Growth from Innovation

UBE INDUSTRIES,LTD.

ANNUAL REPORT 2011

Year ended March 31, 2011

The UBE Group Is Innovative, Entrepreneurial and Socially Responsible

Ube Industries, Ltd. ("UBE", or "the Company") and its consolidated subsidiaries (collectively, "the UBE Group") have consistently embraced innovation since the Company's beginnings as an entrepreneurial venture to develop the coal fields of Ube, Yamaguchi Prefecture in 1897. Since then, we have steadily expanded the value we create by developing new businesses to meet emerging needs. Today, we continue to challenge ourselves to creatively apply technology to develop and prosper together with our stakeholders.

A Tradition of Growing with Stakeholders through Innovation

1897 Okinoyama Coal Mines is established as anonymous partnership, capitalized at ¥45,000.

1914 Shinkawa Iron Works is established as anonymous partnership, capitalized at ¥100,000. UBE's machinery business started with the manufacture of machinery for coal mining.

1923 Ube Cement Production, Ltd. is established, capitalized at ¥3.5 million. We entered the cement business, using coal for fuel and the abundant nearby limestone as raw material.

1933 Ube Nitrogen Industry, Ltd. is established, capitalized at ¥5.0 million. We expanded into the chemical field of synthesizing ammonia by pyrolysis of coal, used in the manufacture of ammonium sulfate.

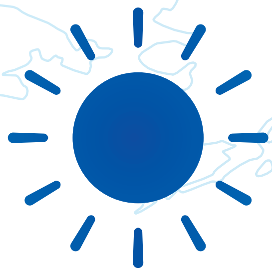
1942 Ube Industries, Ltd. is established through consolidation of the four companies above, capitalized at ¥69.6 million.

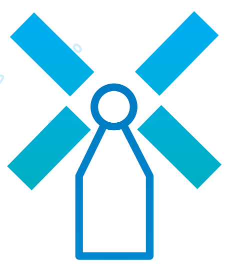
Since 1942, UBE has used its entrepreneurialism and commitment to innovation to build a synergistic portfolio of businesses ranging from energy, petrochemicals and plastics to pharmaceuticals and sophisticated materials for semiconductors and electronics. We are also emerging as a leader in innovating to protect the environment. This long-standing tradition and core identity of UBE is captured in its Group Vision for the 21st century:

"Wings of technology and spirit of innovation. That's our DNA driving our global success."

Our history and our vision are the basis for Stage Up 2012 — New Challenges, the UBE Group's mid-term management plan for the three-year period ending in March 2013. We are emphasizing speed, innovation and globalization while cooperating with stakeholders to achieve mutual benefit. As always, we will deploy our strengths in the differentiated business sectors in which we excel, with the aim of further increasing the UBE Group's corporate value.

Fiscal years are years ended March 31 of the following calendar year: for example, fiscal 2010 in the text is the year ended March 31, 2011.





Contents

Forward-Looking Statements

This annual report contains forward-looking statements regarding UBE's plans, outlook, strategies and results for the future. All forward-looking statements are based on judgments derived from information available to the Company at the time of publication.

Certain risks and uncertainties could cause UBE Group actual results to differ materially from any projections presented in this report. These risks and uncertainties include, but are not limited to, the economic circumstances surrounding the Company's business, competitive pressures, related laws and regulations, product development programs and changes in exchange rates.

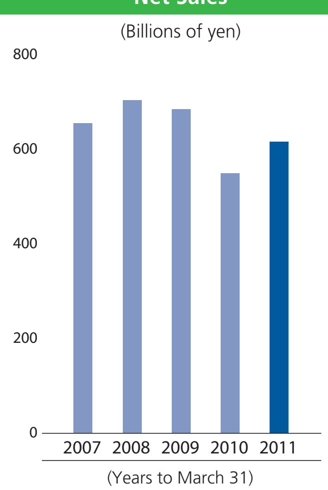
Consolidated Financial Highlights

Ube Industries, Ltd. and Consolidated Subsidiaries
For the years ended March 31, 2011, 2010 and 2009

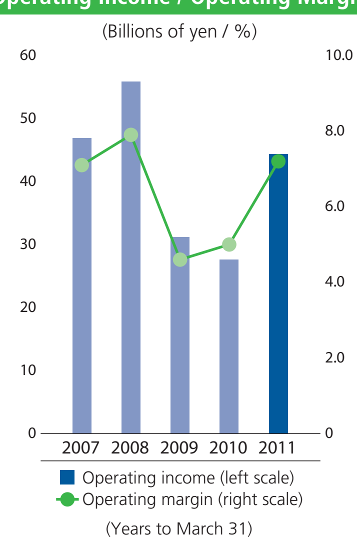
	Millions of yen			% change	Thousands of U.S. dollars (Note 1)
	2011	2010	2009	**2011**/2010	**2011**
For the year:					
Net sales	**¥616,062**	¥549,556	¥684,703	12.1%	**$7,422,434**
Operating income	**44,363**	27,595	31,163	60.8	**534,494**
Income before income taxes and minority interests	**28,747**	15,592	13,510	84.4	**346,349**
Net income	**17,267**	8,217	11,664	110.1	**208,036**
Capital expenditures	**35,334**	24,684	35,405	43.1	**425,711**
Depreciation and amortization	**33,128**	33,434	34,820	(0.9)	**399,133**
Research and development costs	**13,749**	13,032	14,124	5.5	**165,651**
At year-end:					
Total assets	**661,512**	654,793	677,986	1.0	**7,970,024**
Net assets	**211,449**	202,190	194,723	4.6	**2,547,578**
Equity capital (Note 2)	**187,014**	178,839	171,946	4.6	**2,253,180**
Interest-bearing debt	**260,583**	281,374	306,840	(7.4)	**3,139,554**
Net debt (Note 3)	**211,061**	244,093	267,709	(13.5)	**2,542,904**
Cash and cash equivalents	**49,522**	37,281	39,131	32.8	**596,651**
	Yen				U.S. dollars
Per share data:					
Net income, primary (Note 4)	**¥ 17.18**	¥ 8.17	¥ 11.59	110.3%	**$ 0.207**
Cash dividends applicable to the period	**5.00**	4.00	4.00	25.0	**0.060**
Net assets	**186.02**	177.88	170.92	4.6	**2.24**
Ratios:					
Operating margin (%)	**7.2**	5.0	4.6		
ROA (%) (Note 5)	**7.2**	4.4	4.8		
ROE (%)	**9.4**	4.7	6.4		
Net debt/equity ratio (times)	**1.1**	1.4	1.6		
Equity ratio (%)	**28.3**	27.3	25.4		
Number of employees at the end of the year	**11,026**	11,108	11,264	(0.7)%	

Notes: 1. U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥83=US$1, the approximate rate of exchange on March 31, 2011.
2. Equity capital = Net assets – Share subscription rights – Minority interests
3. Net debt = Interest-bearing debt – Cash and cash equivalents
4. Net income, primary, per share is computed based on the net income available for distribution to shareholders and the weighted average number of shares of common stock outstanding during each year.
5. ROA = (Operating income + Interest and dividend income + Equity in earnings of unconsolidated subsidiaries and affiliated companies) / Average total assets

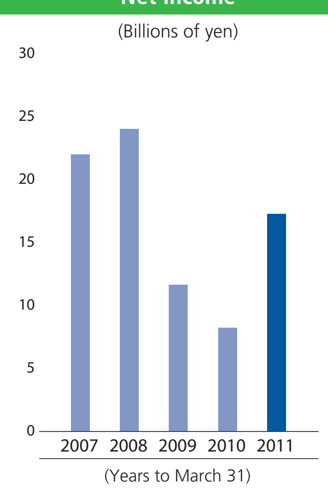
Net Sales



Operating Income / Operating Margin



Net Income



To Our Shareholders, Customers and Business Partners

Michio Takeshita President and CEO

In fiscal 2010, the year ended March 31, 2011, the economies of China and other Asian countries continued to expand, while economic activity picked up in Europe and the United States. Overall, the global economy was on a moderate recovery track.

In Japan, uncertainty lingered despite signs of recovery, led by an upturn in exports and improved corporate profits. The Great East Japan Earthquake of March caused damage at some of the UBE Group's production bases, but the direct impact on our operations was minor because our main production bases are located outside the disaster area. However, disruption of the supply chain for raw materials and other items was unavoidable. Consequently, we had to suspend production or reduce capacity for certain products.

Under these circumstances, we worked to improve performance to quickly achieve our management targets based on the policies of Stage Up 2012, our mid-term management plan. As a result, the UBE Group's net sales increased 12.1 percent, or ¥66.5 billion, compared with the previous fiscal year to ¥616.0 billion, operating income increased 60.8 percent, or ¥16.7 billion, to ¥44.3 billion, and net income increased 110.1 percent, or ¥9.0 billion, to ¥17.2 billion.

In fiscal 2011, the second year of Stage Up 2012, we will implement initiatives that emphasize speed and innovation while working to minimize the adverse effects of the earthquake and achieve the plan's targets. In these efforts, we will continue to deploy our strengths in the differentiated business sectors in which we excel, with the aim of increasing the UBE Group's corporate value.

We remain committed to earning the steadfast support of our shareholders, customers and business partners.

July 2011

Michio Takeshita.

Michio Takeshita
President and CEO

Interview with President and CEO Michio Takeshita

Emphasizing speed and innovation, the UBE Group will grow as a corporate group with a unique mix of solid businesses that are strongly interlinked.

Michio Takeshita
President and CEO

Q What is your assessment of fiscal 2010, the first year of Stage Up 2012?

A Results were better than we expected, driven by the booming economies of China and Asia.

Business conditions are rapidly changing as paradigm shifts occur throughout the environment in which the UBE Group operates. In these conditions, we posted generally satisfactory results in the first year of Stage Up 2012, which emphasizes speed and innovation.

Stronger market confidence, reflected in robust demand in China and other countries in Asia, which account for three-quarters of our overseas sales, contributed to earnings for the year. Our caprolactam (a polyamide raw material) and synthetic rubber businesses in particular increased profits.

In Japan, the effects of government measures such as Eco-Points and subsidies for eco-cars aided a steady economic recovery, although the trend was weak. However, in the Specialty Chemicals & Products segment, declining prices led to a lower-than-expected increase in earnings despite higher sales volume. Part of the reason for this was intense price competition in customer industries such as the automotive, IT and electronics industries.

Against this backdrop, we decided to withdraw from the aluminum wheel business in March 2011. Even though we recorded an extraordinary loss, we achieved results that were better than planned after liquidating a business that had been a concern. So in general, I am pleased with our performance for the year.

Q Please talk about the progress of Stage Up 2012.

A In the first year of the plan, we steadily advanced projects that were already under way in strategic growth businesses, and expect them to begin contributing in fiscal 2011 and beyond. We also made steady progress in global business development and business restructuring.

Most of the things we undertook in the first year of the plan were initiatives that were started during the previous plan.

Looking at examples in strategic growth businesses, in the fine chemical business we enhanced production facilities for the diol chain, notably 1,6-hexanediol in Thailand and polycarbonate diol in Spain. We moved ahead with construction and expansion of production facilities, including the fourth pharmaceutical production facility in the pharmaceutical business, the seventh separator facility and an electrolyte facility in the battery materials business, and a facility for artificial micro carbon (AMC), a nanocarbon material. So we expect to have a number of plants coming on line and businesses starting to contribute in fiscal 2011.

In global business development, growth in China and other newly industrialized countries in Asia is expanding markets not only for chemical products but also for machinery. Unlike in developed countries,

Mid-Term Management Plan Stage Up 2012 Numerical Targets (FY 2010 – FY 2012)

Management Results and Targets

		Fiscal 2009 Results	Fiscal 2010 Results	Target for Final Year of Stage Up 2012
Financial indicators	Net debt/equity ratio[1]	1.4 times	1.1 times	Under 1.0 times
	Equity ratio[2]	27.3%	28.3%	30.0% +
Profit indicators	Operating margin	5.0%	7.2%	7.5% +
	Return on total assets	4.4%	7.2%	7.5% +
	Return on equity[3]	4.7%	9.4%	12.0% +

Key Figures for Statements of Income and Balance Sheets

	Fiscal 2009 Results	Fiscal 2010 Results	Target for Final Year of Stage Up 2012
Net sales	¥549.5 billion	¥616.0 billion	¥670.0 billion +
Operating income	¥27.5 billion	¥44.3 billion	¥53.0 billion +
Business income[4]	¥29.3 billion	¥47.0 billion	¥55.0 billion +
Net debt	¥244.0 billion	¥211.0 billion	Under ¥220.0 billion
Equity capital[5]	¥178.8 billion	¥187.0 billion	¥225.0 billion +

Notes: 1. Net debt/equity ratio = Net debt (Interest-bearing debt – Cash and cash equivalents) / Equity capital
2. Equity ratio = Equity capital / Total assets
3. Return on equity = Net income / Average equity capital
4. Business income = Operating income + Interest and dividend income + Equity in earnings of unconsolidated subsidiaries and affiliated companies
5. Equity capital = Net assets – Share subscription rights – Minority interests

customers in newly industrialized countries need low-cost machinery that is also reliable. So we are developing, bringing to market and expanding sales of new models for these markets. As part of our measures to strengthen the Group's global position, we have opened local subsidiaries in Brazil and South Korea.

Meanwhile, the most significant event in improving our business structure, even when considering future earnings, was our decision to withdraw from the aluminum wheel business. The wheel requirements of automobile manufacturers have changed over the years, and the rising popularity of eco-cars has resulted in weakening demand for large-diameter wheels for luxury models, an UBE Group specialty. This trend, coupled with intensifying price competition with manufacturers in newly industrialized countries, led us to conclude that this business has little hope for growth in the future. Since we are obligated to fulfill orders for a certain period, we plan to continue production for just over one more year, but most of the losses from operating this business have already been recorded in fiscal 2010.

In other developments, our cement sales joint venture with Mitsubishi Materials Corporation was restructured. To align operations with the level of domestic demand, we reduced the number of cement tankers, consolidated cement distribution facilities and reduced headcount to an appropriate level.

Q Having been president for one year, what do you see as the UBE Group's strengths?

A The UBE Group's strengths are its broad technology platform, diverse customer channels and a corporate culture that makes the most of global human resources.

The content of the UBE Group's businesses has undergone major changes over 114 years of operation, but its business sectors have remained constant. One of our strengths is that during this time we have built a broad and diverse platform of technologies in conducting business in numerous sectors, including chemicals, plastics, specialty materials, building materials, machinery and energy. With this technology platform and our wide customer base, a keen sense of market trends has become a fundamental aspect of our company.

A second strength, one for which the UBE Group is well known, is that our strongly competitive core businesses in a wide range of sectors have made the UBE Group resistant to changes in the external environment.

Our third strength is in the area of human resources. We have prepared the management groundwork to make effective use of global, not just Japanese, human resources. We have large production bases in Thailand and Spain, both headed by local managers. This has given these companies more cohesion and stability, with a high employee retention rate. Our relationships with local governments and communities are positive, our information networks are strong, and the various measures we implement locally go smoothly. An issue as we go forward will be how to utilize global human resources not only in production and marketing but also in research and development and management.

Q How does the UBE Group intend to evolve over the medium-to-long term?

A We intend to become a corporate group with a unique mix of businesses that are strongly interlinked.

I don't think our business sectors will change that much. It is important for each business we operate in these sectors to be consistent with our portfolio. In other words, is the business related to our other businesses, and will it help to improve the value chain of existing businesses? For example, machinery and plastics may seem to have no apparent connection, but when we develop materials that make automobiles lighter, molding machinery comes into play as well as plastics. By using the strength of linkage between prospective and existing businesses as a key consideration, the UBE Group will grow businesses that only it can do. In existing businesses, we will continue cost-cutting and restructuring initiatives to make them more profitable. So, although our business sectors will not change, we want to be a corporate group that has some advantage in each business it pursues.

Q What are your management priorities for fiscal 2011 and beyond?

A We will focus on minimizing the impact of the Great East Japan Earthquake and on achieving greater speed and innovation.

In fiscal 2011, we will place top priority on minimizing the negative impact of the earthquake. The UBE Group itself incurred only minor damage from the disaster, but needs to make various accommodations for customers who were affected. The most important thing is to ensure that we meet our supply obligations by precluding any impact from the disaster on the UBE Group's supply chain. The unresolved problem at the Fukushima nuclear power plant has given rise to various uncertainties that must be addressed. For example, what kind of problems will occur in exports and other areas of distribution, and how should we respond? And in the recovery and reconstruction phase, how quickly can our businesses supply products, particularly construction materials? Power shortages are expected to continue at least through this summer, so minimizing the impact of the disaster and contributing to recovery and reconstruction through our businesses will be a key theme.

However, we do not intend to lower the targets of Stage Up 2012 because of the disaster.

Another major challenge for management that goes beyond fiscal 2011 is responding with a sense of urgency to the paradigm shift that is changing product needs and competitive relationships in step with the market shift to newly industrialized countries, primarily in Asia. That will require not just cost-cutting, but also constant technological innovation. This is exactly how we intend to achieve greater speed and innovation under Stage Up 2012.

Q What are your views on corporate governance and other aspects of CSR?

A UBE has a very sound governance system, and conducts unique activities to help prevent global warming and contribute to society.

I think we have established a well-balanced and functional governance system. We have brought in two directors, and two of the four corporate auditors, from outside the company. Three of them are registered as independent directors/corporate auditors. The Board of Directors conducts frank, open discussions from the perspective of what should be done to ensure UBE's sustained growth over the long term, and takes real pride in maintaining good governance. We also have a very sound internal control system operated mainly by corporate auditors. There are still various aspects that will evolve, but I believe our governance system is operating at a relatively high level compared to the average publicly traded company.

In CSR activities, the UBE Group has long taken the initiative to do what it can on its own to prevent global warming, including saving energy and utilizing new biomass fuels. As an energy measure for the future, we recently began purchasing palm kernel shells from Malaysia and Indonesia and have begun verification testing of co-firing with coal at thermal power plants. This is the first such initiative in Japan. We are also considering launching a business with another company to improve low-grade coal in Indonesia and other coal-producing countries, increase its calorific value and import it to Japan. These are unique activities made possible by the breadth of our technology platform.

The UBE Group has valued cooperation with local communities ever since its founding as a coal-mining operation. Today, we sponsor a variety of community activities, including charity concerts by the Japan Philharmonic Orchestra. We also created a foundation that has supported talented researchers for over half a century. Beginning this year, the Foundation is supporting a program to develop human resources in the chemical industry jointly sponsored by the Ministry of Economy, Trade and Industry and the Japan Chemical Industry Association, of which UBE is a founding member. Aimed at eliminating the mismatch between university and corporate research, the program provides scholarships to graduate students.

Outside Japan, we also actively conduct CSR programs in Thailand and Spain. We contribute to local communities and society through activities that incorporate the ideas of residents in each community. For example, we make donations to elementary schools and hold camps and other events for children.

Q What are your thoughts on shareholder returns, and what message do you have for UBE's shareholders and other stakeholders?

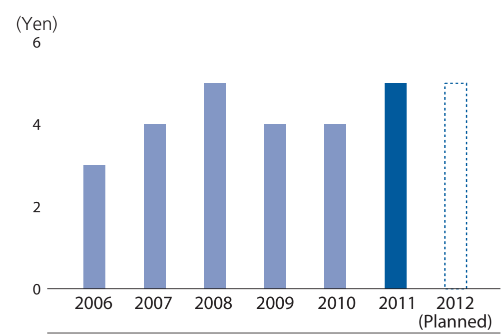
A We are committed to returning profits to shareholders based on stable dividends and steady dividend increases.

For shareholder returns, in the three years of Stage Up 2012, we have decided to aim for steady dividend increases, with a target payout ratio of 20 to 25 percent of consolidated net income. However, since the payout ratio has fluctuated at times in the past, stable dividends will be another priority in providing returns to shareholders.

As I said earlier, the UBE Group operates in a wide range of business sectors and has direct contact with many customers, so the UBE Group is able to obtain wide-ranging market and technological trend information from multiple perspectives. Our position allows us to aggregate this information and make objective decisions. We will use this advantage to build a strong corporate group through research and business development based on our portfolio.

Because we have many B2B businesses, I think that until now it has been hard to see from the outside what we do, what potential the UBE Group has, and where we are headed. Going forward, we will make further efforts to convey the right information accurately, quickly and openly to our stakeholders with the aim of receiving their continued support.

Cash Dividends per Share



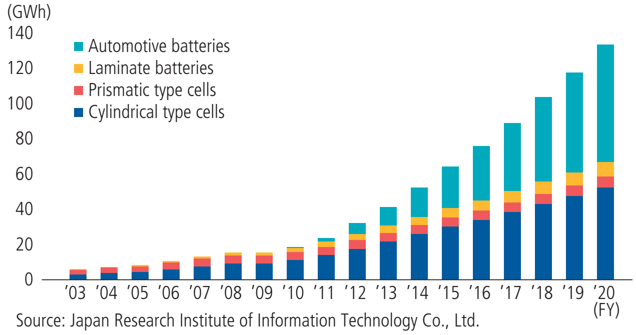
(Years ended/ending March 31)

Growth from Innovation

Initiatives in the Battery Materials Business

UBE is rapidly carrying out strategic expansion to meet demand in the fast-growing market for lithium-ion batteries, as applications broaden to vehicles and other products.

Forecasted Demand for Lithium-Ion Batteries by Application



Source: Japan Research Institute of Information Technology Co., Ltd.

Market Trends

The lithium-ion battery (LIB) market is growing at a rate of 10 percent or more annually. Demand is projected to grow at an increasing pace from 2012 as applications for these batteries expand from mobile phones and laptop computers to new environmental applications such as power sources for electric and hybrid vehicles and storage for photovoltaic power.

Of the four main components that make up LIBs, UBE has already established a solid position as a manufacturer of electrolytes and separators.

The Advantages of UBE's Electrolyte Business

UBE's functional electrolytes have maintained the top share in the LIB market since they were commercialized in 1997. We expect them to be used increasingly for electric and hybrid vehicles, where high capacity, long life, safety and low cost are paramount.

UBE's electrolytes have been used in small consumer electronic devices for more than 10 years. Over that time, they have earned an excellent reputation based on distinctive technology and quality. Our advantages in this business include advanced capabilities in developing and evaluating additives; a full lineup of additive variations for which we hold numerous intellectual property rights; in-house production of key raw materials; and the ability to deliver a stable supply of high-quality products. In particular, our additive development and evaluation capabilities enable us to take a clinical approach in which we can "prescribe" additives to match virtually any customer requirement. Working closely with customers in this way to reduce their development time has earned us a solid reputation.

Electrolytes

The Advantages of UBE's Separator Business

The separator business started in 1991 with the development of *UPORE*, a laminated microporous film. We developed this product by evolving our existing hollow fiber technology into a porosity (flat membrane) technology and optimizing a three-layer structure of polyethylene and polypropylene. Broadly speaking, separators are manufactured with either a wet method that uses a polymer and solvent followed by biaxial stretching, or a dry method involving uniaxial stretching that uses a polymer only. UBE is the only company in Japan, and one of only two in the world, that produces separators on a commercial scale using the dry method.

