

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

Ube Industries, Ltd.

1. Consolidated Companies

Fiscal period	Fiscal year ended Mar. 31, 2010	Fiscal year ended Mar. 31, 2011	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 Fiscal Year Ending March 31, 2011
(April 1, 2010 to March 31, 2011)

(1) Results of Operations

(Billions of Yen – except per share data)

	Fiscal year ended Mar. 31, 2010	Fiscal year ended Mar. 31, 2011	Change
Net sales	549.5	616.0	66.5
Operating income	27.5	44.3	16.7
Net interest expenses	-4.8	-3.7	1.0
Equity in earnings of affiliates	0.9	1.6	0.6
Other non-operating income	-4.6	-3.1	1.5
Ordinary income	18.9	39.1	20.1
Extraordinary income	0.7	2.0	1.3
Extraordinary losses	-4.1	-12.4	-8.3
Net income	8.2	17.2	9.0

Net income per share	8.17 Yen	17.18 Yen	9.01 Yen
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Presupposition conditions

Exchange rate (Yen per US\$)	92.8	85.7	-7.1
Naphtha price (Yen/kl)	41,200	47,500	6,300
Australian coal price (Yen/ton)	9,048	10,287	1,239

Net Sales by Segment

(Billions of Yen)

	Fiscal year ended Mar. 31, 2010	Fiscal year ended Mar. 31, 2011	Change	Comments
Chemicals & Plastics	165.0	204.5	39.4	- Increase in sales prices and volume, etc.
Specialty Chemicals & Products	60.3	68.7	8.4	- Increase in sales volume, etc.
Pharmaceutical	9.9	8.8	-1.1	- Decrease in sales prices, etc.
Cement & Construction Materials	188.3	200.4	12.0	- Increase in sales volume of calcia and magnesia products, and functional inorganic materials, etc.
Machinery & Metal Products	81.7	83.4	1.6	- Increase in shipment of molding machines
Energy & Environment	54.1	59.1	4.9	- Increase in selling prices of coal and dealing volume of coal, etc.
Other	19.0	26.8	7.7	- Increase in sales of overseas sales subsidiaries, etc.
Adjustment	-29.3	-35.9	-6.6	
Total	549.5	616.0	66.5	

Operating Income by Segment

(Billions of Yen)

	Fiscal year ended Mar. 31, 2010	Fiscal year ended Mar. 31, 2011	Change	Comments
Chemicals & Plastics	4.7	20.0	15.2	- Increase in spread between selling prices and costs of raw materials for caprolactam, and in sales volume, etc.
Specialty Chemicals & Products	3.2	8.7	5.4	- Increase in sales volume, etc.
Pharmaceutical	3.7	2.3	-1.4	- Decrease in sales prices, etc.
Cement & Construction Materials	6.1	8.0	1.9	- Increase in sales volume of calcia and magnesia products, and functional inorganic materials, and in recycling of wastes, etc.
Machinery & Metal Products	4.4	1.7	-2.6	- Decrease in shipment and deterioration in profitability of industrial machines, etc.
Energy & Environment	4.3	4.0	-0.2	
Other	0.9	1.1	0.1	
Adjustment	-0.1	-1.6	-1.5	
Total	27.5	44.3	16.7	

(2) Financial Condition

(Billions of Yen)

Assets	Fiscal year ended Mar. 31, 2010	Fiscal year ended Mar. 31, 2011	Change
Cash and deposits	37.5	49.7	12.2
Accounts receivable	133.5	134.9	1.3
Inventories	69.7	73.2	3.5
Property, plant and equipment	324.7	313.9	-10.7
Intangible fixed assets	4.2	4.9	0.7
Investments and other assets	85.1	84.9	-0.2
Total assets	654.7	661.5	6.7

Liabilities	Fiscal year ended Mar. 31, 2010	Fiscal year ended Mar. 31, 2011	Change
Notes and accounts payable-trade	78.9	89.1	10.1
Interest-bearing debt	281.3	260.5	-20.7
(Net debt) *1	(244.0)	(211.0)	(-33.0)
Other liabilities	92.2	100.2	8.0
Net assets	202.1	211.4	9.2
(Shareholders' Equity)	(187.6)	(200.9)	(13.2)
(Accumulated Other Comprehensive Income)	(-8.8)	(-13.9)	(-5.0) *2
(Share subscription rights and Minority interests)	(23.3)	(24.3)	(1.0)
Total liabilities and Net assets	654.7	661.5	6.7

