted by increases in coal and other fuel costs, but efforts were made to shift the costs by raising product prices.

As a result, consolidated segment sales increased by 7.0 billion yen, or 4.6%, compared to the third quarter of the previous fiscal year to 162.2 billion yen, but segment operating income decreased by 0.2 billion yen, or 3.4%, to 8.0 billion yen.

Machinery & Metal Products Segment

In the machinery business, shipments of molding machines were weak due to a decrease in automobile industry demand, but shipments of industrial machinery were at a high level, including vertical mills primarily for the steelmaking industry in Japan and overseas and the cement industry overseas. Orders for the machinery business were low for molding machines, but remained at a high level because of major resource-related projects overseas in industrial machinery. Operating income from the machinery business was significantly impacted by surging steel

prices and yen appreciation.

In the aluminum wheel business, shipments were weak in both Japan and North America due to the impact of slumping automobile sales.

As a result, consolidated segment sales decreased by 1.1 billion yen, or 1.4%, compared to the third quarter of the previous fiscal year to 84.2 billion yen, and segment operating income decreased by 1.8 billion yen, or 38.3%, to 2.9 billion yen.

Energy & Environment Segment

Coal selling prices increased and shipments were strong on tight supply and demand and rising coal prices until summer. Coal dealing volume at UBE's Coal Center (a coal storage facility), which set a record high in the previous fiscal year, remained at a high level due in part to reinforcements to storage capacity made in February of last year. In the independent power producer business, fuel costs were further reduced through use of biomass fuel and low-grade coal.

As a result, consolidated segment sales increased by 13.1 billion yen, or 42.0%, compared to the third quarter of the previous fiscal year to 44.4 billion yen, and segment operating income increased by 2.9 billion yen, or 82.9%, to 6.4 billion yen.

Other

Consolidated segment sales totaled 2.8 billion yen, and segment operating income was 0.6 billion yen.

Qualitative Information for Financial Condition

Total assets at the end of the third quarter increased by 9.8 billion yen compared to the end of previous fiscal year to 730.7 billion yen. Current assets increased by 33.6 billion yen due to an increase in inventories, which includes commercial products, manufactured goods, raw materials and stored goods. However, fixed assets decreased by 23.8 billion yen due to a decrease in property, plant and equipment and other factors.

Total liabilities increased by 15.2 billion yen to 517.1 billion yen as a result of interest-bearing debt increasing by 10.3 billion yen, despite redemption of the current portion of convertible bonds, due to an increase in short-term borrowings and other factors.

Net assets decreased by 5.4 billion yen to 213.5 billion yen. Retained earnings increased by 14.4 billion yen due to net income for the quarter and other factors, but there was also a 17.0 billion yen decrease in foreign currency translation adjustments, among other factors.

3. Consolidated Earnings Forecast for the Year Ending March 31, 2009 (April 1, 2008 to March 31, 2009)

The UBE Group expects the global economic downturn set off by the financial crisis to impact many of its businesses, as demand in the fourth quarter is also projected to slump in a wide range of industries in which the Group is involved, including automobiles and information technology.

Given these conditions, the UBE Group is revising its full-year performance projections as stated in the "Ube Industries Announces Revised Earnings and Dividend Forecast," announced today.

(Billions of yen – except per share data)

	Current fiscal year ending Mar. 31, 2009		Change
	Previous forecast (Announced Oct. 29, 2008)	Revised forecast	
Net sales	769.0	693.0	-76.0
Operating income	53.0	30.0	-23.0
Ordinary income	44.0	19.5	-24.5
Net income	25.0	10.5	-14.5
Net income per share	24.85 yen	10.44 yen	-14.41 yen

Presupposition conditions

Exchange rate (yen per US\$)	105.6	99.6	6.0
Naphtha price (yen/kl)	65,900	59,000	-6,900
Australian coal price (yen/ton)	16,843	15,139	-1,704

Net Sales by Segment

(Billions of yen)

	Current fiscal year ending Mar. 31, 2009		Change	Comments
	Previous forecast (Announced Oct. 29, 2008)	Revised forecast		
Chemicals & Plastics	246.5	217.0	-29.5	-Decrease in selling prices and sales volume, etc
Specialty Chemicals & Products	105.8	89.0	-16.8	-Decrease in sales volume, etc
Cement & Construction Materials	225.0	212.5	-12.5	-Decrease in sales volume, etc
Machinery & Metal Products	120.0	111.0	-9.0	-Decrease in net sales of molding machines -Decrease in sales volume of aluminum wheels, etc
Energy & Environment	68.0	60.0	-8.0	-Decrease in sales volume and selling prices for coal sales, etc
Other	3.7	3.5	-0.2	
Total	769.0	693.0	-76.0	

Operating Income by Segment

(Billions of yen)

	Current fiscal year ending Mar. 31, 2009		Change	Comments
	Previous forecast (Announced Oct. 29, 2008)	Revised forecast		
Chemicals & Plastics	15.6	1.8	-13.8	-Decrease in volume -Posted valuation loss on inventories -Inventory valuation change (loss), etc
Specialty Chemicals & Products	14.1	5.8	-8.3	-Decrease in volume, etc
Cement & Construction Materials	10.0	9.8	-0.2	-Decrease in volume -Lower energy costs -Decrease in fixed costs, etc
Machinery & Metal Products	5.1	3.4	-1.7	-Decrease in net sales of molding machines -Decrease in volume of aluminum wheels, etc
Energy & environment	7.4	8.5	1.1	-Improved profitability of independent power producer business -Increase in volume of coal storage by contract, etc
Other	0.8	0.7	-0.1	
Total	53.0	30.0	-23.0	

(Reference) Consolidated Key Indicators

(Billions of yen – except where noted)

	Previous fiscal year ended Mar. 31, 2008	Current 3Qs ended Dec. 31, 2008	Current fiscal year ending Mar. 31, 2009 (forecast)
Capital investment	30.9	20.0	38.0
Depreciation and amortization	34.1	26.2	35.5
Research and development expenses	13.5	10.6	14.5
Adjusted operating income *1	58.6	39.4	32.0
Interest-bearing debt	300.7	311.0	310.0
Net debt *2	275.6	280.5	280.0
Equity capital*3	193.8	189.8	170.0
Total assets	720.8	730.7	720.0
Net D/E ratio (times)	1.4	1.5	1.6
Equity ratio(%)	26.9	26.0	23.6
Ratio of operating income to net sales (%)	7.9	6.8	4.3
Return on assets - ROA (%) *4	8.2	-	4.4
Return on equity – ROE (%)	13.1	-	5.8

*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