DEVELOPING INNOVATIVE TECHNOLOGIES TO ADDRESS EVOLVING NEEDS

In 1997, UBE became the first company in the world to commercialize electrolytes with functional properties made by combining a solvent with high-purity additives. This success was the fruition of a research and development project that was not attracting much attention at the time. Aimed at improving battery performance, the project involved using dimethyl carbonate, which UBE had commercialized with its proprietary technology in 1993. These electrolytes were highly rated in Japan and overseas. Now called functional electrolytes, they are used in batteries for mobile phones, personal computers and other devices, and are expected to be essential technology in electric vehicles (EVs) of the future.

UBE's battery separators are among the few in the world manufactured using a dry process. We are focusing on applications in large batteries such as those for EVs, taking advantage of a uniaxial stretching method with no transverse direction shrinkage. Going forward, we aim to win even more customers by applying a new technology that uses a coating of inorganic materials to improve heat resistance.

Koji Abe
General Manager of Advanced Energy Materials R&D Center

The dry method allows separators to be made in a simple and clean process, and is cost-competitive even in small-scale production.

UBE has been researching the Chinese market and vehicle applications from an early stage. We have compiled extensive data from this ongoing research. In addition, our dry manufacturing method is well-suited to applications for large batteries. These advantages are fueling customer expectations for our separators amid expanding demand for vehicle and other applications.


Separators

STRATEGIC EXPANSION UNDER STAGE UP 2012

Battery Materials Business Strategy

Electrolytes

- Maintain top market position in high-performance electrolytes for high-performance batteries
- Reduce costs to enter volume business in the emerging markets of developing nations
- Actively expand into electrolytes for LIBs used in vehicles

Separators

- Firmly maintain the position of de facto standard in the expanding Chinese market
- Capture rising demand and expand sales of LIB separators for vehicles
- Improve production technologies and enhance production by launching new production facilities

In the first year of Stage Up 2012, we expanded sales and development operations in Japan and overseas to prepare for rapid growth in demand in the LIB market.

Establishment of Advanced Battery Materials Business Unit

Until now, UBE's electrolyte and separator businesses have operated as separate organizations because they differed in their targets and strategic directions. To support our expansion into volume business, including vehicle applications, we consolidated these two businesses in February 2011 and established the new Advanced Battery Materials Business Unit with its own sales organization. We expect the integration to enable more efficient and effective sales activities by doubling the scope of customer industries and customer trust.

Establishment of Advanced Energy Materials Research and Development Center

In February 2011, UBE also integrated the development functions of the electrolyte and separator businesses to establish the Advanced Energy Materials Research and Development Center. Bringing engineers and work formerly conducted at separate development centers into the new center has created an integrated framework from the development and evaluation of materials with new functions to market development. As a result, we are able to respond to customer needs more precisely and expeditiously. The new center will strengthen development of advanced materials by exclusively developing energy materials for the entire UBE Group, including materials for next-generation batteries, solar batteries, fuel cells and other applications, in addition to LIBs.

Pursuit of Electrolyte Development in Spain

In response to rising demand in the LIB market in Europe and the United States, UBE has installed analysis and mixing equipment in the R&D center of Ube Chemical Europe S.A. in Spain. This strengthens our framework for development of electrolytes for large LIBs. Locating the new equipment close to customers enables us to rapidly assess and present samples. As shipping time and cost are concerns for electrolytes, which have a short shelf life, we are also considering producing electrolytes close to customers in the future.

Future Business Development

The market for LIBs is expected to take off as their use expands rapidly in new applications in addition to growing use for existing applications. Demand is rising for use not only in vehicles but also in storage batteries due to the recent earthquake in Japan. UBE will therefore expand its electrolyte business for vehicle and storage battery applications in multiple directions in Japan and overseas in any field where it can deploy its technologies and customers recognize the value of its products.

In the separator business, UBE established a joint venture with Hitachi Maxell, Ltd. in February 2011. The new company will develop and commercialize separator films that deliver improved safety by forming a coated film on the separator layers. While assessing market needs, UBE and Hitachi Maxell will craft a strategy for generating profits to be used for investments in more efficient production facilities for existing products.

Initiatives in the Synthetic Rubber Business

UBE is setting its sights on top global customers and the growing Asian market, and will increase its presence by focusing on specialty products made with its unique technology.

Market Trends

Among the applications of butadiene rubber (BR), automobile tires account for 70 to 80 percent, followed by modification of polystyrene and acrylonitrile butadiene styrene copolymer (ABS) resins used in consumer electronics and office automation equipment, and other products such as footwear. Driven in part by increasing automobile use, strong demand continues in the growing Asian market, particularly China, and is expected to expand further by an average of 5 to 6 percent annually.

Competition is increasing in the tire industry as manufacturers worldwide move to localize production, and Chinese companies are gaining strength. Likewise, competition is intensifying in the BR industry with the entry of BR manufacturers into the Chinese market, expansion of production capacity and other factors.

The Advantages of UBE's Synthetic Rubber Business

Despite being the last of Japan's top four manufacturers to enter the market, UBE's synthetic rubber business has built up development capabilities and production technology to supply products that meet customer needs with a high level of satisfaction. By deploying our original technologies, we have gained the support and trust of customers for the ease of use of not only our specialty rubbers but also general-purpose products, which have been designated as standard products by our customers. As a result of this and other factors, UBE has built a presence as the leading BR producer in Japan and number three in the world (among manufacturers engaged in outside sales).

Building a BR Boutique

With an extensive lineup of specialty rubbers – primarily vinyl cis rubber (VCR) and metallocene BR (MBR) – for customers' development of high-performance products, UBE has established a reputation as a "specialty rubber boutique." This is because of our business strategy: We do not handle other synthetic rubbers, but concentrate investment of resources in BR to add higher value to our products. Furthermore, we can meet all customer requirements with our technological capabilities, including proprietary production technology that allows full control over rubber properties.

Supply and Demand Balance

(Thousands of tonnes, except where otherwise noted)

		2010	2011	2012	2013	2014
World	Production capacity	3,032	3,434	3,549	3,564	3,564
	Capacity utilization rate (%)	85%	80%	83%	85%	85%
	Production volume	2,577	2,747	2,946	3,029	3,029
	Demand	2,694	2,887	3,080	3,233	3,346
	Supply shortfall	-117	-140	-134	-204	-317
Asia	Production capacity	1,568	1,840	1,955	1,970	1,970
	Capacity utilization rate (%)	85%	80%	83%	85%	85%
	Production volume	1,333	1,472	1,623	1,675	1,675
	Demand	1,441	1,536	1,636	1,724	1,798
	Supply shortfall	-108	-64	-13	-50	-124

Source: Worldwide Rubber Statistics (IISRP) and others

UBE Group Butadiene Rubber Production Capacity in 2015

Capacity expansion in Japan and China, and a new second plant in Thailand

(Thousands of tonnes)

		Current Capacity	Planned Capacity	Completion Date
Chiba, Japan	Phase I	67	67	
	Phase II	28	59	2012 & 2013
	Total	95	126	
THAI SYNTHETIC RUBBERS		72	122	2015
Nantong, China		50	72	2012
Total		217	320	Increase +103

UBE Group Butadiene Rubber Plant Capabilities in 2015

(Grades produced)

		Specialty Grades				General
		Vinyl Cis	Multimodal	Linear	Metallocene	Purpose
Chiba, Japan	Phase I	●	●	●		●
	Phase II	●		●	●	●
THAI SYNTHETIC RUBBERS		●		●		●
Nantong, China				●		●

Three Global Production Bases

Strengthening our production system to provide a stable supply in response to strong customer demand will be key. UBE supplies rubber from three bases, Japan, Thailand and China. We are expanding our production facilities in Japan and China while securing the necessary butadiene feedstock to meet customer requests for increased capacity.

Products utilizing butadiene rubber

STRATEGIC EXPANSION UNDER STAGE UP 2012

Synthetic Rubber Business Strategy

- Differentiate products and establish supply infrastructure to handle growing demand
- Ensure stable supply of butadiene feedstock
- Consider adding a fourth plant to supplement existing production in Japan, Thailand and China

We steadily executed our business strategy in the first year of Stage Up 2012.

Product Differentiation

In 2010, UBE became the first company in the world to commercially produce metallocene butadiene rubber (MBR), a butadiene rubber manufactured using a metallocene catalyst. When used as a modifier with polystyrene or ABS resins, MBR offers superior shock resistance compared with existing products. Reducing the amount of rubber additives used improves a wide range of physical properties, including formability and luster. We see strong growth potential for MBR, as market demand is high.

Establishment of Supply Infrastructure to Handle Growing Demand

To handle growing demand in Asia, UBE has begun expansions that will increase capacity of BR by 15,000 tonnes per year at the Chiba Petrochemical Factory and 22,000 tonnes per year at the plant in Nantong, China.

Ensuring a Stable Supply of Butadiene Feedstock

With strong demand for BR continuing, a shortage of butadiene, the main feedstock, is on the horizon. UBE is therefore looking to strengthen and form partnerships with butadiene producers that have supply capacity to ensure a stable supply of butadiene.

UBE will continue to develop its BR business by supplying its powerful lineup of original products to strong customers such as major global tire manufacturers and to strong markets in Asia, including China and India. To do so, we will strengthen our focus on specialty products such as our VCR lineup and ultra high cis BR in addition to MBR, and will add further production capacity to deliver the long-term stable supply our customers require.

FUTURE BUSINESS DEVELOPMENT

Unprecedented market growth driven by the rapid increase in automobile use in Asia presents an opportunity for UBE. On the other hand, tight supplies of butadiene feedstock are likely to continue, so we are looking to build strong partnerships with butadiene producers. With these partnerships, we plan to increase our supply capacity by building a fourth factory in addition to our current factories in Japan, Thailand and China. Now is the perfect time to expand our BR business, so we are making preparations. We are also working on the development of superior specialty rubbers to help conserve resources and energy, which is part of our mission as a BR boutique.

In addition to our business strategy, we will promote the *UBEPOL* brand to convey the same message from all our bases worldwide. In this way, we intend to make our synthetic rubber business truly global.

Norihide Matsuo
Head of Synthetic Rubber Business Unit
Chemicals & Plastics Company

UBE at a Glance

Business Overview

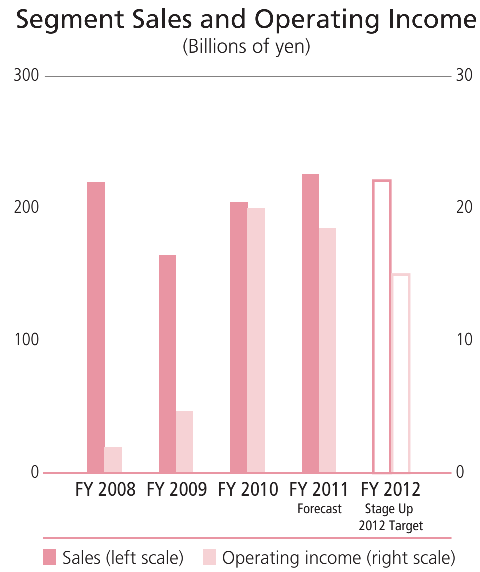
Segment	Share of Net Sales	Share of Operating Income	Share of Assets	Principal Products/Businesses
Chemicals & Plastics 	33%	45%	29%	● **Synthetic rubber** ● **Caprolactam chain** • Caprolactam • Polyamide resins • Industrial chemicals
Specialty Chemicals & Products 	11%	20%	13%	● **Specialty products** • Polyimide • Battery materials (Electrolytes and separators) • High purity chemicals • Separation membranes • Ceramics • Telecommunications devices • Aerospace materials ● **Fine chemicals**
Pharmaceutical 	1%	5%	1%	● **Pharmaceuticals** (Active ingredients, intermediates)
Cement & Construction Materials 	33%	18%	29%	● **Cement** ● **Resource recycling** ● **Building materials** (Self-leveling materials, plastering materials and waterproofing materials) ● **Limestone** ● **Ready-mixed concrete** ● **Calcia, magnesia** ● **Specialty inorganic materials**
Machinery & Metal Products 	14%	4%	9%	● **Machinery** • Molding machines (Die-casting machines and injection molding machines) • Industrial machinery, bridges and steel structures • Steelmaking products ● **Aluminum wheels**
Energy & Environment 	10%	9%	8%	● **Coal** ● **Power**

Note: Totals do not equal 100% because the Other segment has been omitted.

Market Trends	Fiscal 2010 Results
• Demand for caprolactam remained strong in fiscal 2010 and market prices rose. • In polyamide resins, UBE was able to pass on higher raw material prices as demand was solid. • Synthetic rubber continued to be in high demand for tires in Japan and globally, and for high-impact polystyrene (HIPS) and footwear in Asia, centered on China.	• Consolidated segment sales increased by 23.9 percent year-on-year to ¥204.5 billion, and operating income surged 321.7 percent to ¥20.0 billion. • In the caprolactam business, the spread continued to widen, reflecting favorable supply and demand conditions, which resulted in record spread. • A 50,000-ton polyamide 6 production facility in Thailand began operating in October 2010 and gradually ramped up production. • In the synthetic rubber business, UBE decided to expand production capacity at the Chiba Petrochemical Factory.
• Demand for polyimide film weakened with inventory adjustments in the third quarter of fiscal 2010, but later began to recover. • The market for battery materials continued to expand overall, driven by growth in the consumer lithium-ion battery (LIB) market and the launch of battery materials for vehicles. However, market prices fell due to intensifying competition that included the entry of new players. • Demand for fine chemicals remained strong and prices increased. • Demand for gas separation membranes turned upward, led by nitrogen gas separation membranes.	• Consolidated segment sales increased by 13.9 percent to ¥68.7 billion, and operating income increased by 164.6 percent to ¥8.7 billion. • UBE established a joint venture for coated separator films for LIBs. • UBE out-licensed technology to manufacture polyester feedstock from coal. • UBE decided to increase production capacity in Spain for polycarbonate diol to meet growing demand for use in eco-friendly paints and other applications. • Expansion of a silicon nitride powder production facility commenced in response to rising demand for applications such as solar batteries and LED phosphors.
• Sales of *Talion®* and *Calblock®*, products discovered by UBE, remained strong. • Sales of Prasugrel (Product name: *Effient®* in the United States and *Efient®* in Europe) increased gradually. • Contract manufacturing was impacted by intensifying price competition due to the strong yen.	• Consolidated segment sales decreased by 11.4 percent to ¥8.8 billion, and operating income decreased by 37.9 percent to ¥2.3 billion. • UBE established the Pharmaceutical Division to make pharmaceuticals the third cornerstone of the chemicals business. • UBE launched a combination drug containing *Calblock®*, which it discovered, and a product developed by another company. • In custom manufacturing, sales volume decreased due to the strong yen and the delay of the launch of a new drug manufactured under contract.
• Demand for cement in Japan declined year-on-year to 41.6 million tonnes in fiscal 2010, but showed signs of bottoming out. • Demand for calcia and magnesia for steelmaking was strong. • Demand for specialty inorganic materials rebounded with the recovery in the semiconductor, home appliance and automobile markets.	• Consolidated segment sales increased by 6.4 percent to ¥200.4 billion, and operating income increased by 31.1 percent to ¥8.0 billion. • In the cement business, production adjustments continued in the first half, but plants operated at full capacity in the second half.
• Orders for molding machines rebounded in newly industrialized countries, mainly in Asia, with the recovery of capital investment. • Industrial machinery demand was solid, primarily from the steel and electric power industries in Japan and overseas. • Demand for steelmaking products was weak in Japan and overseas, and price competition intensified overseas due to the strong yen.	• Consolidated segment sales increased by 2.1 percent to ¥83.4 billion, and operating income decreased by 60.5 percent to ¥1.7 billion. • UBE won orders for new types of molding machines introduced with a view toward global expansion. • In industrial machinery, shipments for a large-scale project were completed in fiscal 2009. • UBE decided to withdraw from the aluminum wheel business.
• Coal prices rose along with the global economic recovery. • Capacity rates recovered in manufacturing industries, and demand for coal for in-house power generation also recovered.	• Consolidated segment sales increased by 9.2 percent to ¥59.1 billion, and operating income decreased by 6.5 percent to ¥4.0 billion. • In the coal business, shipments of coal for sale and coal dealing volume increased with higher demand for electric power due to an exceptionally hot summer in addition to the economic recovery. • In the IPP business, the delay in passing on higher coal prices eroded profitability.

Chemicals & Plastics

We are expanding production facilities to meet rising demand in Asia, and upgrading production technology, including measures for higher added value and lower costs, to boost competitiveness in anticipation of structural market changes worldwide.



BASIC STRATEGIES OF STAGE UP 2012

Synthetic Rubber Business

- Expand the market for metallocene butadiene rubber (MBR), a new product.

Caprolactam Chain Business

- Designate the brisk Asian market as a priority target and meet demand with full production and product marketing. In particular, commence full-scale commercial operations to secure full operating levels for polyamide polymers at expanded production facilities in Thailand.
- Strive to maintain or enlarge the spread between selling prices and raw materials, supported by strong demand; expand the polyamide compound business and increase the ratio of specialized items in synthetic rubber to provide added value.
- Conduct feasibility studies on new production facilities for caprolactam and synthetic rubber as a measure in response to the Asian market, which will continue to grow.

Fiscal 2010 Results

Consolidated segment sales increased by 23.9 percent, or ¥39.4 billion, year-on-year to ¥204.5 billion, and operating income increased by 321.7 percent, or ¥15.2 billion, to ¥20.0 billion.

Shipments of caprolactam and industrial chemicals were strong, supported by robust demand. Shipments of polybutadiene (synthetic rubber) and polyamide resins were also solid. Market prices of many products increased, reflecting a favorable supply and demand environment, and the caprolactam spread (difference in prices of raw materials and finished products) in particular widened significantly compared with the previous fiscal year.

The new polyamide factory in Thailand

FISCAL 2010 INITIATIVES AND FISCAL 2011 STRATEGIES

Fiscal 2010 Initiatives	Fiscal 2011 Strategies
Overall ● Established UBE Latin America Serviços Ltda. as a market development base for Group products in Central and South America.	◆ Maintain and increase our presence by expanding production capacity to boost overall earnings. ◆ Focus on stable operation at production facilities and spread management.
Synthetic Rubber Business ● Prices rose with solid demand centered on tire applications in Japan and overseas. ● Decided to expand synthetic rubber production facilities at the Chiba Petrochemical Factory in response to growing demand in the Asia region.	◆ Expand production capacity for butadiene rubber (BR). ◆ Promote metallocene BR and other specialized items.
Caprolactam Business ● Firm demand for various applications, primarily in Asia, drove prices to record-high levels. ● Decided to expand caprolactam production in Thailand to strengthen the caprolactam chain.	◆ Study construction of new caprolactam production facility. ◆ Continue high-quality production and stable supply to maintain competitiveness in the market.
Polyamide Business ● Polyamide 6 demand for automobile and film applications was flat, while polyamide 12 demand was strong. ● A new polyamide 6 production facility in Thailand started commercial production in stages, and UBE also decided to expand polyamide compound production facilities.	◆ Work toward stable operation and stabilization of quality at the new polyamide 6 production facility in Thailand. ◆ In injection applications for polyamide 6, strengthen our response to the paradigm shift in the automobile industry. In extrusion applications, continue to expand sales in the film market based on UBE's established reputation.
Industrial Chemical Business ● Ammonia demand primarily for caprolactam was firm. ● The liquid ammonia business was on a recovery trend.	◆ Maintain stable earnings amid healthy demand for ammonia.

STRATEGIC FOCUS

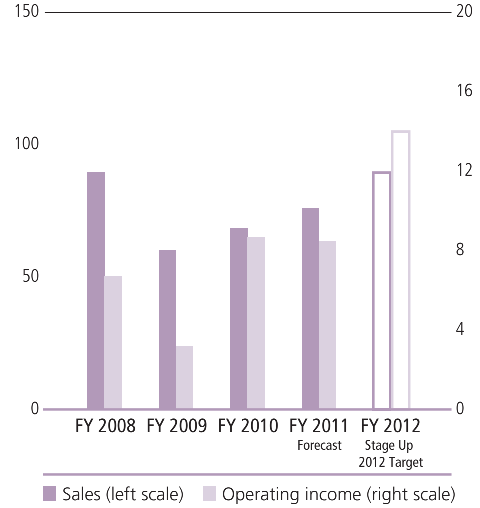
Caprolactam

Caprolactam, a core product of the UBE Group, is used as a raw material for polyamide fiber and polyamide resins. It is also widely used in finished products such as clothing, industrial materials, food packaging films and engineering plastics. With bases in Japan, Asia and Europe, the UBE Group ranks among the world's largest producers of caprolactam. Soaring demand in recent years in newly industrialized countries, mainly in Asia, is expected to continue, and the UBE Group plans to increase its production capacity by 25,000 tonnes through de-bottlenecking in fiscal 2011. Moreover, studies are under way for the construction of a new production facility with a capacity of 100,000 tonnes or more to be completed by fiscal 2015. We will continue to focus on increasing earnings in this business by expanding capacity to match demand while maintaining world-class product quality and competitiveness.

Specialty Chemicals & Products

In a rapidly changing market environment, we are focusing on building a global business strategy and maximizing profits. We will nurture businesses that will become future growth pillars by transforming existing businesses and products and carrying out new developments, with alliances a possibility.

Segment Sales and Operating Income
(Billions of yen)



BASIC STRATEGIES OF STAGE UP 2012

Battery Materials Business

- Maintain our competitive edge in electrolytes with differentiation through our unique patents, our ability to develop additives that meet leading-edge, diverse customer needs, and other means, and establish an infrastructure to prepare for growing demand for lithium-ion batteries (LIBs) for vehicles. For separators, expand production capacity and strengthen cost competitiveness to meet growing demand, and lead the market by promoting use in new vehicle LIBs.

Fine Chemicals Business

- Increase revenues from 1,6-hexanediol with the startup of a new plant in Thailand and by coordinating and optimizing global production and sales. Also, commercialize Heliotropin, an eco-friendly product, and launch the polyurethane dispersion (PUD) business.

Polyimide Business

- Expand sales of film for flat panel displays to chip-on-film (COF) applications in addition to tape-automated bonding (TAB), and work to boost demand in the flexible solar battery market, the automotive parts field and other areas.

Fiscal 2010 Results

Consolidated segment sales increased by 13.9 percent, or ¥8.4 billion, year-on-year to ¥68.7 billion, and operating income increased by 164.6 percent, or ¥5.4 billion, to ¥8.7 billion.

Shipments of separators for lithium-ion batteries, high-purity chemicals for LEDs and semiconductors, and ceramics were strong, while shipments of electrolytes for lithium-ion batteries and fine chemicals were generally firm. Shipments of polyimide products increased, particularly films for flat panel displays. Shipments of gas separation membranes turned upward and increased in comparison with the previous fiscal year.

The new diol factory in Thailand

FISCAL 2010 INITIATIVES AND FISCAL 2011 STRATEGIES

Polyimide Business

Fiscal 2010 Initiatives

- Inventory adjustments in film for flat panel displays (FPDs) took place in the third quarter, but later recovered.
- Expanded share for FPDs and developed new applications such as smartphones and tablet PCs.
- Consolidated and eliminated production facilities to improve competitiveness.

Fiscal 2011 Strategies

- ◆ Work to further increase share for circuit board applications, focusing on FPDs and smartphones.
- ◆ Promote growth in non-circuit board applications, including flexible solar batteries and flexible displays.

Battery Materials Business (Materials for Lithium-Ion Batteries)

Fiscal 2010 Initiatives

- Domestic demand for use in laptop computers was weak, but demand in China remained strong for use in consumer devices.
- Expanded sales and development operations.
- Established joint venture for coated separator films.