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

*2 Increase in foreign currency translation adjustment -4.7 billion Yen, etc

(3)Cash Flows

	(Billions of Yen)	(Billions of Yen)
	Fiscal year ended Mar. 31, 2011	(Ref.) Fiscal year ended Mar. 31, 2010
Cash flows from operating activities	67.0 *1	60.1
Cash flows from investing activities	-28.6 *2	-29.9
Cash flows from financing activities	-25.0	-32.2
(Interest-bearing debt)	(-19.7)	(-26.0)
(Dividend paid and Other)	(-5.2)	(-6.1)
Cash and cash equivalents at end of period	49.5	37.2

*1 Net income before taxes	28.7 billion Yen
Depreciation and amortization	33.1 billion Yen
Increase or decrease in working capital	3.4 billion Yen, etc
*2 Acquisition of tangible/ intangible fixed assets	-29.7 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 previous year.

As a result, consolidated segment sales increased by 39.4 billion yen compared to the previous year to 204.5 billion yen, and segment operating income increased by 15.2 billion yen to 20.0 billion yen.

Specialty Chemicals & Products Segment

Shipments of separators 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. Shipments 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 previous year.

As a result, consolidated segment sales increased by 8.4 billion yen compared to the previous year to 68.7 billion yen, and segment operating income increased by 5.4 billion yen to 8.7 billion yen.

Pharmaceutical Segment

Shipments of pharmaceutical active ingredients for antiallergic 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 1.1 billion yen compared to the previous year to 8.8 billion yen, and segment operating income decreased by 1.4 billion yen to 2.3 billion yen.

Cement & Construction Materials Segment

Shipments of cement, ready-mixed concrete and building materials seem to cease to fall, thanks to signs of recovery in the indices such condominium and housing construction and capital investment, but still hovered at a low level. 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 as raw materials/fuel. 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 12.0 billion yen compared to the previous year to 200.4 billion yen, and segment operating income increased by 1.9 billion yen to 8.0 billion yen.

Machinery & Metal Products Segment

In the machinery business, shipments of molding machines mainly to the automobile industry started to show a sign of recovery, although it remains at a low level. On the other hand, shipments of industrial machines such as vertical mills and conveyers continued to be steady, but shipments as a whole decreased. Orders of the respective products including steel products hovered at the serious level, due to appreciation of yen and severe competition with overseas and domestic manufacturers.

In the aluminum wheel business, shipments remained at the same level with the previous year, and the business

continued to register a deficit.

As a result, consolidated segment sales increased by 1.6 billion yen compared to the previous year to 83.4 billion yen, while segment operating income decreased by 2.6 billion yen to 1.7 billion yen, compared to the previous quarter when a large-scale, highly-profitable project for shipment of industrial machines was won.

As of the end of the period under review, we have made decision to withdraw from the aluminum wheel business, due to the severe business climate in the automobile market. For the reason noted above, we have posted an extraordinary loss of 9.1 billion yen on a consolidated basis and 11.0 billion yen on an unconsolidated basis in the account settlement for the period under review.

Energy & Environment Segment

Shipments of coal were steady, due 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 strong, especially in the field targeting electricity industry. Profitability of the independent power producer business fell, due to lowered price of electric power selling.

As a result, consolidated segment sales increased by 4.9 billion yen compared to the previous year to 59.1 billion yen, but segment operating income decreased by 0.2 billion yen to 4.0 billion yen.

Other

Consolidated segment sales of other businesses increased by 7.7 billion yen to 26.8 billion yen, while consolidated operating income increased by 0.1 billion yen to 1.1 billion yen, thanks to increased sales of overseas sales subsidiaries.

Qualitative Information for Financial Condition

Total assets increased by 6.7 billion yen to 661.5 billion yen. While cash on hand and in banks increased by 12.2 billion yen and current assets also increased by 19.1 billion yen, thanks to increase of 3.5 billion yen in inventories, which includes commercial products, manufactured goods, raw materials and stored goods, while fixed assets decreased by 12.3 billion yen due to a decrease in tangible fixed assets.

Total liabilities decreased by 2.5 billion yen to 450.0 billion yen. Although there was a 10.1 billion yen increase in notes and accounts payable-trade as well as a 4.0 billion yen increase in accounts payable - other, interest-bearing debt decreased by 20.7 billion yen.

Net assets increased by 9.2 billion yen to 211.4 billion yen. There was a 13.2 billion yen increase in retained earnings resulted from net profit of this year while foreign currency translation adjustments decreased by 4.7 billion yen.