Fiscal 2011 Strategies

- ◆ Solid increase in demand for use in consumer electronics and automotive and power storage applications.
- ◆ Continue to strengthen sales, development and production in the battery materials business. Also reinforce overseas business operations.
- ◆ Sharpen focus on automotive and power storage applications.

Gas Separation Membrane Business

Fiscal 2010 Initiatives

- The market for nitrogen gas separation membranes and dehydration membranes turned upward, reflecting a recovery in capital investment.

Fiscal 2011 Strategies

- ◆ Expand sales of core nitrogen gas separation membranes and dehydration membranes.
- ◆ Focus on market development of environment-related products such as CO_2 gas separation membranes.

Fine Chemicals Business

Fiscal 2010 Initiatives

- Demand was generally strong, led by hydroquinone for superabsorbent polymer applications such as disposable diapers, and diol and polycarbonate diol for solventless paints and resins. Full production and sales for nearly all products.
- Provided stable supplies and improved pricing of products in tight supply, including diol and dihydric phenol products.
- Constructed and prepared for startup of diol factory in Thailand.
- Began licensing technology for manufacturing polyester feedstock from coal.
- Formed comprehensive alliance with Advanced Softmaterials Inc. to develop *Slide-Ring Material®*, a new polymer material.

Note: *Slide-Ring Material®* is a registered trademark of Advanced Softmaterials Inc.

Fiscal 2011 Strategies

- ◆ Maintain full production and sales to deliver a stable supply in response to brisk demand, particularly in Asia.
- ◆ Continue to improve pricing of products with tight supply-and-demand balance.
- ◆ Aim to expand PUD sales and increase capacity utilization.
- ◆ Start up diol factory in Thailand (start of commercial operation scheduled in May 2011).
- ◆ Work to expand market share prior to startup of second PCD production line in Spain.
- ◆ Commercialize new product AMC.
- ◆ Expand technology licensing business.

Semiconductor-Related Business

Fiscal 2010 Initiatives

- Demand for metal organic (MO) compounds expanded sharply due to rapid shift from LCD backlights to LEDs and growth of energy-efficient LED lighting. Demand for eco-friendly semiconductor encapsulation materials also increased.
- Decided to build a second factory in response to increase in MO compound demand.
- Decided to expand phenol resin production facilities (construction of fourth plant) at Meiwa Plastic Industries, Ltd. in response to increase in demand for semiconductor encapsulation materials.

Fiscal 2011 Strategies

- ◆ MO compound demand is likely to expand further as strong capital investment among high-luminosity white LED customers continues.
- ◆ Build second MO compound factory.
- ◆ Expand sales of eco-friendly encapsulation materials (green compound products) for electronic materials. Construct fourth plant at Meiwa Plastic Industries, Ltd.

FISCAL 2010 INITIATIVES AND FISCAL 2011 STRATEGIES

Fiscal 2010 Initiatives

Silicon Nitride Powder Business

- Demand for energy-saving, eco-friendly applications such as LEDs and solar batteries expanded.
- Decided to expand production facilities in response to increasing new demand for new applications such as solar batteries, in addition to bearings and other existing applications.

Fiscal 2011 Strategies

- ◆ Demand for solar battery applications is expanding rapidly.
- ◆ Expand production facilities.

A wide range of products use silicon nitride.

STRATEGIC FOCUS

Licensing of Technology for Using Coal to Manufacture Polyester Feedstock to Chinese Firm

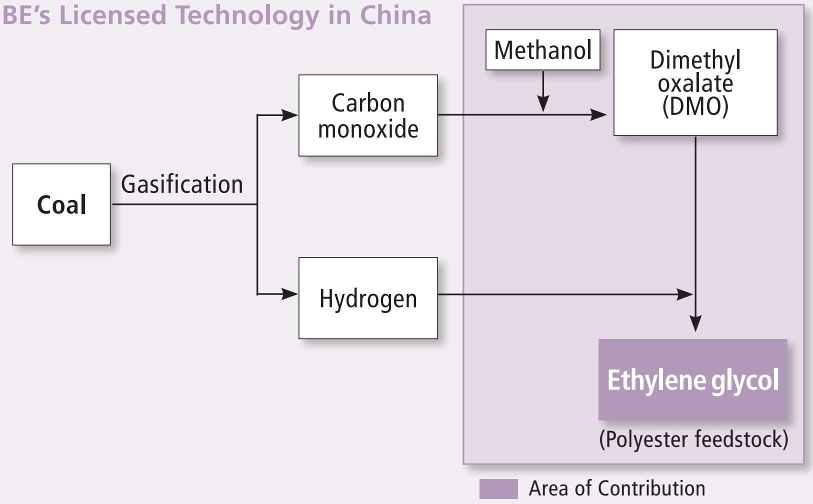
In newly industrialized countries, economic growth has led to a surge in demand for polyester fiber in clothing and other applications. UBE has begun licensing technology to use coal to manufacture ethylene glycol (MEG), a polyester feedstock, to a company in China. The first result of this will be the planned completion of a 300,000-ton MEG manufacturing facility in early 2013.

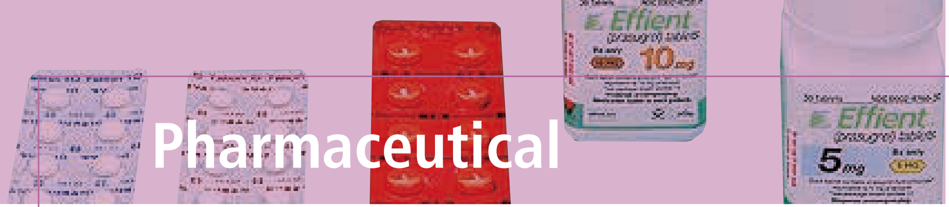
Previously, MEG could only be manufactured from chemicals such as ethylene derived from crude oil. UBE has a proprietary technology to manufacture MEG from feedstock obtained by coal gasification, and this licensing transaction is the world’s first practical application of that technology on a commercial scale. In the future, we anticipate licensing deals that will raise the scale of production to several million tonnes.

By using this technology for polyester feedstock, manufacturers will be able to move away from dependence on oil, the price of which is forecast to escalate as supply tightens. In addition, the technology is receiving acclaim in China because it enables the use of coal as a chemical feedstock rather than as a fuel, and for the clean production method that generates virtually no by-products or waste.

This technology also has potential applications in the manufacture of chemical products other than polyester feedstock, including lithium-ion battery materials and synthetic resin raw materials. We expect to develop it broadly in the future.

UBE’s Licensed Technology in China

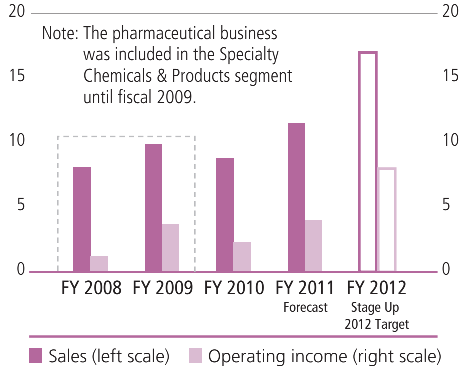




Pharmaceutical

We will keep our growth strategy for the drug discovery and co-development business and the contract manufacturing business on track by strengthening the foundation of the pharmaceutical business with initiatives such as structuring a new supply chain and enhancing the contract manufacturing business.

Segment Sales and Operating Income
(Billions of yen)



BASIC STRATEGIES OF STAGE UP 2012

Drug Discovery and Co-development Business

- UBE will expand its pipeline to develop new products to follow its three existing agents, and will strengthen collaboration with major pharmaceutical companies to further accelerate the pace of development. In addition, UBE will carry out life cycle management (LCM) of existing products and take measures to deal with the expected future entry of generics.

Contract Manufacturing Business

- Drawing on its extensive experience and track record in the development of industrialized processes and the manufacture of fine chemicals, the UBE Group manufactures APIs and intermediates for new drugs under contract for Japanese and international pharmaceutical companies. The Group will work to increase profits by expanding production capacity with a fourth pharmaceutical plant, now under construction, that is compliant with current Good Manufacturing Practice (cGMP), and by raising the level of Chemistry, Manufacturing and Controls (CMC).

Fiscal 2010 Results

Consolidated segment sales decreased by 11.4 percent, or ¥1.1 billion, year-on-year to ¥8.8 billion. Operating income decreased by 37.9 percent, or ¥1.4 billion, to ¥2.3 billion.

Shipments of active pharmaceutical ingredients (APIs) for antiallergy and antihypertensive agents increased, but shipments of other APIs and intermediates, primarily custom manufactured products, decreased.

Drugs discovered and co-developed by UBE

FISCAL 2010 INITIATIVES AND FISCAL 2011 STRATEGIES

Fiscal 2010 Initiatives	Fiscal 2011 Strategies
Drug Discovery and Co-development Business • UBE and Daiichi Sankyo Co., Ltd. launched the antihypertensive agent *Rezaltas*®, a combination drug containing UBE's product *Calblock*® and Daiichi Sankyo's *Olmetec*®. • Prasugrel, which UBE co-developed with Daiichi Sankyo, moved from Phase II to Phase III clinical trials in Japan.	◆ Sales volume of Prasugrel (product name: *Effient*® in the United States and *Efient*® in Europe) is expected to increase with steady increase in market presence. ◆ Strengthen API supply facilities with full-scale start of *Rezaltas*® sales.
Contract Manufacturing Business • Market trend: the strong yen reduced competitiveness, and competition with overseas contract pharmaceutical manufacturers intensified. • UBE strengthened relationships with contract pharmaceutical manufacturers in China and India.	◆ Win large new orders. ◆ Restructure the overseas supply chain, with a focus on raw materials.
Other (Involving the drug discovery and co-development business and the contract manufacturing business) • Construction of a fourth pharmaceutical plant began.	◆ Begin operation as planned in autumn 2011.

Note: *Effient*® and *Efient*® are registered trademarks of Eli Lilly and Company in the United States and Europe, respectively. *Calblock*®, *Olmetec*® and *Rezaltas*® are registered trademarks of Daiichi Sankyo Co., Ltd. *Talion*® is a registered trademark of Mitsubishi Tanabe Pharma Corporation.

STRATEGIC FOCUS

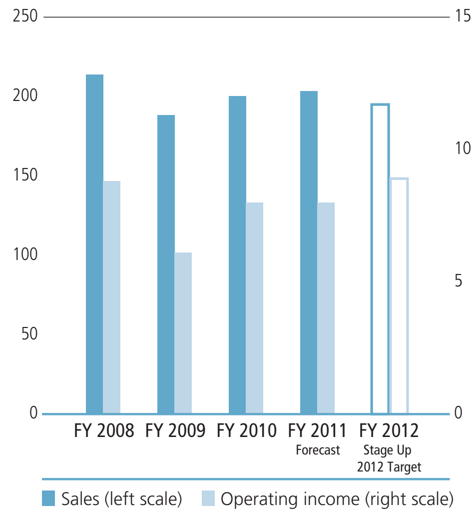
Construction of a Fourth Pharmaceutical Plant

UBE applies synthesis technologies honed over many years as a chemical manufacturer in its product business, which ranges from drug discovery and development to the production of APIs, and in the contract manufacturing business, which manufactures APIs and intermediates under contract based on technological strengths and reliability backed by the drug discovery and co-development business. UBE has begun construction of a fourth, cGMP-compliant, pharmaceutical plant to meet future expansion of demand for APIs and intermediates in these businesses. Trial operation will take place after the completion of API manufacturing facilities in July 2011, with commercial production slated to begin in November 2011.

Cement & Construction Materials

Segment Sales and Operating Income

(Billions of yen)



We are promoting unified management with Group companies and strengthening business operations to enable us to maximize earnings when the operating environment turns around.

BASIC STRATEGIES OF STAGE UP 2012

Cement and Ready-Mixed Concrete Business

- In the cement business, build an optimized production system that matches current business conditions.
- In the ready-mixed concrete business, promote structural reform of ready-mixed concrete toward thorough streamlining aimed at securing profits.

Resource Recycling Business

- Waste processing at cement kilns is an important source of profit, with demand for recycling in the cement production process already high and forecast to grow, and we will implement technical development and planned investment to further expand the business.

Calcia, Magnesia and Specialty Inorganic Materials Business

- Strengthen profitability of the business platform and display business potential with growth of new markets and new products.

Building Materials Business

- Develop new uses for materials other than self-leveling materials to expand the scale of business.

Fiscal 2010 Results

Consolidated segment sales increased by 6.4 percent, or ¥12.0 billion, year-on-year to ¥200.4 billion, and operating income increased by 31.1 percent, or ¥1.9 billion, to ¥8.0 billion.

Shipments of cement, ready-mixed concrete and building materials bottomed out with a pickup in apartment building and housing construction and corporate investment, but remained at a low level. In response, UBE took additional cost-cutting measures and expanded recycling of waste materials for use as raw materials. Shipments of calcia and magnesia were strong, driven mainly by steel-related demand.

A kiln at an UBE cement plant

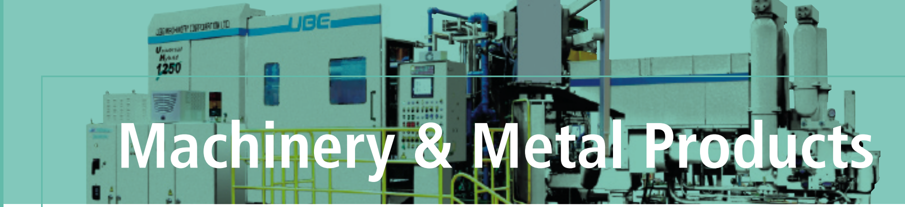
FISCAL 2010 INITIATIVES AND FISCAL 2011 STRATEGIES

Fiscal 2010 Initiatives	Fiscal 2011 Strategies
Cement and Ready-Mixed Concrete Business	
● Signs of a bottoming out of domestic demand for cement were seen in the second half, and export inquiries picked up. ● Created an optimal production and distribution structure aligned with demand and implemented measures to strengthen operations, including cost reductions.	◆ Flat domestic demand for cement is forecast in fiscal 2011, but export inquiries will be numerous. ◆ Establish marketing structure to respond to demand in reconstruction. ◆ Offset rising coal costs with price adjustments and cost-cutting measures.
Resource Recycling Business	
● Increased acceptance capacity for waste materials in response to a recovery trend in cement production. ● Raised the unit price for processing waste for use as raw materials due to hike in acceptance price and handling of urban waste ash.	◆ Raise prices of waste accepted for use as raw materials and increase collection of urban waste and waste plastic to expand waste disposal revenues.
Calcia and Magnesia Business	
● Steel-related demand was strong.	◆ Further expand operations of core platform businesses.
Specialty Inorganic Materials Business	
● Ube Material Industries, Ltd. developed a large-diameter MgO target with Nippon Tungsten Co., Ltd.	◆ Promote market development and product launches based on market needs.
Building Materials Business	
● Sales bottomed out with the pickup in apartment building and housing construction and in corporate investment. ● Strengthened development of other applications to counter the decline in sales of self-leveling materials.	◆ With expected recovery in housing starts (10% increase), capitalize on new construction demand and expand sales of products for the renovation market.

STRATEGIC FOCUS

DEPS Strategy of UBE Material Industries in the Specialty Inorganic Materials Business

The UBE Group is strengthening cooperation among its various specialty inorganic materials businesses to maximize synergy in ways such as speeding up development and expanding into new markets. Under this collaborative framework, UBE Material Industries, Ltd. specializes in the market areas of displays, energy, phosphor and semiconductors – or DEPS – and gathers accurate information on market needs. Reflecting this information in research and development to take an "in-market" approach to product development allows it to bring products to market faster. In addition to its existing magnesium- and calcium-based materials and *MOS-HIGE* (a resin filler), UBE Material Industries is focusing on research and development for the early market launch of products such as zinc oxide powder used in transparent electrodes of solar cells, strontium carbonate that enables reduction in the size of ceramic condensers, and a fluorescent material for next-generation white LEDs.



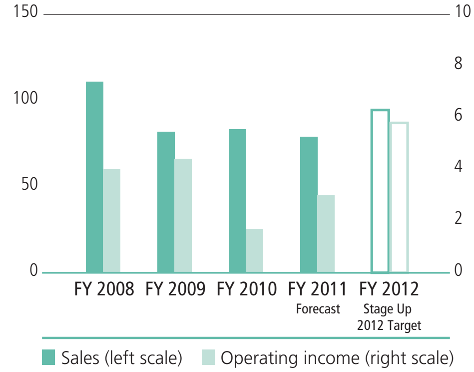
Machinery & Metal Products

We will generate stable earnings and cash flow by furthering the globalization of overseas bases and strengthening services with a focus on the growth markets of Asia and South America.

BASIC STRATEGIES OF STAGE UP 2012

- **Molding Machinery Business**
  Rebuild the business by expanding in newly industrialized economies and strengthening the service network.
- **Industrial Machinery Business**
  Strengthen overseas sales and procurement to maintain profitability.
- **Steel Products Business**
  Maintain profitability by expanding markets and customers.
- **Marine Machinery Business**
  Maintain and expand high-profit models and make unprofitable models into earners to secure a stable profit structure.

Segment Sales and Operating Income



Fiscal 2010 Results

Consolidated segment sales increased by 2.1 percent, or ¥1.6 billion, year-on-year to ¥83.4 billion, and operating income decreased by 60.5 percent, or ¥2.6 billion, to ¥1.7 billion from the previous fiscal year, when UBE benefited from shipments of highly profitable industrial machinery for a large-scale project.

In the machinery business, the recovery trend continued, although shipments of molding machines remained weak due to depressed capital investment in the automobile industry. However, shipments of industrial machinery decreased overall despite continued solid demand for vertical mills, conveyors and other equipment.

Orders, including those for steelmaking products, were also weak due to the strong yen and intense price competition with domestic and overseas manufacturers.

Given the radical changes in the automobile market, UBE decided to withdraw from the aluminum wheel business at the end of the fiscal year. In connection with this withdrawal, UBE recorded an extraordinary loss of ¥9.1 billion on a consolidated basis and ¥11.0 billion on a non-consolidated basis.

A vertical mill

FISCAL 2010 INITIATIVES AND FISCAL 2011 STRATEGIES

Fiscal 2010 Initiatives

Molding Machinery Business
- Shifted and posted sales staff to priority areas and introduced products according to customer needs to expand sales in newly industrialized economies.
- Strengthened service base functions to respond to increasing demand in Asia, centering on China, and moves to enhance automobile production overseas.

Industrial Machinery Business
- Strengthened overseas procurement system to enhance cost competitiveness.

Steel Products Business
- Maintained and strengthened relationships with existing customers and developed new markets and customers.
- Continued to raise productivity and cut costs.

Fiscal 2011 Strategies

Molding Machinery Business
- ◆ Expand sales of new machinery and broaden the product lineup.
- ◆ Upgrade and increase overseas bases to expand sales and services in newly industrialized countries.

Industrial Machinery Business
- ◆ Expand sales and services in newly industrialized countries and reduce costs by expanding overseas production and procurement.

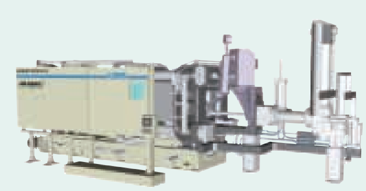
Steel Products Business
- ◆ Expand sales to newly industrialized economies, increase productivity, and continue to cut costs by reducing avoidable losses.

STRATEGIC FOCUS

New Large-scale Die-casting Machines

The UBE Group's UBE Machinery Corporation, Ltd. has developed and begun sales of UB-iV series large-scale die-casting machines. This new series was developed in response to the current expansion of overseas operations among customers, particularly in the automobile industry, and rapidly growing markets. Products in the series meet global standards with green and other new technologies and high performance delivered in an easy-to-use format.

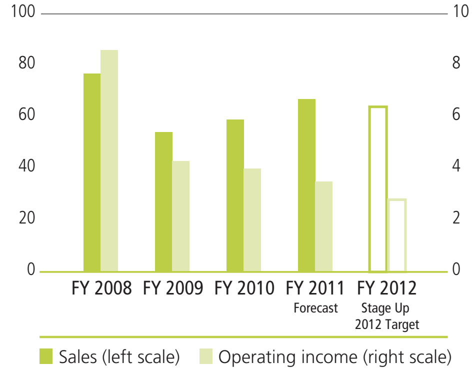
By introducing this new series and upgrading and increasing overseas bases to expand market share, the UBE Group aims to strengthen the foundation of the machinery business.



Energy & Environment

We will ensure a stable supply of competitively priced energy (coal and electric power) while addressing the transition to a low-carbon society with measures such as using palm kernel shells (PKS) and low-grade coal to build a strong business foundation for the future.

Segment Sales and Operating Income
(Billions of yen)



BASIC STRATEGIES OF STAGE UP 2012

Energy & Environment Business

- This business functions as a shared infrastructure division of the UBE Group, and works to ensure a stable, competitively priced supply of energy (coal and electricity) to Group companies. In addition, as one of UBE's core platform businesses, it is reinforcing its operations to generate steadier earnings and cash flow.
- Opposition to coal has been weakening for several years, and full operation of coal-fired power is expected in the near term, reflecting the impact of the accident at the Fukushima Daiichi nuclear power facility on new nuclear power facility plans. In the medium-to-long term, however, efforts to counter global warming will gain strength. Therefore, this segment will take proactive measures for the future, including establishment of a biomass fuel supply business.

Fiscal 2010 Results

Consolidated segment sales increased by 9.2 percent, or ¥4.9 billion, year-on-year to ¥59.1 billion, and operating income declined 6.5 percent, or ¥0.2 billion, to ¥4.0 billion.

Shipments of coal for sale were solid, primarily to chemical and paper manufacturers, which are key customers. Coal dealing volume at UBE's Okinoyama Coal Center (a coal storage facility), mainly to electric power companies also increased significantly. In the independent power producer (IPP) business, declining electric power prices eroded profitability.

The Okinoyama Coal Center

FISCAL 2010 INITIATIVES AND FISCAL 2011 STRATEGIES

Fiscal 2010 Initiatives

Coal Business

- Shipments of coal for sale increased with the recovery of factory operation in manufacturing industries. Coal dealing volume, primarily for electric power companies, increased significantly due to economic recovery and a hot summer.
- Expanded capacity with expansion of the Okinoyama Coal Center and reorganized storage for more efficient distribution.
- Worked to commercialize PKS fuel as a global warming countermeasure.

Electricity Business

- Power generation costs increased due to higher coal prices. However, economic recovery and a hot summer led to higher demand for electricity and increased selling prices of electric power to wholesale power exchanges.
- Began PKS pulverization and combustion verification testing.

Fiscal 2011 Strategies

◆ Respond attentively to the effects of the earthquake to meet customer needs and maintain trust.
◆ Work to maintain and expand coal dealing volume with full operation of coal-fired power plants of electric power companies due to the earthquake, develop new customers and other measures.
◆ Reduce costs through efficient operation of the Okinoyama Coal Center.
◆ Establish a supply system for PKS fuel.

◆ Aggressively use low-grade coal and biomass to contain rising costs.
◆ Maximize sales of surplus power.
◆ Address the global warming problem (with PKS).

STRATEGIC FOCUS

Palm Kernel Shell Co-Firing

As a measure to help prevent global warming, UBE has begun verification testing of co-firing palm kernel shells (PKS) with coal. PKS are difficult to pulverize, and therefore were thought to be unsuitable for co-firing in pulverized coal power generation. UBE developed a technology to make co-firing with coal possible by pulverizing PKS with a specialized mill or after mechanical or thermal processing. In addition, UBE has established a stockyard on its property for biomass fuels including PKS and in November 2010 began accepting PKS for verification testing in its own coal-fired power generation facilities. UBE will move ahead with these verification tests and establish the use of PKS and other biomass fuels, including for generating power for sale to outside users. Commercial-level private power generation with fluidized bed boilers has already begun.

Research and Development

In its R&D operations, the UBE Group is undertaking initiatives to discover and nurture the "seeds" that will lead to sustained growth, with the mission of creating next-generation businesses and building on its technology platform.

BASIC STRATEGIES OF STAGE UP 2012

- R&D costs over the three years will be ¥45.0 billion, of which two-thirds will be allocated to strategic growth businesses and developing businesses.
- Corporate R&D will focus on commercialization of optical materials and new eco-friendly materials identified as developing businesses. It will also conduct research in next-generation areas such as next-generation battery materials and new chemical core materials, with a focus on paradigm shifts.

Aerospace Materials

We will continue to develop the aerospace materials business, which requires a longer period from development to commercialization than other businesses. The UBE Group plans to steadily commercialize advanced materials that are expected to generate demand from the aerospace industry, and to build a framework for full-scale production. These materials include ultra heat-resistant polyimide foams, resins for composite materials, and *Tyrannohex*.

Optical Materials

Growth in demand for LEDs for lighting and display applications is projected to increase as people become more energy-conscious. To meet this demand, the UBE Group will work to quickly bring to market and commercialize its Melt Growth Composite (MGC) light conversion material and nitride phosphors for white LEDs, as well as blue light-emitting organic electroluminescent materials.

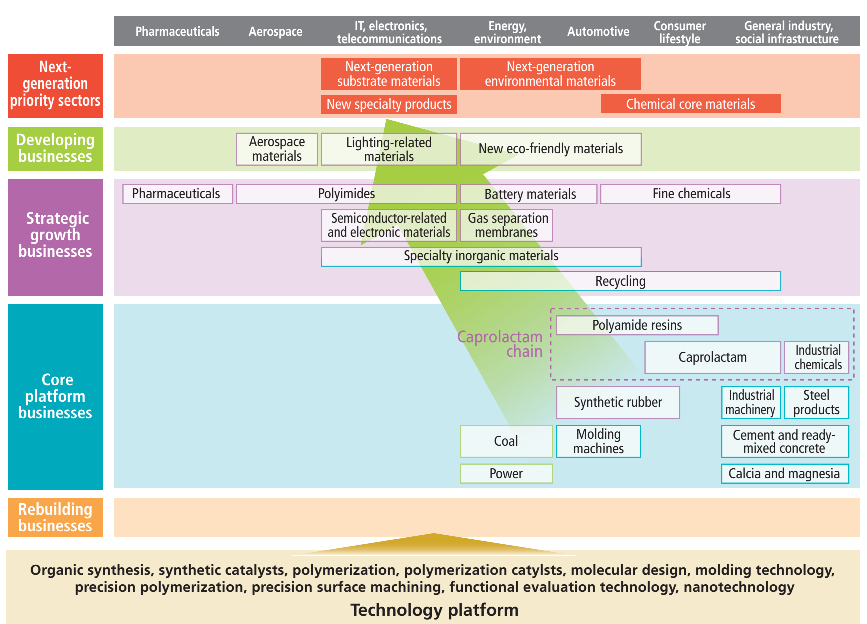
UBE's MGC light conversion material is a new fluorescent material for white LEDs that incorporates new functions in a specially manufactured ceramic single-crystal composite. With excellent durability and heat resistance and high light conversion efficiency, it has potential applications in high-luminosity LEDs, a market where growth is forecast.

UBE is also aiming to leverage its strength in manufacturing silicon nitride powder to develop nitride phosphors with higher performance.

New Eco-Friendly Materials

Products in this area include Heliotropin, a 100% synthetic fragrance that replaces fragrances derived from natural woods to prevent deforestation, and water-borne polyurethane dispersion (PUD) materials that provide an alternative to materials that emit volatile organic compounds (VOCs). The UBE Group will endeavor to rapidly launch mass production and expand commercial sales of these and other new eco-friendly fine chemicals. In addition, the UBE Group will develop and commercialize other eco-friendly

UBE Group Business Portfolio and Target Market/Technology Direction



materials such as the *Aqua Solution* water purification system, which uses photocatalytic fibers to provide outstanding organic decomposition and antibacterial performance, and proprietary materials for dye-sensitive solar cells offering excellent durability. *Heliofresh*, developed with UBE's original production process, received the 10th Green & Sustainable Chemistry (GSC) Award in recognition of its contribution to the environment.

Focus on Discoveries at External Research Institutes

In order to develop research themes more quickly and effectively, UBE has taken up open innovation. This includes strengthening relationships with universities and research organizations in Japan and overseas, and aiding discoveries by external organizations through technological intermediaries. In 2010, we reinforced the comprehensive cooperative partnership agreement we formed with local Yamaguchi University in 2004 as it moved into the second stage. The comprehensive partnership agreement we formed with Kyushu University in 2009 is also steadily yielding results. Further, we are leveraging our manufacturing and research bases in Thailand and Spain in preparation for joint research with several universities in those countries as a way to promote the globalization of research and personnel exchanges.

An Aggressive "Three-In-One" Intellectual Property Strategy

An intellectual property strategy is essential to fully mobilize our technology portfolio. UBE considers intellectual property a key asset supporting business operations, and works to create, protect and deploy strategic intellectual property using a "three-in-one" strategy that encompasses business divisions, research and development divisions and the Intellectual Property Department. Particularly for specialty materials, which are positioned as developing businesses and strategic growth businesses in our business portfolio, patent strategy can have a significant impact on the ability to expand and evolve a business. Therefore, we are focusing on acquiring strategic intellectual property linked with R&D and business strategies. We intend to obtain "offensive patents" that build a strong patent network to preclude the entry of competitors as we work to secure and maintain our competitive advantage. The Intellectual Property Department, which is directly controlled by the president of UBE, takes main charge of and pursues these strategies.

STRATEGIC FOCUS

UBE Wins 10th GSC Award for "Development of a New Process for Manufacturing an Eco-Friendly Fragrance"

The GSC Award is sponsored by the Green & Sustainable Chemistry Network (GSCN)*, and has been given since 2001 to individuals, groups or corporations that contribute to promoting GSC in Japan. GSC refers to chemical technologies that achieve benefits such as human and environmental health and safety or conservation of resources and energy by using technological innovation throughout the product life cycle.

UBE received this award for its development of *Heliofresh*, a marine fragrance that is widely used in perfumes, cosmetics, shampoos and other toiletry products.

Before *Heliofresh*, marine fragrances were produced from sassafras oil derived from sassafras trees. However, the supply of sassafras oil had become unstable because destructive logging was threatening these trees with extinction, and deforestation and the resulting flood damage had become serious problems.

To help curb deforestation while ensuring a stable supply of marine fragrance, UBE developed a new process for synthesizing the fragrance without the use of botanical components. Manufacturing *Heliofresh* with this process saves an estimated 500,000 endangered trees annually, and helps prevent deforestation and maintain biodiversity. For these reasons, UBE's new production process has been highly acclaimed for its contribution to creating a sustainable society.

UBE started commercial production of *Heliofresh* in 2004. Recognition of the product's high quality and cost competitiveness has resulted in a nearly 100% market share for this fragrance, with shipments to manufacturers around the world.

GSCN: A voluntary organization of 28 chemistry-related academic societies, groups and public research institutions established in March 2000 to effectively and aggressively promote GSC activities in Japan.

Corporate Social Responsibility

The UBE Group conducts initiatives for sustained growth, focusing on CSR activities in the areas of "Economy (Management)," "Environment" and "Social ties" in the spirit of "Living and prospering together with the local community" that UBE has adhered to since its founding. We are committed to further enhancing these activities to deepen the confidence of all stakeholders, including shareholders, capital markets, customers, business partners, employees, and local communities.

BASIC APPROACH TO CSR

The UBE Group has formulated the following basic policies for CSR in the areas of "Economy (Management)," "Environment" and "Social ties":

Basic CSR Policies

- Continually improve profits and earnings, and maintain a sound financial position, in order to increase corporate value.
- Provide products, services, and systems that contribute to safety and the environment, reduce use of harmful materials and wastes, and institute policies for prevention of global warming, in order to contribute to conservation of the global environment.
- Establish compliance procedures in order to improve corporate governance, and create a better working environment, as a part of activities to contribute to society.

CSR Promotion Framework

Important matters concerning the UBE Group's CSR activities are deliberated and decided by the Group CSR Committee. This committee is headed by the CEO and is made up of members of the Group Strategic Management Committee.

Measures to Promote CSR

Based on the idea that CSR is essentially management, UBE has created a CSR matrix that shows the CSR issues that UBE Group executives and employees should address for each group of stakeholders. The items in the CSR matrix are updated as necessary, and the priority CSR issues for the UBE Group are clearly defined each year.

In fiscal 2010, the UBE Group began round-table meetings between the President and foreman-level employees of factories and Group companies. The goal of these meetings is to foster a sense of unity in the UBE Group, and thus improve business performance, by reducing the perceived distance between upper management and employees in the field. We plan to continue holding these meetings year-round.

CORPORATE GOVERNANCE

UBE will continue to enhance corporate governance in ways such as working to raise management efficiency and transparency, accelerate decision making, clarify management responsibilities, and strengthen the supervisory function of management.

Corporate Governance System

(As of May 31, 2011)

UBE adopted an executive officer system with the aim of separating governance and management functions. This allows a system where executive officers can concentrate on executing duties, accelerating the decision-making process. In addition, the Board of Directors' role is clearly set as an organ for maximizing shareholder value from a medium-to-long-term perspective, as the representative of shareholders' concerns for returns. The Board of Directors also oversees the appropriateness and efficiency of execution of duties in order to heighten transparency, maximize shareholder value and minimize risk.

To allow greater flexibility in the activities of the Board of Directors, UBE has established the Nominating Committee and Evaluation/Compensation Committee as internal committees.

UBE also appoints two outside directors to add a third-party view in the decision-making process to ensure transparency and objectivity. To realize an agile reassignment of directors and executive officers and thoroughly instill an orientation toward results that raise short-, medium- and long-term performance for the UBE Group, the terms of office for directors and executive officers are one year.

UBE considers corporate governance at all times and will continue striving for improvements in the strength and speed of corporate management's execution functions, strategic decision-making functions and corporate governance functions.

Board of Directors

As the representative of shareholders' concerns for returns, the Board of Directors deliberates and makes resolutions regarding matters specified by law or regulation, the Company's articles of incorporation and the rules of the Board of Directors, as well as the Company's basic policy and important business execution issues from a medium-to-long-term perspective. The Board of Directors comprises seven members (two of whom are outside directors) and aims to accelerate decision making. An outside director serves as Chairman of the Board of Directors and the Board holds meetings as necessary (at least once every three months).

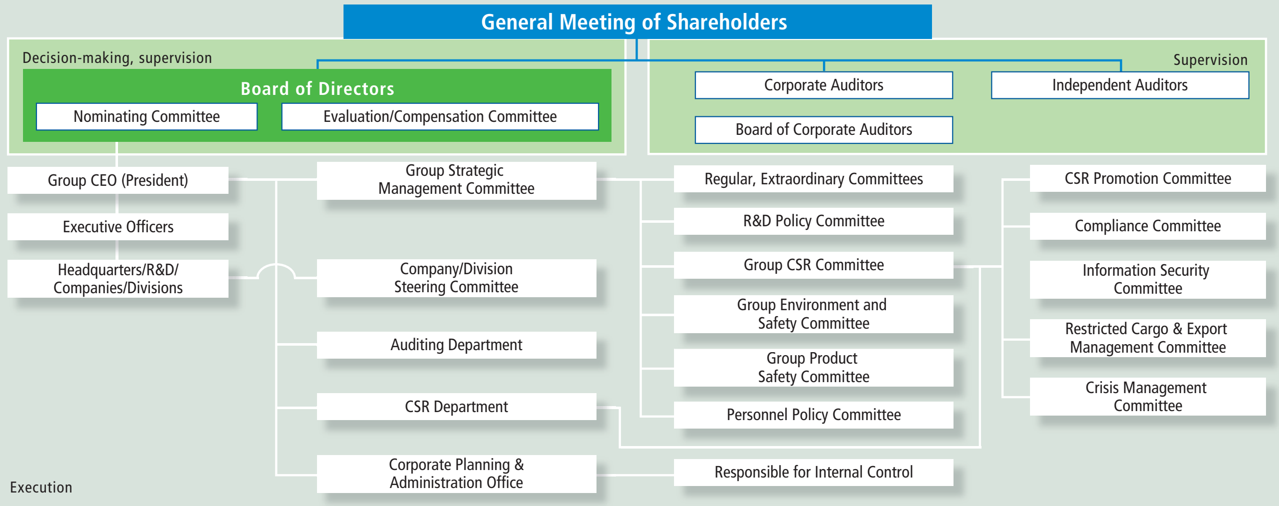
To allow greater flexibility in the activities of the Board of Directors, subsidiary committees responsible for director nomination, evaluation and remuneration have been established.

The Nominating Committee and the Evaluation/Compensation Committee, each comprising seven members, are both chaired by outside directors.

Board of Corporate Auditors

The Board of Corporate Auditors comprises four members (three of whom are full-time auditors), including two outside auditors. Auditors audit the Company's execution of duties from a stance independent of the Board of Directors.

Corporate Governance Structure



OPERATION OF GROUP MANAGEMENT AND COMPANY CONSOLIDATED MANAGEMENT

GROUP MANAGEMENT

The Group CEO (President), who is entrusted with the execution of the business operations of the UBE Group by the Board of Directors, articulates policy on business execution and sets the objectives for each company as well as allocating management resources such as personnel, goods and capital needed to attain those objectives. In addition, the resolution of important issues in the execution of business operations that exceed the authority of a single company falls to the Group CEO.

Group Strategic Management Committee

The Group Strategic Management Committee deliberates and makes decisions concerning allocation of resources, matters for which coordination is needed within the entire Group, and important issues that affect the Group overall. These decisions are made based on the Group Management Guidelines and the Group Strategic Management Committee Regulations.

COMPANY MANAGEMENT AND EXECUTION OF BUSINESS OPERATIONS

Companies effectively utilize the management resources allocated, based on a policy aligned with Group management, to execute business operations autonomously with the aim of attaining Company objectives.

Company/Division Steering Committee

The Company/Division Steering Committee deliberates and makes decisions concerning important issues including UBE Industries and Group company business strategy at the company or division level. These decisions are made based on the Group Management Guidelines and the Company/Division Steering Committee Regulations.

FUNCTIONS AND REASONS FOR APPOINTMENT OF OUTSIDE DIRECTORS (As of May 31, 2011)

Yoshiomi Matsumoto has various perspectives outside of the manufacturing industry, deep insight regarding overall management, and a wealth of experience. UBE judged him to be an appropriate appointment as a director because he could be expected to use his independent viewpoint to provide valuable opinions from a broad perspective and advice as an outside director. Currently serving as the Chairman of the Board of Directors, he is entrusted with enacting fair and appropriate operations of the Board as he strives to ensure a transparent and objective decision-making process and a more efficient internal control system.

Michitaka Motoda operated a think tank (he was the President & CEO of Mitsubishi UFJ Research and Consulting Co., Ltd. until June 2009), and based on this experience can provide valuable opinions and economic analysis from a macro-economic perspective. UBE judged him to be an appropriate appointment as a director because he could be expected to use his independent viewpoint to provide valuable opinions from a broad perspective and advice as an outside director.

The two outside directors attended all 14 of the Board of Directors meetings that were held in fiscal 2010, and provided constructive opinions at all meetings. They also attended all Nominating Committee and Evaluation/Compensation Committee meetings.

Compensation and Other Remuneration of Directors and Corporate Auditors, and Decision-Making Policy

UBE uses a performance-based system and a stock option system of compensation for directors. Compensation and bonuses in the performance based system are determined by quantifying both individual performance, through evaluation of individually set targets, and four performance-based indices throughout the entire UBE Group to evaluate year-on-year improvement in net income, operating income per employee, return on assets, and year-on-year improvement in free cash flow. The system also considers safety performance including occupational accidents.

In addition, a stock option compensation system was introduced in July 2006. Internal directors and executive officers are eligible for stock options, which are not granted to outside directors or corporate auditors in order to ensure their independence.

Compensation and other remuneration paid to directors and auditors in fiscal 2010 were as follows.

Numbers of Directors: 8	¥256 million
[Numbers of outside directors included in above: 2	¥24 million]
Numbers of Auditors: 4	¥86 million
[Numbers of outside auditors included in above: 2.	¥32 million]

Note: Compensation and other remuneration include the following:
1. Accrued bonuses for directors and auditors recorded as expenses during the year .... ¥35 million
2. Stock options for directors .... ¥24 million

Compensation and other remuneration for auditing paid to Ernst & Young ShinNihon LLC, the Company's independent auditors, in fiscal 2010 were as follows.

- Compensation and other remuneration for the year. . . . . .¥104 million
- Total compensation paid by the Company and its consolidated subsidiaries . . . .¥194 million

Auditing System

UBE's auditing system consists of four corporate auditors (including two outside auditors) and the Auditing Office (two members), who are the corporate auditors' staff. This organization conducts audits based on auditing policies and auditing plans set each fiscal year. To assess the process of important decision making and the state of business execution, the corporate auditors attend Board of Directors meetings and other important meetings, examine important accounting documents and receive reports on operations from directors and other officers. As a result of these and other activities, corporate auditors are able to evaluate whether directors and executive officers are executing their professional duties appropriately.

Corporate Auditors

Corporate auditors meet regularly with the independent auditor and hear of the independent auditor's audit plan and status of the audit. In addition, corporate auditors report on the status of Group company audits and regularly hold audit training and exchanges of opinion to enhance the quality of audits. Corporate auditors also regularly exchange information with the Auditing Department, and maintain a close relationship with the Auditing Department through, for example, assistance by department members for corporate auditors during audits, as needed.

Internal Audits

Internal audits are conducted by UBE's Audit Department, which reports directly to the President and CEO, and cover the entire UBE Group, including overseas subsidiaries. Aspects checked include internal controls and compliance with laws and manuals. The purpose of these audits is to identify potential risks affecting any facet of the UBE Group's management activities. The General Manager of the Audit Department is also a member of Groupwide risk management organizations, including the Compliance Committee and the Information Security Committee, and works closely with these committees to strengthen risk management systems.

Independent Directors

(As of May 31, 2011)

Revision of the Tokyo Stock Exchange's Securities Listing Regulations in December 2009 made it obligatory for listed companies to appoint an independent director who would work for the protection of general investors (Securities Listing Regulation 436-2). The independent director must be an outside director or outside auditor who has no conflict of interest with general investors. The independent director is expected to act in a manner that protects the earnings of general investors by considering their interests and expressing necessary opinions when the Board of Directors makes a decision on approval for the execution of duties. UBE has appointed outside directors Yoshiomi Matsumoto and Michitaka Motoda and outside auditor Kazuo Yamanaka as independent directors.

General Meeting of Shareholders and Exercise of Voting Rights

The Notice of Convocation is sent three weeks prior to the General Meeting of Shareholders. UBE uses mobile phone and Internet voting in addition to voting by mail so that shareholders who are unable to attend can exercise their voting rights. UBE also uses an electronic voting platform for institutional investors so that institutional investors with material voting rights may exercise those rights.

At the General Meeting of Shareholders on June 29, 2010, a total of 21,034 shareholders exercised their voting rights (including 19,819 shareholders who exercised voting rights in writing and via the Internet), representing 73.38% of total voting rights.

SYSTEM OF INTERNAL CONTROL OF FINANCIAL REPORTING

In response to the internal control reporting system under the Financial Instruments and Exchange Law, the UBE Group upgrades and operates internal control of financial reporting in accordance with the basic framework for internal control outlined in "On the Setting of the Standards and Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting (Council Opinions)" published by the Business Accounting Council. In addition, internal control of financial reporting of the UBE Group as of March 31, 2011 was determined to be effective as the result of an evaluation in compliance with generally accepted evaluation standards for internal control of financial reporting.

THOROUGH COMPLIANCE

The UBE Group has established Personal Action Guidelines for corporate ethics. These guidelines set the standards for and scope of its corporate activities, as well as the compliance practices to which its executives and employees must adhere.

For its compliance system, UBE has established the position of compliance officer and the Compliance Committee, which includes a consulting attorney, as an advisory body to this officer. In addition, UBE is working to upgrade and strengthen compliance structures and frameworks. Initiatives include the introduction of the "UBE C-Line," a notification channel that allows executives and employees to directly report compliance issues without going

Proposals for Resolution	For	Against	Abstained	Approval Rate
1. Disposition of Retained Earnings	717,931	786	0	97.9%
2. Election of Seven Directors				
Hiroaki Tamura	703,032	15,670	13	95.9%
Michio Takeshita	716,194	2,509	13	97.7%
Kazuhiko Okada	715,700	3,003	13	97.6%
Akinori Furukawa	715,708	2,995	13	97.6%
Makoto Umetsu	715,718	2,985	13	97.6%
Yoshiomi Matsumoto	653,257	65,427	13	89.1%
Michitaka Motoda	651,228	67,474	13	88.8%
3. Election of One Alternate Outside Auditor	717,172	1,535	13	97.8%
4. Payment of Bonuses to Directors and Corporate Auditors	705,791	12,917	13	96.3%

Instilling Compliance

For compliance to take root, it is important to make continuous small, steady efforts so that people are conscious of it at all times. Therefore, UBE is working to instill awareness through e-learning and compliance training. We also conduct compliance audits, use a CSR matrix and take other steps to assess the status of compliance and reflect the results in activities the following year.

Through these continuous efforts, we are now starting to realize improvements in terms of the level, routes and speed of information sharing.

To realize further improvements in fiscal 2010, we held compliance study sessions at all Group workplaces, increased e-learning from once to twice a year, and displayed posters with compliance slogans selected from employee submissions. We will continue to steadily carry out activities that ensure compliance is instilled and practiced throughout the UBE Group.

Akinori Furukawa
Executive Vice-President and
Representative Director
Group CCO

through the normal chain of command, for rapid detection and correction of problems. In addition, UBE provides compliance information on the Company website and focuses on education and raising awareness through programs such as e-learning and team coaching. In fiscal 2010, the Compliance Promotion Secretariat went to each Group workplace to hold compliance workshops. A total of 197 workshops were held, with 5,823 employees participating.

RISK MANAGEMENT AND CRISIS MANAGEMENT

The UBE Group identifies business risks in the relevant divisions of each of its businesses, assesses the probability and potential impact of those risks, and takes appropriate measures. For risk management issues that are common to all Group companies, UBE has established the Information Security Committee and the Restricted Cargo Export Management Committee in addition to the Compliance Committee. UBE also maintains and applies its Manual for Handling Emergencies.

In addition, UBE has established the Crisis Management Committee based on the Group Crisis Management Rules. This committee has employee safety measures and a business continuity plan in place to be implemented in the event of a general crisis that could seriously impact the UBE Group's business operations, such as a major earthquake or outbreak of a new strain of influenza.