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

In terms of economic climate, it is expected that the world economy would be on a track of recovery, because economic growth in the emerging countries seems to continue and economy upturn in the developed countries are also anticipated. Domestic economy has shown some signs of recovery, thanks to improvement in export and a rally in capital investment, but there is concern that the East Japan great earthquake disaster and the subsequent nuclear accident may cause limited electric power distribution, delay in restore of supply chains and confusion in logistics over a long time period. In addition, there are some uncertain factors such as raw material/fuel prices and exchange rates. It is, therefore, expected that our business environment would remain unpredictable and severe. Considering the present economic condition and on the assumption that the dollar-yen exchange rate hovers at 85yen /dollar and the price of domestic product naphtha at 64,000 yen per 1kl from April 2011 through March 2012, we forecast the earnings as follows.

We forecast that the consolidated sales will increase to 650 billion yen, mainly because effects brought by sales price adjustment to respond to increase in raw material/fuel prices in the Chemicals & Plastics segment and the Energy & Environment segment, as well as earnings growth resulted from sales volume increase in the Specialty Chemicals & Products segment, will greatly exceed the impact of earnings decline in the Machinery & Metal Products segment caused by the withdrawal from the aluminum wheel business as of the end of period under review. The consolidated operating income is forecasted to reach to 44 billion yen, a same level with the period under review, because the effect caused by sales volume increase will set off the most of the earnings decline factors such as sales price decrease in functional materials mainly targeting the IT market and steep rise in coal price. The consolidated ordinary income is forecasted to 38 billion yen, The consolidated current net income is forecasted to be 20 billion yen by expecting improvement in extraordinary gain or loss compared to the period under review.

Please take note that this earnings forecast factored in the impact of the East Japan great earthquake disaster at present. We will promptly disclose when we need to modify the information due to the additional impact.

(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
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Business Conditions

Exchange rate (yen per US\$)	85.7 Yen	85.0 Yen	-0.7 yen
Naphtha price (yen/kl)	47,500 Yen	64,000 Yen	16,500 yen
Australian coal price (yen/ton)	10,287 Yen	12,924 Yen	2,637 yen

Net Sales by Segment

	Fiscal Year ended Mar. 31, 2011	Fiscal Year ending Mar. 31, 2012	Change	Comments
Chemicals & Plastics	204.5	226.0	21.5	- Increase in sales prices, etc.
Specialty Chemicals & Products	68.7	76.0	7.3	- Increase in sales volume, etc.
Pharmaceutical	8.8	11.5	2.7	- Increase in sales volume, etc.
Cement & Construction Materials	200.4	203.5	3.1	- Increase in sales prices, etc.
Machinery & Metal Products	83.4	79.0	-4.4	-Withdrawal from aluminum wheel business, etc.
Energy & Environment	59.1	67.0	7.9	- Increase in selling prices of coal
Other	26.8	25.0	-1.8	
Adjustment	-35.9	-38.0	-2.1	
Total	616.0	650.0	34.0	

Operating Income by Segment

	Fiscal Year ended Mar. 31, 2011	Fiscal Year ending Mar. 31, 2012	Change	Comments
Chemicals & Plastics	20.0	18.5	-1.5	-Increase in repair cost, etc
Specialty Chemicals & Products	8.7	8.5	-0.2	
Pharmaceutical	2.3	4.0	1.7	- Increase in sales volume, etc.
Cement & Construction Materials	8.0	8.0	0.0	
Machinery & Metal Products	1.7	3.0	1.3	-Withdrawal from aluminum wheel business, etc.
Energy & Environment	4.0	3.5	-0.5	-Deterioration in profitability of electricity business, etc.
Other	1.1	1.0	-0.1	
Adjustment	-1.6	-2.5	-0.9	- Increase in research and development expenses, etc.
Total	44.3	44.0	-0.3	

(Reference) Consolidated Key Indicators

(Billions of yen – except where noted)

	First Year ended Mar. 31, 2010	Fiscal Year ended Mar. 31, 2011	Fiscal Year ending Mar. 31, 2012 (forecast)
Capital investment	24.6	35.3	43.0
Depreciation and amortization	33.4	33.1	33.5
Research and development expenses	13.0	13.7	14.5
Adjusted operating income *1	29.3	47.0	46.0
Interest-bearing debt	281.3	260.5	252.0
Net debt *2	244.0	211.0	218.0
Equity capital*3	178.8	187.0	196.0
Total assets	654.7	661.5	685.0
Net D/E ratio (times)	1.4	1.1	1.1
Equity ratio (%)	27.3	28.3	28.6
Return on sales (%)	5.0	7.2	6.8
Return on assets - ROA (%) *4	4.4	7.2	6.8
Return on equity – ROE (%)	4.7	9.4	10.4
Number of employees	11,108	11,026	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