ENVIRONMENTAL, SAFETY AND HEALTH-RELATED ACTIVITIES

The UBE Group conducts environmental, safety and health-related activities based on Responsible Care programs — voluntary initiatives within the Japanese chemical industry to preserve health, safety and the environment.

The UBE Group is actively implementing measures to acquire certification for its environmental management systems, quality management systems, and occupational safety and health management systems. All UBE operating sites have already acquired ISO certification for these three management systems.

UBE is also actively working through its business activities to address the following environmental issues in Stage Up 2012:

1. Lessen environmental burden by reducing emissions of greenhouse gases
2. Contribute to the environment through products and technologies

CONTRIBUTION TO SOCIETY

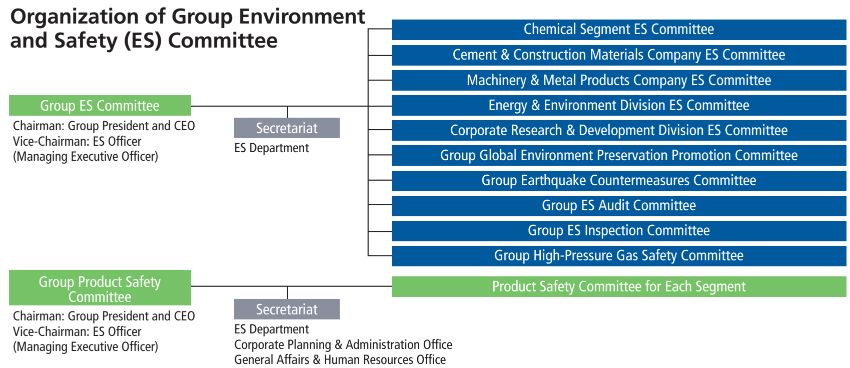
Since its founding in 1897, UBE has adhered to its corporate slogan "Living and prospering together with the local community," and has conducted a broad range of activities that contribute to society including the establishment of schools, hospitals and other community facilities. We carry this social spirit down to the present through volunteer activities including forest preservation, provision of medical services, subsidies to scientific institutes and facilities, and cultural activities. Both in Japan and overseas, UBE strives to invigorate local communities and academics through its various activities.

The UBE Foundation, established in 1959, promotes academic research in Japan and supports research facility visits and individuals pursuing academic research. In 2010, the Foundation began contributing to a program to develop human resources in the chemical industry sponsored by the Japan Chemical Industry Association, of which it is a founding member. The program is aimed at eliminating the mismatch between university and corporate research.

Since 2008, UBE has held the UBE Group Charity Concert by Japan Philharmonic Orchestra in Ube City with the objective of using music to contribute to the promotion of community culture. UBE donates revenue from the concerts to local junior high schools and music-related organizations.

For a detailed explanation of the UBE Group's CSR activities, see the UBE Group CSR Report:
http://www.ube-ind.co.jp/english/eco/csr_report.htm

Organization of Group Environment and Safety (ES) Committee



Management Team (As of June 29, 2011)

From left: Hideyuki Sugishita, Shoji Noguchi, Shinobu Watanabe, Michitaka Motoda, Tadashi Matsunami, Akinori Furukawa, Masayuki Kinouchi, Hiroaki Tamura, Makoto Umetsu, Michio Takeshita, Nobuyuki Taenaka, Yuzuru Yamamoto, Masato Izumihara, Eiichi Itoguchi

DIRECTORS

Chairman of the Board of Directors
Hiroaki Tamura

President and Representative Director
Michio Takeshita

Representative Director
Akinori Furukawa

Directors
Makoto Umetsu
Masato Izumihara
Michitaka Motoda*
Shoji Noguchi*

AUDITORS

Keisuke Fujioka
Setsuro Miyake
Takeshi Iwabuchi*
Hitoshi Sugio*

*Outside Director or Auditor

EXECUTIVE OFFICERS AND RESPONSIBILITIES

Chief Executive Officer
Michio Takeshita
Group CEO

Vice-President and Executive Officer
Akinori Furukawa
Special Assistant to the President and Group CCO, with responsibility for Group CSR, Ube Industries Central Hospital and General Affairs & Human Resources Office

Senior Managing Executive Officer
Yuzuru Yamamoto
Company President of Machinery & Metal Products Company

Managing Executive Officers
Charunya Phichitkul
General Manager of Asia Operational Unit, with responsibility for Thai Synthetic Rubbers Co., Ltd. and Ube Chemicals (Asia) Public Co., Ltd.

Makoto Umetsu
Responsible for Environment & Safety Dept., Pharma Quality Assurance Dept. and Intellectual Property Dept.

Hideyuki Sugishita
Company President of Chemicals & Plastics Company

Shinobu Watanabe
Company President of Specialty Chemicals & Products Company

Nobuyuki Taenaka
General Manager of Pharmaceutical Div.

Takanobu Kubota
General Manager of Procurement & Logistics Div., with responsibility for Logistics Efficiency Improvement Project and Ube Corporate Service Dept.

Tadashi Matsunami
Company President of Cement & Construction Materials Company and General Manager of Cement Dept.

Masayuki Kinouchi
General Manager of Corporate Research & Development

Executive Officers
Ryoji Sugise
Responsible for Pharmaceuticals Reliability Assurance Dept., Organic Chemistry Research Laboratory and Pharmaceuticals Research Laboratory, Corporate Research & Development

Tomoki Musumi
General Manager of General Affairs & Human Resources Office

Shinji Ohara
Technology Officer of Specialty Chemicals & Products Company

Jun Ueda
Managing Director of Ube-Mitsubishi Cement Corporation, Vice-President of Cement & Construction Materials Company

Eiichi Itoguchi
General Manager of Energy & Environment Div.

Masanori Hirai
General Manager of Production & Technology Div., and General Manager of Material Recycle Div., Cement & Construction Materials Company

Junichi Misumi
General Manager of Production & Technology Div.

Masato Izumihara
Group CFO, General Manager of Corporate Planning & Administration Office, with responsibility for Ube Group Shared Service Center

Tsuyoshi Sato
Responsible for Group Company Dept., Construction Materials Div. and Resources & Products Div., Cement & Construction Materials Company

Etsuo Matsunaga
General Manager of Production Center, Production & Technology Div. and General Manager of Ube Chemical Factory

Tokuhisa Okada
President and Representative Director of Ube Machinery Corporation Ltd. and General Manager of Machinery Div., Machinery & Metal Products Company

Masahiko Nojima
Business Operation Officer of Chemicals & Plastics Company and General Manager of Planning & Administration Dept.

CEO: Chief Executive Officer
CCO: Chief Compliance Officer
CFO: Chief Financial Officer
CSR: Corporate Social Responsibility

Consolidated Six-Year Financial Summary

Ube Industries, Ltd. and Consolidated Subsidiaries
For the years ended March 31

	Millions of yen					
	2011	2010	2009	2008	2007	2006
RESULTS OF OPERATIONS:						
Breakdown of net sales by reportable segment:						
Chemicals & Plastics	**¥204,516**	¥165,098	¥220,033	¥241,773	¥218,193	¥183,321
Specialty Chemicals & Products	**68,777**	60,374	89,785	95,034	90,197	89,797
Pharmaceutical*	**8,853**	9,994	—	—	—	—
Cement & Construction Materials	**200,470**	188,396	213,785	211,270	211,590	196,190
Machinery & Metal Products	**83,433**	81,750	111,042	121,271	115,219	103,296
Energy & Environment	**59,145**	54,155	76,864	58,164	39,697	39,823
Other	**26,852**	19,096	5,163	5,208	5,062	4,907
Adjustment	**(35,984)**	(29,307)	(31,969)	(28,436)	(24,350)	(21,943)
Net sales	**616,062**	549,556	684,703	704,284	655,608	595,391
Cost of sales	**494,046**	448,328	572,010	564,876	527,990	474,997
Selling, general and administrative expenses	**77,653**	73,633	81,530	83,508	80,756	78,225
Operating income	**44,363**	27,595	31,163	55,900	46,862	42,169
Income before income taxes and minority interests	**28,747**	15,592	13,510	40,890	36,003	26,634
Net income	**17,267**	8,217	11,664	24,031	22,013	16,006
FINANCIAL POSITION:						
Assets:						
Total current assets	**281,701**	261,587	277,553	297,893	286,991	268,559
Total property, plant and equipment, net	**313,945**	324,732	332,418	360,031	359,886	357,519
Total investments and other assets	**65,866**	68,474	68,015	62,974	67,994	74,359
Total assets	**661,512**	654,793	677,986	720,898	714,871	700,437
Liabilities and net assets:						
Total current liabilities	**249,701**	246,473	269,025	318,072	314,833	291,293
Total long-term liabilities	**200,362**	206,130	214,238	183,794	204,842	240,781
Minority interests	**24,048**	23,033	22,527	24,988	22,525	18,600
Total net assets	**211,449**	202,190	194,723	219,032	195,196	168,363
GENERAL:						
Per share data (yen):						
Net income, primary	**17.18**	8.17	11.59	23.88	21.88	16.83
Cash dividends applicable to the period	**5.00**	4.00	4.00	5.00	4.00	3.00
Net assets	**186.02**	177.88	170.92	192.72	171.49	148.71
Other data:						
Operating margin (%)	**7.2**	5.0	4.6	7.9	7.1	7.1
Return on assets (ROA)** (%)	**7.2**	4.4	4.8	8.2	7.0	6.4
Shares of common stock issued (thousand)	**1,009,165**	1,009,165	1,009,165	1,008,996	1,008,993	1,008,993
Number of consolidated subsidiaries	**66**	67	65	67	68	66
Number of shareholders with voting rights	**57,537**	59,232	60,202	56,834	63,322	71,626
Number of employees	**11,026**	11,108	11,264	11,058	10,833	10,673

* The pharmaceutical business was included in the Specialty Chemicals & Products segment until fiscal 2009.
** ROA = (Operating income + Interest and dividend income + Equity in earnings of unconsolidated subsidiaries and affiliated companies) / Average total assets

Financial Review

FINANCIAL STRATEGY

Stage Up 2012 — New Challenges, the UBE Group's mid-term management plan for the three-year period beginning in fiscal 2010, sets the following targets for fiscal 2015.

- Operating income: ¥70.0 billion or higher
- Operating margin: 8.0% or higher
- Return on assets: 8.0% or higher

The UBE Group has positioned Stage Up 2012 as an action plan for the next three years to realize these targets. The UBE Group aims to achieve the following numerical targets in the final fiscal year of Stage Up 2012 through its basic strategies to establish a platform for profitability that enables sustainable growth, achieve sustained improvement of financial position, and respond to and address global environmental issues.

Financial Indicators	• Net debt/equity ratio • Equity ratio	Below 1.0 times 30% or higher
Profit indicators	• Operating margin • Return on assets • Return on equity	7.5% or higher 7.5% or higher 12% or higher

In fiscal 2010, the UBE Group got off to a good start in the first year of the plan by substantially exceeding results in the previous fiscal year for all of these indicators.

SCOPE OF CONSOLIDATION

The UBE Group included 66 consolidated subsidiaries as of March 31, 2011, a net decrease of one subsidiary from a year earlier. Ube Chemicals (Asia) Public Co., Ltd. was newly established through merger of Thai Caprolactam Public Co., Ltd., and Ube Nylon Thailand Ltd. In addition, newly established subsidiaries Ube Maxell Co., Ltd. and Ube Korea Co., Ltd. were added to the scope of consolidation. Ube Kosan Maintenance Co., Ltd. and Ube Automotive North America, LLC were liquidated during fiscal 2010 and removed from the scope of consolidation.

OPERATING PERFORMANCE

Results for Fiscal 2010

In the UBE Group's operating environment during fiscal 2010, ended March 31, 2011, although economic growth in Asia decelerated somewhat from summer 2010, the economies of China and other Asian countries continued to expand. The economies of the United States and Europe also recovered despite persistently high unemployment rates. Due to these and other factors, the overall global economy was on a moderate recovery track.

The Japanese economy showed signs of recovery, with increased exports and improved corporate earnings. However, the business environment remained unpredictable because of continued deflationary conditions, persistently unfavorable employment conditions, and the impact of volatility in foreign currency exchange.

Under these conditions, the UBE Group worked to improve results to quickly achieve its management targets under the basic strategies of Stage Up 2012 — New Challenges.

As a result, the UBE Group's net sales increased by 12.1 percent, or ¥66.5 billion, compared with the previous fiscal year to ¥616.0 billion. Operating income increased 60.8 percent, or ¥16.7 billion, to ¥44.3 billion, and net income increased 110.1 percent, or ¥9.0 billion, to ¥17.2 billion.

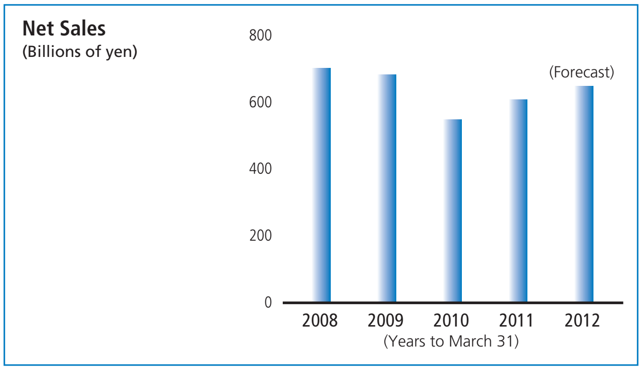
The impact of the Great East Japan Earthquake on results for fiscal 2010 was comparatively light.

OPERATING RESULTS

Net Sales

Net sales increased by 12.1 percent, or ¥66.5 billion, compared with the previous fiscal year to ¥616.0 billion. Substantial growth in sales in the caprolactam chain and the synthetic rubber business in the Chemicals & Plastics segment drove the increase in net sales.

In addition, overseas sales increased by 17.0 percent, or ¥25.8 billion, compared with the previous fiscal year to ¥177.5 billion. The ratio of overseas sales to net sales increased by 1.2 percentage points compared with the previous fiscal year to 28.8 percent.



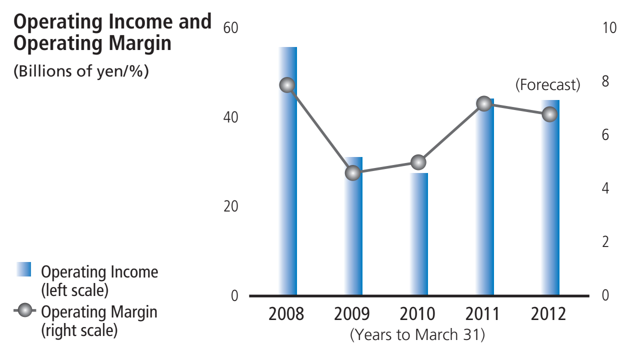
Cost of Sales and Selling, General and Administrative Expenses

Cost of sales increased by 10.2 percent, or ¥45.7 billion, compared with the previous fiscal year to ¥494.0 billion as a result of factors including the increase in net sales. However, the ratio of cost of sales to net sales decreased by 1.4 percentage points to 80.2 percent, due in part to higher selling prices for the main products of the Chemicals & Plastics segment. Selling, general and administrative (SG&A) expenses increased by 5.5 percent, or ¥4.0 billion, compared with the previous fiscal year to ¥77.6 billion, and the ratio of SG&A expenses to net sales decreased 0.8 percentage points to 12.6 percent.

Research and development costs, which are included in SG&A expenses, increased by 5.4 percent, or ¥0.7 billion, compared with the previous fiscal year to ¥13.7 billion. The ratio of research and development costs to net sales decreased by 0.2 percentage points to 2.2 percent.

Operating Income

Operating income increased by 60.8 percent, or ¥16.7 billion, compared with the previous fiscal year to ¥44.3 billion. The operating margin increased by 2.2 percentage points to 7.2 percent. Operating income increased in the Chemicals & Plastics segment because the spread between selling prices and the cost of raw materials widened significantly in the caprolactam chain and the synthetic rubber business, and sales volume increased. Operating income increased in the Specialty Chemicals & Products segment because of growth in income from specialty products, particularly polyimide and ceramics, and an increase in sales volume of fine chemical products. Operating income increased in the Cement & Construction Materials segment because of growth in income from building materials and quicklime at Ube Materials Industries, Ltd. Operating income decreased in the Pharmaceutical, Machinery & Metal Products, and Energy & Environment segments. Segment details follow below.



Other Income (Expenses)

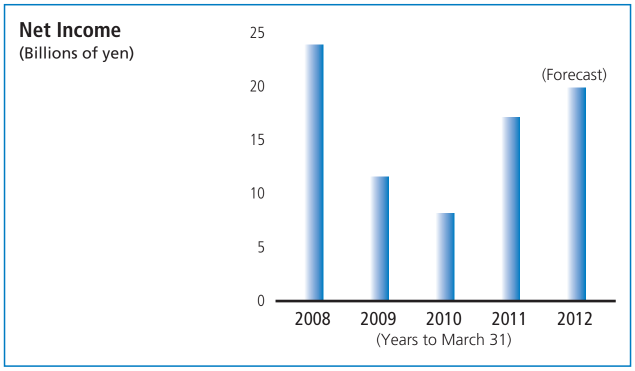
Net other expenses increased by ¥3.6 billion from the previous fiscal year to ¥15.6 billion. Net interest expense, calculated as interest and dividend income less interest expense, improved by 22.9 percent, or ¥1.0 billion, compared with the previous fiscal year to ¥3.7 billion. Others, net, which is disclosed in greater detail in note 13 to the consolidated financial statements, increased by 65.1 percent, or ¥5.3 billion, to a net expense of ¥13.6 billion. Loss on impairment of fixed assets increased substantially compared with the previous fiscal year, totaling ¥4.9 billion due mainly to the recognition of impairment for an aluminum automobile wheel manufacturing plant. Loss on business restructuring of ¥4.9 billion also increased substantially compared with the previous fiscal year, and was primarily related to the UBE Group's withdrawal from the aluminum wheel business. Loss on disposal of property, plant and equipment decreased substantially compared with the previous fiscal year. As a result, income before income taxes and minority interests increased by 84.4 percent, or ¥13.1 billion, compared with the previous fiscal year to ¥28.7 billion.

Net Income

The increase in income before income taxes and minority interests led to a ¥3.6 billion year-on-year increase in income taxes net of deferrals to ¥9.8 billion for the year ended March 31, 2011. After tax effect accounting, the effective tax rate for fiscal 2010 was 34.2 percent.

As a result, net income increased by 110.1 percent, or ¥9.0 billion, compared with the previous fiscal year to ¥17.2 billion. Net income per share totaled ¥17.18, compared with ¥8.17 for the previous fiscal year.

Return on equity, calculated as net income divided by average equity capital, increased by 4.7 percentage points compared with the previous fiscal year to 9.4 percent. Return on assets, calculated as the sum of operating income, interest and dividend income, and equity in earnings of unconsolidated subsidiaries and affiliated companies divided by average total assets (see page 35), increased by 2.8 percentage points to 7.2 percent.



PERFORMANCE BY SEGMENT

Change in Segment Presentation

Segment presentation has changed effective from fiscal 2010 to include the Pharmaceutical business, which was newly established in April 2010, as a discrete segment. In addition, figures for the previous fiscal year have been restated to conform to the new segment presentation.

Chemicals & Plastics

(Billions of yen)

Year to March 31	2011	2010	Change (%)
Sales	**¥204.5**	¥165.0	23.9
Operating income	**20.0**	4.7	321.7
Assets	**189.2**	178.5	6.0
Depreciation and amortization	**8.9**	8.9	(0.1)
Capital expenditures	**9.1**	7.6	20.2

Shipments of caprolactam and industrial chemicals were strong, and shipments of polybutadiene rubber (synthetic rubber) and polyamide resins were steady because of booming demand. In addition, the UBE Group increased selling prices for many products in response to favorable supply and demand conditions. In particular, the spread between selling prices and the cost of raw materials for caprolactam increased substantially compared to the previous year.

As a result, consolidated segment sales increased by 23.9 percent, or ¥39.4 billion, compared with the previous year to ¥204.5 billion, and operating income increased by 321.7 percent, or ¥15.2 billion, to ¥20.0 billion.

Specialty Chemicals & Products

(Billions of yen)

Year to March 31	2011	2010	Change (%)
Sales	**¥ 68.7**	¥ 60.3	13.9
Operating income	**8.7**	3.2	164.6
Assets	**83.2**	78.7	5.8
Depreciation and amortization	**5.3**	5.4	(2.7)
Capital expenditures	**7.9**	7.6	4.2

Shipments of separators for lithium-ion batteries, high-purity chemicals for LEDs and semiconductors, ceramic products and fine chemical products were strong, while shipments of electrolytes for lithium-ion batteries were steady. Shipments of polyimide products increased year-on-year, especially shipments of films used in flat-panel displays. Shipments of gas separation membranes recovered, also increasing year-on-year.

As a result, consolidated segment sales increased by 13.9 percent, or ¥8.4 billion, year-on-year to ¥68.7 billion, and operating income increased 164.6 percent, or ¥5.4 billion, year-on-year to ¥8.7 billion.

Pharmaceutical

(Billions of yen)

Year to March 31	2011	2010	Change (%)
Sales	**¥8.8**	¥9.9	(11.4)
Operating income	**2.3**	3.7	(37.9)
Assets	**9.2**	8.9	2.7
Depreciation and amortization	**0.4**	0.4	1.4
Capital expenditures	**0.5**	0.1	363.3

Shipments of active pharmaceutical ingredients (API) for antiallergy drugs and antihypertensive drugs increased, but shipments of other intermediates and APIs, primarily for products manufactured under contract, decreased year-on-year.

As a result, consolidated segment sales decreased by 11.4 percent, or ¥1.1 billion, year-on-year to ¥8.8 billion, and operating income decreased 37.9 percent, or ¥1.4 billion, year-on-year to ¥2.3 billion.

Cement & Construction Materials

(Billions of yen)

Year to March 31	2011	2010	Change (%)
Sales	**¥200.4**	¥188.3	6.4
Operating income	**8.0**	6.1	31.1
Assets	**194.5**	190.7	2.0
Depreciation and amortization	**9.4**	9.7	(2.8)
Capital expenditures	**8.5**	5.1	66.7

An upturn in condominium and housing construction and increased corporate capital investment arrested the decline in shipments of cement, ready-mixed concrete and building materials, which nonetheless remained at a low level. The UBE Group responded to these conditions by further reducing costs and expanding the types of waste it recycles for use as raw materials and fuel. Shipments of calcia and magnesia products were strong, especially to the iron and steel industry.

As a result, consolidated segment sales increased by 6.4 percent, or ¥12.0 billion, year-on-year to ¥200.4 billion, and operating income increased 31.1 percent, or ¥1.9 billion, year-on-year to ¥8.0 billion.

Machinery & Metal Products

(Billions of yen)

Year to March 31	2011	2010	Change (%)
Sales	**¥83.4**	¥81.7	2.1
Operating income	**1.7**	4.4	(60.5)
Assets	**60.7**	72.2	(15.9)
Depreciation and amortization	**2.7**	2.6	2.1
Capital expenditures	**3.0**	2.0	45.9

In the machinery business, shipments of molding machines mainly to the automobile industry trended upward but remained at a low level. Overall shipments of industrial machines decreased, although shipments of vertical mills and conveyers remained solid. The order environment for all products including those for the steel industry was challenging due to the appreciation of the yen and intensifying price competition with overseas and domestic manufacturers.

Shipments were flat year-on-year in the aluminum wheel business, which continued to incur losses.

As a result, consolidated segment sales increased by 2.1 percent, or ¥1.6 billion, year-on-year to ¥83.4 billion. Absent shipments associated with a large-scale, highly profitable order for industrial machines in the previous fiscal year, operating income decreased by 60.5 percent, or ¥2.6 billion, year-on-year to ¥1.7 billion.

The UBE Group decided to withdraw from the aluminum wheel business as of March 31, 2011 because of the volatile environment in the automotive market, consequently recognizing nonrecurring charges to income for fiscal 2010 totaling ¥9.1 billion on a consolidated basis and ¥11.0 billion on an unconsolidated basis.

Energy & Environment

(Billions of yen)

Year to March 31	2011	2010	Change (%)
Sales	**¥59.1**	¥54.1	9.2
Operating income	**4.0**	4.3	(6.5)
Assets	**49.8**	48.6	2.5
Depreciation and amortization	**2.8**	2.7	2.0
Capital expenditures	**1.8**	0.7	135.2

Shipments of coal for sale were solid because of steady demand from main customers such as the chemical and paper-manufacturing industries, and coal dealing volume at UBE's Okinoyama Coal Center (a coal storage facility) were strong, especially to electric power companies. The profitability of the independent power producer business decreased due in part to fluctuations in selling prices for electric power.

As a result, consolidated segment sales increased by 9.2 percent, or ¥4.9 billion, year-on-year to ¥59.1 billion, and operating income decreased by 6.5 percent, or ¥0.2 billion, year-on-year to ¥4.0 billion.

Other

Consolidated segment sales increased by 40.6 percent, or ¥7.7 billion, year-on-year to ¥26.8 billion because of higher sales at overseas sales subsidiaries, and segment operating income increased 13.2 percent, or ¥0.1 billion, year-on-year to ¥1.1 billion.

FINANCIAL POSITION

Cash Flow

Net cash provided by operating activities increased by ¥6.9 billion compared with the previous fiscal year to ¥67.0 billion. Income before income taxes and minority interests increased by ¥13.1 billion to ¥28.7 billion. Depreciation and amortization, a non-cash item, totaled ¥33.1 billion. Net change in working capital, the sum of changes in receivables, inventories and payables, contributed ¥3.4 billion to cash flow.

Net cash used in investing activities totaled ¥28.6 billion. Factors included acquisition of property, plant and equipment totaling ¥29.7 billion, which included outlays for a diol plant at Ube Fine Chemicals (Asia) Co., Ltd.

Net cash used in financing activities decreased ¥7.1 billion compared with the previous fiscal year to ¥25.0 billion. Net increase in commercial paper provided cash totaling ¥3.0 billion, and proceeds from long-term borrowings provided cash totaling ¥21.6 billion. Repayments of long-term borrowings used cash totaling ¥31.0 billion, and net decrease in short-term loans payable used cash totaling ¥12.8 billion. In addition, cash dividend paid used cash totaling ¥4.0 billion.

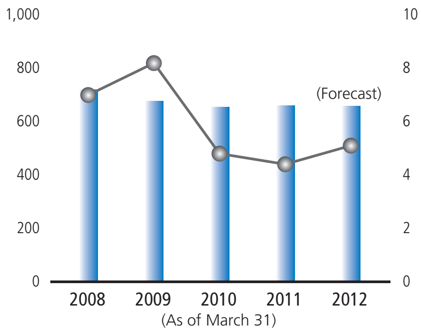
As a result, cash and cash equivalents at the end of the year increased by ¥12.2 billion compared with the previous fiscal year-end to ¥49.5 billion.

Assets, Liabilities and Net Assets

Total assets at March 31, 2011 increased by 1.0 percent, or ¥6.7 billion, from a year earlier to ¥661.5 billion. Current assets increased by 7.7 percent, or ¥20.1 billion, from a year earlier to ¥281.7 billion. Primary factors included the increase in cash and cash equivalents, an increase of ¥1.3 billion in trade notes and accounts receivable, and an increase of ¥3.5 billion in inventories. The inventory turnover ratio increased to 6.9 times from 5.5 times for the previous fiscal year.

Property, plant and equipment decreased by 3.3 percent, or ¥10.7 billion, from a year earlier to ¥313.9 billion. Investments and other assets decreased by 3.8 percent, or ¥2.6 billion, from a year earlier to ¥65.8 billion.

Total Assets & ROA*
(Billions of yen/%)



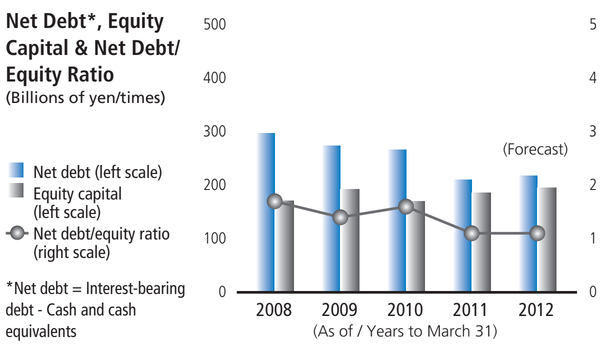
*ROA = (Operating income + Interest and dividend income + Equity in earnings of unconsolidated subsidiaries and affiliated companies) / Average total assets

Total liabilities at March 31, 2011 decreased by 0.6 percent, or ¥2.5 billion, from a year earlier to ¥450.0 billion. Current liabilities increased ¥3.2 billion from a year earlier to ¥249.7 billion. Trade notes and accounts payable increased by ¥10.1 billion, while short-term loans payable decreased by ¥13.3 billion and the current portion of long-term debt decreased by ¥1.8 billion. The current ratio was 112.8 percent, compared to 106.1 percent a year earlier.

Long-term liabilities decreased by 2.8 percent, or ¥5.7 billion, from a year earlier to ¥200.3 billion. The principal factor was an ¥8.9 billion decrease in long-term debt less current portion. Interest-bearing debt, defined as short-term loans payable, commercial paper, the current portion of long-term debt, long-term debt less current portion, and lease obligations totaling ¥1.5 billion included in other current and long-term liabilities, decreased by ¥20.7 billion from a year earlier to ¥260.5 billion.

Total net assets at March 31, 2011 increased by 4.6 percent, or ¥9.2 billion, from a year earlier to ¥211.4 billion. Retained earnings increased by ¥13.2 billion, while foreign currency translation adjustments reduced net assets by ¥4.7 billion more than a year earlier. The ratio of equity capital to total assets, or the equity ratio, increased 1.0 percentage points from a year earlier to 28.3 percent. The net debt/equity ratio was 1.1 times, compared to 1.4 times a year earlier. Net assets per share increased to ¥186.02 from ¥177.88 a year earlier.

Net Debt*, Equity Capital & Net Debt/ Equity Ratio
(Billions of yen/times)



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

BASIC POLICY FOR DISTRIBUTION OF EARNINGS AND DIVIDENDS FOR FISCAL 2010

The UBE Group recognizes that paying dividends to shareholders is a primary responsibility and it is a fundamental policy of the UBE Group to pay dividends at a level commensurate with the UBE Group's performance and earnings. Concurrently, the UBE Group also places priority on securing earnings for shareholders over the medium term to long term by improving its financial structure and maintaining the internal reserves required for future business expansion. The UBE Group takes all of these issues into consideration when determining dividends.

In the Stage Up 2012 mid-term management plan, UBE set the goal of paying 20 to 25 percent of consolidated net income in cash dividends. In line with this policy, cash dividends per share totaled ¥5.00 for fiscal 2010, for a consolidated payout ratio of 29.1 percent. UBE plans to pay cash dividends of ¥5.00 per share for fiscal 2011, and has the goal of increasing dividends as a result of improving performance.

PERFORMANCE FORECAST FOR FISCAL 2011

The global economy is forecast to recover, with growth in newly industrialized economies and ongoing improvement in economic conditions in developed countries. Although a moderate recovery is expected in the Japanese economy, including increased exports and improved corporate earnings, the Great East Japan Earthquake and the related nuclear accident have created concerns about extended electricity supply constraints, delays in the restoration of supply chains and disruptions in logistics. Other sources of uncertainty include raw material and fuel prices and exchange rates. The UBE Group therefore expects its operating environment to remain challenging and difficult to predict. Given present economic conditions, the UBE Group has made the following performance forecast for fiscal 2011, assuming an exchange rate of ¥85 to US$1.00 and a domestic naphtha price of ¥64,000/kiloliter.

We forecast that consolidated net sales will increase to ¥650.0 billion. Factors including selling price adjustments in the Chemicals & Plastics segment and Energy & Environment segment to reflect higher fuel costs and earnings growth from increased sales volume in the Specialty Chemicals & Products segment will substantially exceed the impact of the sales decrease in the Machinery & Metals segment due to the withdrawal from the aluminum wheel business as of March 31, 2011. We forecast that consolidated operating income will be essentially unchanged year-on-year at ¥44.0 billion, mainly because we expect increased sales volume to compensate for lower selling prices of specialty materials, particularly in the information technology market, and a sharp rise in coal prices. We also forecast consolidated net income of ¥20.0 billion as a result of improvements in other income and expenses.

This performance forecast takes the current impact of the Great East Japan Earthquake into account. The UBE Group will promptly disclose a revised forecast if necessitated by any additional impact from the earthquake.

Business and Other Risks

Among risks inherent to the UBE Group's business and other risks, the following may exert an important influence on the decisions of investors. The UBE Group is fully dedicated to a policy of recognizing these risks, avoiding and preventing their actualization, and minimizing and dealing with related problems should they arise.

Statements below concerning the future represent the judgment of the UBE Group as of May 31, 2011. Business and other risks not covered here may arise.

1. Fluctuations in the Raw Material and Fuel Markets

Purchase costs of raw materials used in the main products of the UBE Group's Chemicals & Plastics segment are influenced by factors including international market conditions and fluctuations in crude oil and naphtha prices. Depending on supply and demand conditions for products, increases in prices of these raw materials may exert a material impact on the performance and financial position of the UBE Group if increased costs cannot be reflected in selling prices in a timely manner. In addition, increases in the procurement costs of overseas coal, which the UBE Group purchases for use in cement production and for in-house power generation, may also exert a material impact on the performance and financial position of the Group.

2. Earnings in the Chemicals & Plastics Business

Earnings in the Chemicals & Plastics business are highly dependent on demand trends and supply and demand conditions in Japan, Asia and Europe, the primary markets for this business's main products. Consequently, a substantial decrease in demand in these regions due to economic fluctuations, or worsening supply and demand conditions due to expansion of production capacity by other companies, an influx of products from other regions or other factors, could result in stagnant market prices or a significant narrowing of price spreads, which may exert a material impact on the performance and financial position of the Group.

3. Earnings in the Specialty Products Business

In the specialty products business of the Specialty Chemicals & Products segment, timely development of materials that meet customer needs is paramount in supplying materials for use in products with quick turnovers, particularly in the core information technology (IT) and digital home appliance fields. Failure to meet customer needs due to delayed development or other factors may exert a material impact on the performance and financial position of the Group, as may decreased demand for information technology related products, which are particularly susceptible to market fluctuations.

4. Earnings in the Active Pharmaceutical Ingredients and Intermediates Business

The active ingredients and intermediates business comprises a contract manufacturing business through which the UBE Group manufactures pharmaceutical bulk ingredients and intermediates under contract for pharmaceutical companies and the drug discovery and co-development business through which the Group conducts research and development for new drugs either independently or jointly with pharmaceutical companies. The contract manufacturing business requires forward expenditures including those for production facilities of a certain scale that meet standards, though research and development expenditures are limited. New drugs handled by the contract manufacturing business may be unable to be commercialized due to the long lead time needed by the pharmaceutical companies to obtain production approval and to the possibility of delays in full-scale launch should approval be revoked after completion of contract manufacturing due to side effects or other factors. In addition, factors including the launch of generic drugs due to intensified competition in the market for pharmaceuticals manufactured from pharmaceutical bulk ingredients and intermediates under contract and lapsed patents may lead to sluggish sales.

The drug discovery and co-development business is broadly divided into independent research and joint research with pharmaceutical companies. Although the UBE Group minimizes the risk of large clinical trial outlays and low success rates through a basic strategy of licensing out research in the final stages regardless of drug type, necessary research and development costs before that stage entail risk associated with possible failure of the research and market launch. In addition, authorization may be revoked and launch delayed, as is the case of development for new drugs by pharmaceutical companies. Materialization of these risks in the contract manufacturing and drug discovery and co-development businesses may exert a material impact on the performance and financial position of the Group.

5. Domestic Cement Demand

A downward trend in domestic demand for cement, a main product of the Cement & Construction Materials segment, due to factors including restraint in public spending, has in part reduced sales volume and revenues. UBE Group measures in this area include maintaining operating capacity through exports, expanding capability for (income fee-based) treatment of waste in the cement production process and overall cost cuts. However, a continuing decline in domestic demand for cement for a certain number of years may exert a material impact on the performance and financial position of the Group.

6. Earnings in the Machinery Business

Amid decreasing automobile industry demand for facilities stemming from lower sales volumes in developed countries, the molding machinery business of the Machinery & Metal Products segment is working to enhance sales and services in newly industrialized countries, where automobile production is increasing rapidly, and to expand into non-automotive markets. However, the materialization of risks such as a decline in sales prices due to intensifying competition may exert a material impact on the performance and financial position of the Group.

7. Exchange Rate Fluctuations

The UBE Group minimizes exchange rate risk related to exports paid for in foreign currencies through hedge transactions such as balancing of debts and credits and foreign currency contracts. However, short- and medium-term exchange rate fluctuations that exceed forecasts may exert a material impact on the performance and financial position of the Group.

UBE Group overseas subsidiaries record financial statements in local currencies, leading to exposure to the influence of exchange rates when these amounts are converted into yen. In addition, losses on exchange rate fluctuations may occur at the time of conversion into local currencies for redemption, interest payment and settlement of liabilities of U.S. dollar denominated interest-bearing liabilities held by Group production companies in Thailand.

8. Fluctuations in Financial Markets

Fluctuations in financial markets at the time of capital procurement exert a material impact on the performance and financial position of the UBE Group. The UBE Group minimizes risk related to interest rate fluctuations through interest swaps and other hedges, but short- and medium-term interest rate fluctuations that exceed forecasts may exert a material impact on the performance and financial position of the Group.

9. Overseas Business Activities

The UBE Group manufactures and sells products in Asia, North America, South America and Europe. Overseas operations entail economic risks related to factors including unforeseen changes to laws and regulations, weakening of the industrial base, the ability to secure personnel and acquire technical proficiency and labor union issues, in addition to social and political confusion resulting from terrorism, war and/or other factors. Emergence of these risks may impede overseas operations and exert a material impact on the performance and financial position of the UBE Group.

10. Intellectual Property/Product Liability

The UBE Group recognizes the importance of intellectual property and works to protect it, but failure to do so properly and/or violation of UBE's intellectual property rights, or inability to cover costs of product recalls or damages in the event that these risks materialize in connection with product flaws may impede operations and exert a material impact on the performance and financial position of the Group.

11. Industrial Accidents and Disasters

In the event that a large-scale industrial accident, earthquake, windstorm or flood should occur and cause substantial damage to the production facilities at any of the UBE Group plants that handle hazardous materials or high-pressure gas, factors including compensation and other costs, loss of opportunities caused by cessation of production activities, compensation for customers and erosion of public trust may exert a material impact on the performance and financial position of the Group.

12. Public Regulations

The UBE Group conducts its businesses according to the laws, rules and other regulations of the countries and regions where it operates. However, any modification or strengthening of these regulations may exert a material impact on the performance and financial position of the Group due to restrictions on the Group's business activities, increased costs of regulatory compliance, accounting and tax responses to the regulations, or other effects.

13. Asbestos

In the past, the UBE Group manufactured and sold products containing asbestos, and used construction materials containing asbestos in plant facilities. In order to eliminate asbestos from plant facilities, the UBE Group plans to institute a series of complete or partial changes of facilities, for which certain expenditures are expected until the changes are complete. Moreover, in the event that employees (including retired employees) or residents in the vicinity of the plants face health hazards, an increase in employees receiving workers' compensation, lawsuits, efforts to further strengthen regulations and other factors may exert a material impact on the performance and financial position of the Group.

14. Lawsuits

The UBE Group strives for strict legal compliance, but the possibility exists that lawsuits may be brought against the Group in any of its various business operations. Pending lawsuits are as follows. No prediction of the final outcome of these lawsuits or the time required for resolution is possible at this time.

Since May 2008, the Japanese government and 40 building material manufacturers, including Ube Board Co., Ltd. (a consolidated subsidiary of UBE), have been defendants in six lawsuits seeking compensation for damages in the Tokyo District Court, the Yokohama District Court, the Sapporo District Court, and the Kyoto District Court. The six lawsuits seek damages jointly and severally totaling ¥16,016 million on behalf of 416 construction workers in the Tokyo area and Kanagawa Prefecture, Hokkaido Prefecture and Kyoto Prefecture alleging that the defendants are responsible for asbestos-related disease that affected the plaintiffs after they inhaled asbestos particles from asbestos building materials used at construction sites.

15. Write-Down Due to Decreased Profitability of Inventories

The Accounting Standard for Measurement of Inventories is applied for fiscal years beginning on or after April 1, 2008. Under this standard, inventories held for sale in the ordinary course of business are carried at their original cost on the balance sheets, but are judged to have decreased in profitability if the net realizable value falls below the original cost at the end of the period. In such cases, the balance sheet value is written down to the net realizable value, and the difference between the original cost and the net realizable value is charged against income for the period in which the loss occurs. If the UBE Group judges inventories to have decreased in profitability because the net realizable value has fallen below original cost as a result of a rise in fuel and raw material purchase prices, a rise in manufacturing costs, an increase in fixed manufacturing costs, a decrease in production volume or a drop in product selling prices, this may exert a material impact on the performance and financial position of the Group.

16. Impairment of Fixed Assets

The UBE Group adopted accounting standards for impairment of fixed assets in fiscal 2003. However, additional impairment losses in the event of further depreciation in the market value of unused land and/or significant deterioration of the operating environment may exert a material impact on the performance and financial position of the Group.

17. Marketable Securities

The UBE Group holds marketable securities, the majority of which are shares of listed stocks. For this reason, a decline in the stock market may exert a material impact on the performance and financial position of the Group.

18. Retirement Benefit Liabilities

The UBE Group calculates its retirement benefit liabilities and retirement benefit payments based on discount and retirement rates used in pension calculations, and on conditions including rate of salary increases and year-end working income ratios for pension assets. For this reason, deterioration of operating interest rates for pension assets, decreases in the discount rate and other factors may exert a material impact on the performance and financial position of the Group.

In addition, revisions to accounting standards for retirement benefits that result in unrecognized actuarial losses, changes in the method of amortizing unrecognized prior service costs, or changes in the method of calculating retirement benefit obligations or service costs may exert a material impact on the performance and financial position of the Group.

19. Deferred Tax Assets

The UBE Group recognizes deferred tax assets resulting from temporary differences and operating loss carryforwards for tax purposes, which will reduce taxable income in future periods. Deferred tax assets are recognized in consideration of their probability of recovery based on forecasts of future income and other factors. In the event that actual taxable income should differ from projections, reversal of deferred tax assets may become necessary and exert a material impact on the performance and financial position of the Group.

20. Mid-Term Management Plan

The UBE Group is now executing Stage Up 2012 — New Challenges, a three-year mid-term management plan initiated in fiscal 2010. The basic strategies of this plan are to establish a platform for profitability that enables sustainable growth, achieve sustained improvement of financial position, and respond to and address global environmental issues. The UBE Group's targeted management indicators for fiscal 2012, the final year of the plan, are net debt/equity ratio below 1.0 times, equity ratio of 30 percent or higher, operating margin and return on assets of 7.5 percent or higher each, and return on equity of 12 percent or higher.

The UBE Group is working to execute the basic strategies and achieve the targeted management indicators outlined above. However, unforeseen changes in the business environment and the issues discussed in items 1 through 19 above are among the risks that could negatively affect the performance and financial position of the Group and make the Group unable to execute the mid-term management plan as originally conceived or achieve the targeted management indicators of the plan.

Consolidated Balance Sheets

Ube Industries, Ltd. and Consolidated Subsidiaries
March 31, 2011 and 2010

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	2011
ASSETS			
Current assets:			
Cash and cash equivalents (Note 4)	¥ 49,522	¥ 37,281	$ 596,651
Time deposits (Note 4)	189	230	2,277
Receivables (Notes 4, 8 and 22):			
Trade notes and accounts	134,914	133,522	1,625,470
Others	11,590	10,501	139,638
Allowance for doubtful accounts	(378)	(478)	(4,554)
Inventories (Note 6)	73,247	69,704	882,494
Deferred tax assets (Note 15)	8,449	6,381	101,795
Other current assets	4,168	4,446	50,217
Total current assets	281,701	261,587	3,393,988
Property, plant and equipment (Notes 8, 14 and 20)**:**			
Land	82,604	82,264	995,229
Buildings and structures	250,927	252,163	3,023,217
Machinery and equipment	620,376	639,754	7,474,410
Construction in progress	20,695	15,409	249,337
Accumulated depreciation	(660,657)	(664,858)	(7,959,723)
Total property, plant and equipment, net	313,945	324,732	3,782,470
Investments and other assets:			
Investment securities (Notes 4, 5 and 8)	33,684	32,757	405,831
Long-term loans receivable	404	536	4,868
Long-term deferred tax assets (Note 15)	9,459	13,700	113,964
Other non-current assets	24,451	24,007	294,590
Allowance for doubtful accounts	(2,132)	(2,526)	(25,687)
Total investments and other assets	65,866	68,474	793,566
Total assets	¥ 661,512	¥ 654,793	$ 7,970,024

See accompanying notes.

	Millions of yen 2011	Millions of yen 2010	Thousands of U.S. dollars (Note 1) 2011
LIABILITIES AND NET ASSETS			
Current liabilities:			
Short-term loans payable (Notes 4, 7 and 8)	¥ 67,480	¥ 80,841	$ 813,012
Commercial paper (Note 4)	3,000	—	36,145
Current portion of long-term debt (Notes 4, 7 and 8)	29,419	31,274	354,446
Payables (Note 4):			
Trade notes and accounts	89,135	78,983	1,073,916
Others	29,476	25,404	355,133
Accrued employees' bonuses	7,435	6,474	89,578
Accrued income taxes (Note 4)	5,405	3,888	65,120
Other current liabilities	18,351	19,609	221,096
Total current liabilities	249,701	246,473	3,008,446
Long-term liabilities:			
Long-term debt less current portion (Notes 4, 7 and 8)	159,182	168,094	1,917,855
Accrued retirement benefits (Note 19)	7,026	7,246	84,651
Long-term deferred tax liabilities (Note 15)	5,880	6,298	70,843
Other long-term liabilities	28,274	24,492	340,651
Total long-term liabilities	200,362	206,130	2,414,000
Contingent liabilities (Note 9)			
Net assets (Note 10)**:**			
Capital stock, without par value:			
Authorized — 3,300,000,000 shares			
Issued — 1,009,165,006 shares at March 31, 2011 and 2010	58,435	58,435	704,036
Capital surplus	28,451	28,445	342,783
Retained earnings	114,817	101,579	1,383,337
Treasury stock			
3,824,295 shares at March 31, 2011 and			
3,800,106 shares at March 31, 2010	(783)	(770)	(9,434)
Valuation difference on securities	1,152	1,556	13,880
Deferred hedge loss, net	(161)	(251)	(1,940)
Foreign currency translation adjustments	(14,897)	(10,155)	(179,482)
Share subscription rights (Note 21)	387	318	4,663
Minority interests	24,048	23,033	289,735
Total net assets	211,449	202,190	2,547,578
Total liabilities and net assets	¥661,512	¥654,793	$7,970,024

Consolidated Statements of Income

Ube Industries, Ltd. and Consolidated Subsidiaries
For the years ended March 31, 2011 and 2010

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	2011
Net sales (Note 22)	¥616,062	¥549,556	$7,422,434
Cost of sales	494,046	448,328	5,952,362
Gross profit	122,016	101,228	1,470,072
Selling, general and administrative expenses (Notes 11, 12 and 21)	77,653	73,633	935,578
Operating income	44,363	27,595	534,494
Other income (expenses):			
Interest and dividend income	1,120	871	13,494
Amortization of negative goodwill	174	185	2,096
Interest expense	(4,838)	(5,688)	(58,289)
Equity in earnings of unconsolidated subsidiaries and affiliated companies	1,608	916	19,373
Others, net (Note 13)	(13,680)	(8,287)	(164,819)
	(15,616)	(12,003)	(188,145)
Income before income taxes and minority interests	28,747	15,592	346,349
Income taxes (Note 15)**:**			
Current	8,015	5,392	96,566
Deferred	1,824	818	21,976
	9,839	6,210	118,542
Income before minority interests	18,908	9,382	227,807
Minority interests	(1,641)	(1,165)	(19,771)
Net income	¥ 17,267	¥ 8,217	$ 208,036

	Yen		U.S. dollars (Note 1)
	2011	2010	2011
Per share:			
Net income:			
Primary	¥ 17.18	¥ 8.17	$ 0.207
Diluted	17.15	8.16	0.207
Cash dividends applicable to the period	5.00	4.00	0.060

See accompanying notes.

Consolidated Statements of Comprehensive Income

Ube Industries, Ltd. and Consolidated Subsidiaries
For the years ended March 31, 2011 and 2010

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	2011
Income before minority interests	¥18,908	¥ 9,382	$227,807
Valuation difference on securities	(401)	461	(4,831)
Deferred hedge gain, net	92	40	1,108
Foreign currency translation adjustments	(4,847)	2,895	(58,397)
Share of other comprehensive income of companies accounted for by the equity method	(146)	(125)	(1,759)
Other comprehensive income	(5,302)	3,271	(63,879)
Total comprehensive income	¥13,606	¥12,653	$163,928
Attributable to:			
Shareholders of Ube Industries, Ltd.	¥12,211	¥11,183	$147,121
Minority interests	1,395	1,470	16,807

See accompanying notes.

Consolidated Statements of Changes in Net Assets

Ube Industries, Ltd. and Consolidated Subsidiaries
For the years ended March 31, 2011 and 2010

	Number of shares issued (thousands)	Millions of yen								
		Capital stock	Capital surplus	Retained earnings	Treasury stock	Valuation difference on securities	Deferred hedge loss, net	Foreign currency translation adjustments	Share subscription rights	Minority interests
Balance at March 31, 2009	1,009,165	¥58,435	¥28,440	¥ 97,511	¥(624)	¥1,119	¥(289)	¥(12,646)	¥250	¥22,527
Acquisition of treasury stock	—	—	—	—	(168)	—	—	—	—	—
Disposal of treasury stock	—	—	5	—	22	—	—	—	—	—
Cash dividends at ¥4.00 per share	—	—	—	(4,031)	—	—	—	—	—	—
Net income for the year	—	—	—	8,217	—	—	—	—	—	—
Effect of decrease in affiliates accounted for by equity method	—	—	—	(118)	—	—	—	—	—	—
Net other changes during the year	—	—	—	—	—	437	38	2,491	68	506
Balance at March 31, 2010	1,009,165	¥58,435	¥28,445	¥101,579	¥(770)	¥1,556	¥(251)	¥(10,155)	¥318	¥23,033
Acquisition of treasury stock	**—**	**—**	**—**	**—**	**(24)**	**—**	**—**	**—**	**—**	**—**
Disposal of treasury stock	**—**	**—**	**6**	**—**	**11**	**—**	**—**	**—**	**—**	**—**
Cash dividends at ¥4.00 per share	**—**	**—**	**—**	**(4,029)**	**—**	**—**	**—**	**—**	**—**	**—**
Net income for the year	**—**	**—**	**—**	**17,267**	**—**	**—**	**—**	**—**	**—**	**—**
Net other changes during the year	**—**	**—**	**—**	**—**	**—**	**(404)**	**90**	**(4,742)**	**69**	**1,015**
Balance at March 31, 2011	**1,009,165**	**¥58,435**	**¥28,451**	**¥114,817**	**¥(783)**	**¥1,152**	**¥(161)**	**¥(14,897)**	**¥387**	**¥24,048**

	Thousands of U.S. dollars (Note 1)								
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Valuation difference on securities	Deferred hedge loss, net	Foreign currency translation adjustments	Share subscription rights	Minority interests
Balance at March 31, 2010	$704,036	$342,711	$1,223,843	$(9,277)	$18,747	$(3,024)	$(122,349)	$3,831	$277,506
Acquisition of treasury stock	**—**	**—**	**—**	**(289)**	**—**	**—**	**—**	**—**	**—**
Disposal of treasury stock	**—**	**72**	**—**	**132**	**—**	**—**	**—**	**—**	**—**
Cash dividends at ¥4.00 per share	**—**	**—**	**(48,542)**	**—**	**—**	**—**	**—**	**—**	**—**
Net income for the year	**—**	**—**	**208,036**	**—**	**—**	**—**	**—**	**—**	**—**
Net other changes during the year	**—**	**—**	**—**	**—**	**(4,867)**	**1,084**	**(57,133)**	**832**	**12,229**
Balance at March 31, 2011	**$704,036**	**$342,783**	**$1,383,337**	**$(9,434)**	**$13,880**	**$(1,940)**	**$(179,482)**	**$4,663**	**$289,735**

See accompanying notes.

Consolidated Statements of Cash Flows

Ube Industries, Ltd. and Consolidated Subsidiaries
For the years ended March 31, 2011 and 2010

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2011	2010	2011
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 28,747	¥ 15,592	$ 346,349
Depreciation and amortization	33,128	33,434	399,133
Loss on impairment of fixed assets	4,993	169	60,157
Interest and dividend income	(1,120)	(871)	(13,494)
Interest expense	4,838	5,688	58,289
Gain on sale of property, plant and equipment, net	(626)	(80)	(7,542)
Loss on sale of investment securities, net	43	28	518
(Increase) in receivables	(3,918)	(9,829)	(47,205)
(Increase) decrease in inventories	(4,919)	22,341	(59,265)
Increase (decrease) in payables	12,333	(1,021)	148,590
Loss on business restructuring	4,957	150	59,723
Others, net	(3,757)	1,905	(45,265)
Subtotal	74,699	67,506	899,988
Interest and dividend received	1,560	1,574	18,795
Interest payment	(4,914)	(5,773)	(59,205)
Income tax payment	(4,832)	(3,206)	(58,217)
Others, net	568	6	6,844
Net cash provided by operating activities	67,081	60,107	808,205
Cash flows from investing activities:			
Proceeds from sale of property, plant and equipment	1,599	287	19,265
Acquisition of property, plant and equipment	(29,751)	(30,415)	(358,446)
Proceeds from sale of investment securities	178	68	2,145
Acquisition of investment securities	(577)	(237)	(6,952)
Net (increase) decrease in loans receivable	(475)	221	(5,723)
Others, net	341	148	4,109
Net cash used in investing activities	(28,685)	(29,928)	(345,602)
Cash flows from financing activities:			
Proceeds from long-term borrowings	21,659	25,526	260,952
Repayments of long-term borrowings	(31,042)	(42,675)	(374,000)
Repayments of long-term bonds	(560)	(380)	(6,747)
Net (decrease) in short-term loans payable	(12,835)	(8,561)	(154,639)
Net increase in commercial paper	3,000	—	36,145
Cash dividend paid	(4,008)	(4,015)	(48,289)
Cash dividend paid to minority shareholders	(312)	(955)	(3,759)
Others, net	(975)	(1,205)	(11,747)
Net cash used in financing activities	(25,073)	(32,265)	(302,084)
Effect of exchange rate changes on cash and cash equivalents	(1,082)	129	(13,037)
Net increase (decrease) in cash and cash equivalents	12,241	(1,957)	147,482
Cash and cash equivalents at beginning of the year	37,281	39,131	449,169
Increase in cash and cash equivalents due to merger of unconsolidated subsidiaries	—	107	—
Cash and cash equivalents at end of the year	¥ 49,522	¥ 37,281	$ 596,651

See accompanying notes.

Notes to Consolidated Financial Statements

Ube Industries, Ltd. and Consolidated Subsidiaries
For the years ended March 31, 2011 and 2010

1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

(a) Ube Industries, Ltd. (the "Company") and its consolidated subsidiaries maintain their accounting records and prepare their financial statements in accordance with accounting principles generally accepted in Japan. The accompanying consolidated financial statements have been compiled from the consolidated financial statements prepared by the Company as required under the Financial Instruments and Exchange Law of Japan and, accordingly, have been prepared in accordance with accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

Certain modifications have been made to the accompanying financial statements in order to present them in a form which is more familiar to readers outside Japan.

(b) The accompanying financial statements are expressed in Japanese yen and, solely for the convenience of the reader, have been translated into U.S. dollars at ¥83=US$1, the approximate rate of exchange on March 31, 2011. The translation should not be construed as a representation that Japanese yen have been, could have been, or could in the future be converted into U.S. dollars at the above or any other rate.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation and accounting for investments in unconsolidated subsidiaries and affiliates

The accompanying consolidated financial statements include the accounts of the Company and significant companies controlled directly or indirectly by the Company (66 and 67 companies for the years ended March 31, 2011 and 2010, respectively). Significant companies over which the Company exercises significant influence in terms of their operating and financial policies are included in the consolidated financial statements by the equity method (24 companies for the years ended March 31, 2011 and 2010, respectively). All significant intercompany balances and transactions are eliminated in consolidation.

Certain subsidiaries are consolidated using a fiscal period ending December 31. Significant transactions occurring during the January 1 to March 31 period are adjusted in the consolidated financial statements.

In the initial consolidation, assets and liabilities of subsidiaries including those attributable to minority shareholders are recorded based on fair value in the consolidated financial statements.

The difference between acquisition cost and the underlying net assets at fair value at the date of acquisition is amortized over a period of 20 years on a straight-line basis. The negative goodwill in the amounts of ¥2,232 million (US$26,892 thousand) and ¥2,531 million is included in "Other long-term liabilities" on the consolidated balance sheets at March 31, 2011 and 2010, respectively.

Investments in subsidiaries and affiliates which are not consolidated or accounted for by the equity method are carried at cost.

(b) Accounting for income taxes

Deferred tax assets and liabilities are determined based on the differences between financial reporting and the tax bases of the assets and liabilities.

Deferred tax assets and liabilities are measured using the enacted tax rates and laws which will be in effect when the differences are expected to reverse.

Valuation allowance is provided for the deferred tax assets which are not realizable based on a scheduling for a reasonable period.

(c) Securities

Securities are classified into three categories: "Trading," "Held-to-maturity" and "Others." The Company and its consolidated subsidiaries have no trading securities. Held-to-maturity securities are carried at amortized cost. Marketable securities classified as other securities are carried at fair value with changes in the valuation difference, net of the applicable income taxes, included directly in net assets. Non-marketable securities classified as other securities are carried at cost. Cost of securities sold is determined by the moving-average method.

(d) Derivatives and hedge accounting

All derivatives are stated at fair value, with changes in fair value recorded as gain or loss for the period in which they arise.

If derivative financial instruments are used as hedges and meet certain hedging criteria, the Company and its consolidated subsidiaries defer the recognition of gains or losses resulting from changes in the fair value of the derivative financial instruments until the related losses or gains on the hedged items are recognized.

If interest rate swap contracts meet certain hedging criteria, the net amount to be paid or received under these swap contracts is added to or deducted from the interest on the assets or liabilities for which the swap contracts were executed ("Short-cut method").

Summarized in the table below are hedging instruments and items hedged.

Hedging instruments	Items hedged
Interest rate swaps	Loans
Interest rate options	Loans
Forward foreign exchange contracts	Foreign currency receivables and payables Forecasted foreign currency transactions
Currency options	Foreign currency receivables and payables Forecasted foreign currency transactions
Currency swaps	Foreign currency receivables and payables Forecasted foreign currency transactions
Coal price swaps	Coal purchased at market linked price

The Company and its consolidated subsidiaries use hedging instruments for the purpose of reducing risk in accordance with company regulations.

The effectiveness of hedging activities is assessed by confirming whether each hedging instrument corresponds to the item hedged.

Additional information on derivatives is presented in Note 16, Derivative Financial Instruments.

(e) Allowance for doubtful accounts

The allowance for doubtful accounts is provided at an amount estimated with reference to individual uncollectible accounts plus an amount calculated using a historical rate determined based on the actual uncollectible amounts incurred in prior years.

(f) Inventories

Inventories are stated at cost principally determined by the weighted-average method.

The carrying value on the consolidated balance sheets is stated by the devaluation method based on declines in profitability.

(g) Property, plant and equipment (except for leased assets)

Property, plant and equipment is stated at cost. Depreciation of property, plant and equipment is computed principally by the straight-line method for the Company and by the declining-balance method for consolidated subsidiaries at rates based on the estimated useful lives of the respective assets, ranging from 2 to 75 years for buildings and structures, and from 2 to 30 years for machinery and equipment.

(h) Intangible assets (except for leased assets)

Mining rights are amortized by the unit-of-production method and patent rights, software and others are amortized by the straight-line method over their estimated useful lives.

(i) Leased assets

Leased property under finance leases which do not transfer ownership of the leased property are depreciated or amortized by the straight-line method over the lease terms assuming no residual value.

(j) Research and development costs

Research and development costs are charged to income when incurred.

(k) Accrued retirement benefits

Accrued retirement benefits for employees are provided principally at an amount calculated based on the retirement benefit obligation and the fair value of the pension plan assets as of the balance sheet date. Net retirement benefit obligation at transition of ¥31,241 million (US$376,398 thousand) is being amortized principally over 13 years.

Prior service cost is being amortized as incurred mainly by the straight-line method over 5-14 years, which is shorter than the average remaining service years of the employees.

Actuarial gain or loss is being amortized in the year following the year incurred mainly by the declining-balance method over 10-14 years, which is shorter than the average remaining service years of employees.

(l) Net income per share

Primary net income per share is computed based on the net income available for distribution to stockholders of common stock and the weighted average number of shares of common stock outstanding during each year (1,005,335 thousand shares and 1,005,757 thousand shares for the years ended March 31, 2011 and 2010, respectively). Diluted net income per share is computed based on the net income available for distribution to the stockholders and the weighted average number of shares of common stock outstanding during each year assuming full exercise of share subscription rights (1,291 thousand shares and 1,030 thousand shares for the years ended March 31, 2011 and 2010, respectively).

(m) Accrued employees' bonuses

Accrued employees' bonuses are provided at an amount estimated based on the bonus for this term to be paid subsequent to the balance sheet date.

(n) Accrued directors' and statutory auditors' bonuses

Accrued directors' and statutory auditors' bonuses are provided at an amount estimated based on the bonus for this term to be paid subsequent to the balance sheet date.

Accrued directors' and statutory auditors' bonuses in the amounts of ¥78 million (US$940 thousand) and ¥70 million are included in "Other current liabilities" on the consolidated balance sheets at March 31, 2011 and 2010, respectively.

(o) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term investments. Short-term investments included here are readily convertible into cash, exposed to insignificant risk of changes in value and mature or become due within three months of the date of acquisition.

(p) Accrual for losses on contracts

Accrual for losses on contracts is provided to cover the losses, which are probable to be incurred and the amounts of which can be reasonably estimated, on the future sales recognition of particular machinery.

These accruals for losses on contracts in the amounts of ¥628 million (US$7,566 thousand) and ¥551 million are included in "Other current liabilities" on the consolidated balance sheets at March 31, 2011 and 2010, respectively.

(q) Directors' and statutory auditors' retirement benefits

Consolidated subsidiaries provide for retirement allowances for directors and statutory auditors at an amount determined based on their internal regulations for their provision.

Retirement allowances of ¥1,019 million (US$12,277 thousand) and ¥1,126 million are included in "Other long-term liabilities" on the consolidated balance sheets at March 31, 2011 and 2010, respectively.

(r) Accrual for losses on business restructuring

Accrual for losses on business restructuring is provided to cover the losses, which are probable to be incurred and the amounts of which can be reasonably estimated, related to certain businesses of the Company and its consolidated subsidiaries.

These accruals for losses on business restructuring in the amounts of ¥4,957 million (US$59,723 thousand) and ¥1,389 million are included in "Other long-term liabilities" on the consolidated balance sheets at March 31, 2011 and 2010, respectively.

3. ACCOUNTING CHANGES

(a) Accounting standard for equity method of accounting for investments

The Company has adopted the accounting standard for equity method of accounting for investments and the practical solution on unification of accounting policies applied to associates accounted for using the equity method effective the year ended March 31, 2011.

This adoption had no effect on income.

(b) Accounting standard for asset retirement obligations

The Company and its consolidated subsidiaries have adopted the accounting standard for asset retirement obligations and the related implementation guidance effective the year ended March 31, 2011.

This adoption decreased operating income and income before income taxes and minority interests by ¥36 million (US$434 thousand) and ¥936 million (US$11,277 thousand), respectively, for the year ended March 31, 2011.

(c) Accounting standard for business combinations

The Company and its consolidated subsidiaries have adopted the accounting standard for business combinations and related matters effective the year ended March 31, 2011.

(d) Accounting standard for presentation of comprehensive income

The Company and its consolidated subsidiaries have adopted the accounting standard for presentation of comprehensive income effective the year ended March 31, 2011.

(e) Accounting standard for disclosures about segments of an enterprise and related information

The Company and its consolidated subsidiaries have adopted the accounting standard for disclosures about segments of an enterprise and related information, and the related implementation guidance effective the year ended March 31, 2011.

(f) Accounting standard for construction contracts

Until the year ended March 31, 2009, the percentage-of-completion method was applied to large-scale construction contracts, and otherwise the completed-contract method was applied.

Effective the year ended March 31, 2010, the Company and its consolidated subsidiaries have adopted the accounting standard for construction contracts and the related implementation guidance. The percentage-of-completion method is applied to construction contracts commencing on or after April 1, 2009 if the outcome of construction activity is deemed certain during the course of the activity. If the outcome is uncertain, the completed-contract method is applied.

The percentage of completion is estimated based on the ratio of the cost incurred to the estimated total cost.

The effect of this change on operating income and income before income taxes and minority interests is immaterial.

(g) Accounting standard for retirement benefits

The Company and its consolidated subsidiaries have adopted the partially amended accounting standard for retirement benefits effective the year ended March 31, 2010.

This adoption had no effect on operating income and income before income taxes and minority interests.

(h) Accounting standard for financial instruments

The Company and its consolidated subsidiaries have adopted the revised accounting standard for financial instruments and the related implementation guidance on disclosures about fair value of financial instruments effective the year ended March 31, 2010.

(i) Accounting standard for disclosures about fair value of investment and rental property

The Company and its consolidated subsidiaries have adopted the new accounting standard for disclosures about fair value of investment and rental property and the related implementation guidance effective the year ended March 31, 2010.

4. FINANCIAL INSTRUMENTS

(1) Policy for financial instruments

The Company and its consolidated subsidiaries (collectively, the "Group") manage funds by utilizing short-term deposits, etc. subject to an insignificant risk of change in value. The Group raises money by borrowing from financial institutions and by issuing commercial paper, straight bonds and bonds with warrants. The Group uses derivatives for the purpose of reducing risk and does not hold or issue derivative financial instruments for speculative purposes.

(2) Types of financial instruments and related risk

Trade receivables–trade notes and accounts receivable–are exposed to credit risk in relation to customers. In addition, the Group is exposed to foreign currency exchange risk arising from receivables and payables denominated in foreign currencies. The foreign currency exchange risks deriving from those are hedged by forward foreign exchange contracts, currency options and currency swaps.

Investment securities are exposed to market risk and credit risk in relation to issuers. Those securities are composed of the shares of common stock of other companies.

Trade payables–trade notes and accounts payable–have payment due dates within one year.

Short-term borrowings are raised and commercial papers are issued mainly in connection with business activities, and long-term debt is taken out principally for the purpose of making capital investments. Short-term borrowings and long-term debt with variable interest rates are exposed to interest rate fluctuation risk. However, to reduce such risk and fix interest expense for those bearing interest at variable rates, the Group utilizes interest rate swap or option transactions as a hedging instrument.

Regarding derivatives, the Group enters into derivative transactions in order to manage certain risks arising from adverse fluctuations in foreign currency exchange rates, interest rates and commodity prices.

(3) Risk management for financial instruments

(a) Monitoring of credit risk (the risk that customers or counterparties may default)

In accordance with the internal policies of the Group for managing credit risk arising from receivables, each related division monitors credit worthiness of their main customers periodically, and monitors due dates and outstanding balances by individual customer. In addition, the Group is making efforts to identify and mitigate risks of bad debts from customers who are having financial difficulties.

The Group also believes that the credit risk of derivatives is insignificant as it enters into derivative transactions only with financial institutions which have a sound credit profile.

(b) Monitoring of market risks (the risks arising from fluctuations in foreign exchange rates, interest rates and others)

For trade receivables and payables denominated in foreign currencies, the Group identifies the foreign currency exchange risk for each currency and enters into forward foreign exchange contracts, currency options and currency swaps to hedge such risk. In order to mitigate the interest rate risk for loans payable bearing interest at variable rates, the Group may also enter into interest rate swap transactions and interest rate option transactions.

For investment securities, the Group periodically reviews the fair values of such financial instruments and the financial position of the issuers.

In conducting derivative transactions, the division in charge of derivative transactions follows the internal policies, which set forth delegation of authority and maximum upper limit on positions.

(c) Monitoring of liquidity risk (the risk that the Group may not be able to meet its obligations on scheduled due dates)

Based on a report from each division, the Group prepares and updates its cash flow plans on a timely basis to manage liquidity risk.

(4) Supplementary explanation of the estimated fair value of financial instruments

The fair value of financial instruments is based on their quoted market price, if available. When there is no quoted market price available, fair value is reasonably estimated. The notional amounts of derivatives in Note 16, Derivative Financial Instruments are not necessarily indicative of the actual market risk involved in derivative transactions.

Summarized in the table below are the carrying amounts and the estimated fair values of financial instruments outstanding at March 31, 2011 and 2010. Financial instruments for which it is extremely difficult to determine the fair value are not included in the table below.

	Millions of yen			Thousands of U.S. dollars		
	2011			2011		
	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
Assets						
Cash and cash equivalents	**¥ 49,522**	**¥ 49,522**	**¥ —**	**$ 596,651**	**$ 596,651**	**$ —**
Time deposits	**189**	**189**	**—**	**2,277**	**2,277**	**—**
Trade notes and accounts receivable	**134,914**	**134,914**	**—**	**1,625,470**	**1,625,470**	**—**
Investment securities	**5,683**	**5,683**	**—**	**68,469**	**68,469**	**—**
Total assets	**¥190,308**	**¥190,308**	**¥ —**	**$2,292,867**	**$2,292,867**	**$ —**
Liabilities						
Trade notes and accounts payable	**¥ 89,135**	**¥ 89,135**	**¥ —**	**$1,073,916**	**$1,073,916**	**$ —**
Short-term loans payable	**67,480**	**67,480**	**—**	**813,012**	**813,012**	**—**
Commercial paper	**3,000**	**3,000**	**—**	**36,145**	**36,145**	**—**
Other payables	**29,476**	**29,476**	**—**	**355,133**	**355,133**	**—**
Accrued income taxes	**5,405**	**5,405**	**—**	**65,120**	**65,120**	**—**
Long-term debt*	**188,601**	**191,530**	**2,929**	**2,272,301**	**2,307,590**	**35,289**
Total liabilities	**¥383,097**	**¥386,026**	**¥2,929**	**$4,615,627**	**$4,650,916**	**$35,289**
Derivative financial transactions**	**¥ 83**	**¥ 83**	**¥ —**	**$ 1,000**	**$ 1,000**	**$ —**

* Current portions of long-term borrowings of ¥29,379 million (US$353,964 thousand) and bonds of ¥40 million (US$482 thousand) are included in long-term debt.
** The value of assets and liabilities arising from derivatives is shown at net value with amounts in parentheses representing net liability position.

Note: Methods to determine the estimated fair value of financial instruments and other matters related to securities and derivative transactions

Assets

(a) "Cash and cash equivalents," "time deposits" and "trade notes and accounts receivable"

These are settled in a short period of time, therefore their carrying amounts approximate fair value.

(b) "Investment securities"

The fair values of marketable securities are based on quoted market prices.

The fair values of debt securities are based on either quoted market prices or quotes provided by the financial institutions. For information on securities classified by holding purpose, please refer to Note 5 Securities in these notes to the consolidated financial statements.

Liabilities

(c) "Trade notes and accounts payable," "short-term loans payable," "commercial paper," "other payables" and "accrued income taxes"

These are settled in a short period of time, therefore their carrying amounts approximate fair value.

(d) "Long-term debt"

The fair value of bonds is estimated based on either market price, when available, or present value of the total of principal and interest discounted by the interest rate that would be applied if similar new bonds were issued. The fair value of long-term borrowings is estimated based on present value of the total of principal and interest discounted by the interest rate that would be applied if similar new borrowings were entered into. Long-term borrowings with variable rates are accounted for by the short-cut method and the fair value is estimated based on the total of principal and interest under the short-cut method discounted by the interest rate that would be applied if similar new borrowings were entered into.

Derivative financial transactions

Please refer to Note16 Derivative Financial Instruments in these notes to the consolidated financial statements.

	Millions of yen		
	2010		
	Carrying amount	Fair value	Difference
Assets			
Cash and cash equivalents	¥ 37,281	¥ 37,281	¥ —
Time deposits	230	230	—
Trade notes and accounts receivable	133,522	133,522	—
Investment securities	6,432	6,432	—
Total assets	¥177,465	¥177,465	¥ —
Liabilities			
Trade notes and accounts payable	¥ 78,983	¥ 78,983	¥ —
Short-term loans payable	80,841	80,841	—
Other payables	25,404	25,404	—
Accrued income taxes	3,888	3,888	—
Long-term debt*	199,368	201,569	2,201
Total liabilities	¥388,484	¥390,685	¥2,201
Derivative financial transactions**	¥ (7)	¥ (7)	¥ —

* Current portions of long-term borrowings of ¥30,714 million and bonds of ¥560 million are included in long-term debt.
** The value of assets and liabilities arising from derivatives is shown at net value with amounts in parentheses representing net liability position.

Financial instruments for which it is extremely difficult to determine the fair value at March 31, 2011 and 2010 consist of the following:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Unconsolidated subsidiaries and affiliates securities	¥20,877	¥19,496	$251,530
Non-listed equity securities	6,818	6,523	82,145
Others	306	306	3,687

The annual maturities of financial assets and investment securities with contractual maturities subsequent to March 31, 2011 and 2010 are as follows:

	Millions of yen			
	2011			
	Within one year	After one year through five years	After five years through ten years	After ten years
Cash and cash equivalents	¥ 49,478	¥ —	¥ —	¥ —
Time deposits	189	—	—	—
Trade notes and accounts receivable	134,914	—	—	—
Debt securities	—	52	—	—
	¥184,581	¥ 52	¥ —	¥ —

	Thousands of U.S. dollars			
	2011			
	Within one year	After one year through five years	After five years through ten years	After ten years
Cash and cash equivalents	$ 596,120	$ —	$ —	$ —
Time deposits	2,277	—	—	—
Trade notes and accounts receivable	1,625,470	—	—	—
Debt securities	—	627	—	—
	$2,223,867	$627	$ —	$ —

	Millions of yen			
	2010			
	Within one year	After one year through five years	After five years through ten years	After ten years
Cash and cash equivalents	¥ 37,225	¥—	¥ —	¥ —
Time deposits	230	—	—	—
Trade notes and accounts receivable	133,522	—	—	—
Debt securities	—	47	—	—
	¥170,977	¥47	¥ —	¥ —

The annual maturities of long-term debt and other interest-bearing debt subsequent to March 31, 2011 and 2010 are as follows:

	Millions of yen			
	2011			
	Within one year	After one year through five years	After five years through ten years	After ten years
Short-term loans payable	¥67,480	¥ —	¥ —	¥ —
Commercial paper	3,000	—	—	—
Long-term debt	29,419	141,252	17,701	229
	¥99,899	¥141,252	¥17,701	¥229

	Thousands of U.S. dollars			
	2011			
	Within one year	After one year through five years	After five years through ten years	After ten years
Short-term loans payable	$ 813,012	$ —	$ —	$ —
Commercial paper	36,145	—	—	—
Long-term debt	354,446	1,701,831	213,265	2,759
	$1,203,603	$1,701,831	$213,265	$2,759

	Millions of yen			
	2010			
	Within one year	After one year through five years	After five years through ten years	After ten years
Long-term debt	¥31,274	¥138,057	¥29,980	¥57
	¥31,274	¥138,057	¥29,980	¥57

5. SECURITIES

Investment securities at March 31, 2011 and 2010 consist of the following:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	**2011**
Investment securities:			
Unconsolidated subsidiaries and affiliated companies	**¥20,877**	¥19,496	**$251,530**
Others	**12,807**	13,261	**154,301**
	¥33,684	¥32,757	**$405,831**

Marketable securities classified as other securities at March 31, 2011 and 2010 are as follows:

	Millions of yen						Thousands of U.S. dollars		
	2011			2010			**2011**		
	Carrying value	Acquisition costs	Unrealized gain (loss)	Carrying value	Acquisition costs	Unrealized gain (loss)	Carrying value	Acquisition costs	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition cost:									
Stock	**¥5,117**	**¥3,008**	**¥2,109**	¥5,624	¥2,854	¥2,770	**$61,651**	**$36,241**	**$25,410**
Debt securities	**—**	**—**	**—**	15	15	0	**—**	**—**	**—**
Others	**—**	**—**	**—**	13	10	3	**—**	**—**	**—**
Subtotal	**5,117**	**3,008**	**2,109**	5,652	2,879	2,773	**61,651**	**36,241**	**25,410**
Securities whose acquisition cost exceeds their carrying value:									
Stock	**514**	**668**	**(154)**	604	709	(105)	**6,192**	**8,048**	**(1,856)**
Debt securities	**52**	**52**	**(0)**	30	32	(2)	**627**	**627**	**(0)**
Others	**—**	**—**	**—**	146	187	(41)	**—**	**—**	**—**
Subtotal	**566**	**720**	**(154)**	780	928	(148)	**6,819**	**8,675**	**(1,856)**
Total	**¥5,683**	**¥3,728**	**¥1,955**	¥6,432	¥3,807	¥2,625	**$68,470**	**$44,916**	**$23,554**

Acquisition costs in the tables above represent the amounts after deduction of impairment losses.

Impairment losses in the amounts of ¥2 million (US$24 thousand) and ¥6 million were recognized for the years ended at March 31, 2011 and 2010, respectively.

As for securities whose fair values at the year end are less than 50% of the acquisition costs, or are more than 50% but less than 70% and deemed to be unrecoverable, the impairment losses are recognized.

Sales amounts of debt securities and other securities and the related aggregate gains and losses for the year ended March 31, 2011 are as follows:

	Millions of yen			Thousands of U.S. dollars		
	2011			**2011**		
	Sales amount	Aggregate gain	Aggregate loss	Sales amount	Aggregate gain	Aggregate loss
Debt securities	**¥ 7**	**¥—**	**¥ 3**	**$ 84**	**$ —**	**$ 36**
Other securities	**152**	**2**	**43**	**1,831**	**24**	**518**
Total	**¥159**	**¥ 2**	**¥46**	**$1,915**	**$ 24**	**$554**

6. INVENTORIES

Inventories at March 31, 2011 and 2010 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Finished goods	¥30,093	¥26,508	$362,566
Work in process	16,808	19,178	202,506
Raw materials and supplies	26,346	24,018	317,422
	¥73,247	¥69,704	$882,494

7. SHORT-TERM LOANS PAYABLE AND LONG-TERM DEBT

Short-term loans payable represent bank loans, with average interest rates of 0.75% and 0.91% per annum at March 31, 2011 and 2010, respectively.

Long-term debt at March 31, 2011 and 2010 consists of the following:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
0.78% unsecured bonds due 2010	¥ —	¥ 20	$ —
1.49% unsecured bonds due 2010	—	500	—
1.32% unsecured bonds due 2011	40	80	482
1.67% unsecured bonds due 2012	15,000	15,000	180,723
0.93% unsecured bonds due 2014	100	100	1,205
Loans principally from banks and insurance companies:			
Secured, at 1.00% to 3.95%, maturing through 2020	—	23,986	—
Secured, at 0.71% to 3.95%, maturing through 2020	18,826	—	226,819
Unsecured, at 0.00% to 6.80%, maturing through 2024	—	159,682	—
Unsecured, at 0.00% to 5.78%, maturing through 2025	154,635	—	1,863,072
	188,601	199,368	2,272,301
Less current portion	29,419	31,274	354,446
	¥159,182	¥168,094	$1,917,855

The Company and certain consolidated subsidiaries have entered into loan commitment agreements amounting to ¥21,907 million (US$263,940 thousand) with certain banks. Loans payable outstanding at March 31, 2011 under these loan commitment agreements amounted to ¥426 million (US$5,133 thousand).

8. PLEDGED ASSETS

The assets pledged as collateral for short-term and long-term borrowings, guarantees and borrowings of affiliated companies at March 31, 2011 and 2010 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	2011
Assets pledged as collateral:			
Trade notes receivable	¥ 1,600	¥ 1,600	$ 19,277
Property, plant and equipment, at net book value	114,138	124,807	1,375,157
Investment securities	2,364	2,629	28,482
	¥118,102	¥129,036	$1,422,916

9. CONTINGENT LIABILITIES

At March 31, 2011 and 2010, the Company and its consolidated subsidiaries are contingently liable as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	**2011**
As endorser of trade notes discounted or endorsed	**¥1,281**	¥1,653	**$15,434**
As guarantor of employees' housing loans	**795**	1,077	**9,578**
As guarantor of indebtedness principally of unconsolidated subsidiaries and affiliated companies	**2,185**	2,653	**26,325**

The guaranteed amount includes similar commitments of ¥1,058 million (US$12,747 thousand) and ¥1,393 million at March 31, 2011 and 2010, respectively.

10. NET ASSETS

The Corporation Law of Japan provides that an amount equal to 10% of the amount to be distributed as distributions of capital surplus (other than the capital reserve) and retained earnings (other than the legal reserve) shall be transferred to the capital reserve and the legal reserve, respectively, until the sum of the capital reserve and the legal reserve equals 25% of the capital stock account. Such distributions can be made at any time by resolution of the shareholders or by the Board of Directors if certain conditions are met, but neither the capital reserve nor the legal reserve is available for distributions.

At the general shareholders' meeting of the Company held on June 29, 2011, the distribution of retained earnings for the year ended March 31, 2011 was approved as follows:

	Millions of yen	Thousands of U.S. dollars
Cash dividends (¥5.00 per share)	¥5,035	$60,663

11. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Major components of selling, general and administrative expenses for the years ended March 31, 2011 and 2010 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	**2011**
Freight and storage	**¥19,590**	¥17,721	**$236,024**
Salaries and benefits	**25,807**	25,579	**310,928**

12. RESEARCH AND DEVELOPMENT COSTS

Research and development costs, all of which are included in "Selling, general and administrative expenses" for the years ended March 31, 2011 and 2010 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	**2011**
Research and development costs	**¥13,749**	¥13,032	**$165,651**

13. OTHER INCOME (EXPENSES)

"Other income (expenses) — Others, net" for the years ended March 31, 2011 and 2010 consists of the following:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	**2011**
Loss on sale of investment securities, net	**¥ (43)**	¥ (28)	**$ (518)**
Gain on sale of property, plant and equipment, net	**626**	80	**7,542**
Loss on disposal of property, plant and equipment	**(1,434)**	(3,932)	**(17,277)**
Loss on impairment of fixed assets (Note 14)	**(4,993)**	(169)	**(60,157)**
Write-down of investment securities	**(146)**	(27)	**(1,759)**
Provision of allowance for doubtful accounts	**(49)**	(139)	**(590)**
Loss on business restructuring	**(4,957)**	(150)	**(59,723)**
Write-down of inventories	**(707)**	—	**(8,518)**
Loss on foreign currency exchange, net	**(134)**	(95)	**(1,614)**
Others, net	**(1,843)**	(3,827)	**(22,205)**
	¥(13,680)	¥(8,287)	**$(164,819)**

14. LOSS ON IMPAIRMENT OF FIXED ASSETS

Fixed assets of the Company and its consolidated subsidiaries are grouped at the business unit or department level for impairment testing.

Loss on impairment of fixed assets for the year ended March 31, 2011 consists of the following:

	Millions of yen	Thousands of U.S. dollars
	2011	**2011**
Idle property and rental property:		
Land	**¥ (537)**	**$ (6,470)**
Business assets in use:		
Aluminum automobile wheels manufacturing plant (Ube Aluminum Wheels Ltd.)	**(4,251)**	**(51,217)**
Tubes manufacturing plant (Ube-Nitto Kasei Co., Ltd.)	**(205)**	**(2,470)**
	¥(4,993)	**$(60,157)**

(a) Idle property and rental property

Among idle property and rental property which the Company and its consolidated subsidiaries own, there were certain assets whose book values exceeded their recoverable amounts. Such excesses of ¥537 million (US$6,470 thousand) were reduced to their recoverable amounts and were recognized as impairment loss for the year ended March 31, 2011. The component of impairment loss was "Land."

The recoverable amounts of these assets are measured by net selling price, and selling prices are based on appraisal evaluation.

(b) Business assets in use

Ube Aluminum Wheels Ltd. resolved its liquidation and reduced the book value of the aluminum automobile wheels manufacturing plant to its nominal amount. This reduction of ¥4,251 million (US$51,217 thousand) was recognized as impairment loss. The components of impairment loss were "Machinery" in the amount of ¥3,762 million (US$45,325 thousand) and "Others" in the amount of ¥489 million (US$5,892 thousand).

Ube-Nitto Kasei Co., Ltd. reduced the book value of the tubes manufacturing plant to its recoverable amount due to sluggish business results. This reduction of ¥205 million (US$2,470 thousand) was recognized as impairment loss. The components of impairment loss were "Machinery" in the amount of ¥189 million (US$2,277 thousand) and "Others" in the amount of ¥16 million (US$193 thousand).

The recoverable amount of the asset group is measured by value in use based on estimated future cash flows discounted at 4.72%.

Loss on impairment of fixed assets for the year ended March 31, 2010 consists of the following:

	Millions of yen
	2010
Idle property:	
Land	¥ (51)
Machinery	(117)
Others	(1)
	¥(169)

(a) Idle property

Among idle property which the Company and its consolidated subsidiaries own, there were certain assets whose book values exceeded their recoverable amounts. Such excesses of ¥169 million were reduced to their recoverable amounts and were recognized as impairment loss for the year ended March 31, 2010. The components of impairment loss were "Land" in the amount of ¥51 million, "Machinery" in the amount of ¥117 million and "Others" in the amount of ¥1 million.

The recoverable amounts of these assets are measured by net selling price, and selling prices are based on appraisal evaluation or on nominal prices.

15. INCOME TAXES

Income taxes applicable to the Company comprise corporation, enterprise and inhabitants' taxes which, in the aggregate, result in a statutory tax rate of approximately 40.4% for the years ended March 31, 2011 and 2010.

The effective tax rates reflected in the consolidated statements of income for the years ended March 31, 2011 and 2010 differ from the statutory tax rate for the following reasons.

	Percentage	
	2011	2010
Statutory tax rate	**40.4%**	40.4%
Effect of:		
Permanently nondeductible expenses	**1.0**	1.5
Permanently nontaxable items including dividend income	**(3.9)**	(12.2)
Tax credit	**—**	(0.7)
Loss carried forward without deferred tax assets	**2.4**	4.5
Deducted amount of loss without deferred tax assets	**(0.4)**	(6.9)
Investment profit of affiliated companies by equity method	**(2.3)**	(2.4)
Effect of elimination of dividend income through consolidation procedures	**3.9**	14.0
Tax rate difference of overseas consolidated subsidiaries	**(3.3)**	—
Others	**(3.6)**	1.6
Effective tax rate	**34.2%**	39.8%

The significant components of deferred tax assets and liabilities at March 31, 2011 and 2010 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2011	2010	**2011**
Deferred tax assets:			
Accrued employees' bonuses	**¥ 2,974**	¥ 2,637	**$ 35,831**
Accrued retirement benefits	**3,326**	3,054	**40,072**
Allowance for doubtful accounts	**2,872**	1,240	**34,603**
Loss carried forward	**5,090**	2,752	**61,325**
Intercompany profit	**12,461**	12,503	**150,133**
Depreciation and amortization	**1,102**	1,716	**13,277**
Write-down of investment securities	**339**	7,431	**4,084**
Others	**8,438**	6,917	**101,663**
Gross deferred tax assets	**36,602**	38,250	**440,988**
Valuation allowance	**(7,029)**	(6,715)	**(84,687)**
Total deferred tax assets	**29,573**	31,535	**356,301**
Deferred tax liabilities:			
Deferred gain on real properties	**(4,973)**	(5,188)	**(59,916)**
Valuation difference on securities	**(795)**	(1,074)	**(9,578)**
Prepaid pension expenses	**(3,286)**	(2,976)	**(39,590)**
Revaluation surplus on assets	**(4,252)**	(4,651)	**(51,229)**
Others	**(4,239)**	(3,863)	**(51,072)**
Total deferred tax liabilities	**(17,545)**	(17,752)	**(211,385)**
Net deferred tax assets	**¥ 12,028**	¥ 13,783	**$ 144,916**

16. DERIVATIVE FINANCIAL INSTRUMENTS

Summarized below are the notional amounts and the estimated fair value of the derivative transactions outstanding at March 31, 2011 and 2010.

(1) Derivative financial instruments for which deferred hedged accounting has not been applied

(a) Currency-related transactions

	Millions of yen						Thousands of U.S. dollars		
	2011			2010			2011		
	Notional amount	Fair value	Unrealized gain (loss)	Notional amount	Fair value	Unrealized gain (loss)	Notional amount	Fair value	Unrealized gain (loss)
Forward exchange contracts:									
Sell:									
US$	¥130	¥ (1)	¥ (1)	¥722	¥(11)	¥(11)	$1,566	$ (12)	$ (12)
EUR	69	0	0	—	—	—	831	0	0
¥	48	(2)	(2)	—	—	—	578	(24)	(24)
Buy:									
US$	464	(24)	(24)	—	—	—	5,591	(289)	(289)
AU$	20	0	0	—	—	—	241	0	0
¥	—	—	—	18	(0)	(0)	—	—	—
Total	¥731	¥(27)	¥(27)	¥740	¥(11)	¥(11)	$8,807	$(325)	$(325)

Note: Calculation of fair value is based on the forward rate.

(b) Interest-related transactions

	Millions of yen						Thousands of U.S. dollars		
	2011			2010			2011		
	Notional amount	Fair value	Unrealized gain (loss)	Notional amount	Fair value	Unrealized gain (loss)	Notional amount	Fair value	Unrealized gain (loss)
Interest-rate collar:									
Buy	¥401	¥(11)	¥(11)	¥757	¥(28)	¥(28)	$4,831	$(133)	$(133)
Interest rate swaps:									
Receive/floating and pay/fixed	—	—	—	195	(1)	(1)	—	—	—
Total	¥401	¥(11)	¥(11)	¥952	¥(29)	¥(29)	$4,831	$(133)	$(133)

Note: Calculation of fair value is based on the prices provided by financial institutions.

(2) Derivative financial instruments for which deferred hedged accounting has been applied

(a) Currency-related transactions

		Millions of yen				Thousands of U.S. dollars	
		2011		2010		2011	
		Notional amount	Fair value	Notional amount	Fair value	Notional amount	Fair value
Principle method	Forward exchange contracts:						
	Sell:						
	US$	¥ 66	¥ (1)	¥ 772	¥13	$ 795	$ (12)
	Buy:						
	EUR	118	5	—	—	1,422	60
Short-cut method	Forward exchange contracts:						
	Sell:						
	US$	475	20	139	6	5,723	241
	Buy:						
	US$	61	(1)	61	1	735	(12)
	EUR	71	1	67	0	855	12
	Total	¥791	¥24	¥1,039	¥20	$9,530	$289

Note: Calculation of fair value is based on the forward rate.

(b) Interest-related transactions

		Millions of yen				Thousands of U.S. dollars	
		2011		2010		**2011**	
		Notional amount	Fair value	Notional amount	Fair value	Notional amount	Fair value
Principle method	Interest-rate swaps:						
	Receive/floating and pay/fixed:	**¥ 2,315**	**¥(61)**	¥ 4,027	¥(119)	**$ 27,892**	**$(735)**
	Interest-rate cap:						
	Buy:	**8,000**	**78**	8,000	123	**96,385**	**940**
Short-cut method	Interest-rate swaps:						
	Receive/floating and pay/fixed:	**63,575**	*****	70,378	*	**765,964**	*****
	Total	**¥73,890**	**¥17**	¥82,405	¥ 4	**$890,241**	**$ 205**

*The fair value of interest-rate swaps accounted for by the short-cut method is included in the fair value of long-term debt, which is designated as the hedged item.
Note: Calculation of fair value is based on the prices provided by financial institutions.

(c) Commodity-related transactions

		Millions of yen				Thousands of U.S. dollars	
		2011		2010		**2011**	
		Notional amount	Fair value	Notional amount	Fair value	Notional amount	Fair value
Principle method	Coal price swaps:						
	Receive/floating and pay/fixed:	**¥1,587**	**¥100**	¥1,868	¥33	**$19,120**	**$1,205**
	Total	**¥1,587**	**¥100**	¥1,868	¥33	**$19,120**	**$1,205**

Note: Calculation of fair value is based on the prices provided by financial institutions.

17. SEGMENT INFORMATION

Reportable segments of the Company consist of the business units for which independent financial information is available that are regularly monitored by the Board of Directors in order to decide the distribution of business resources and evaluate the business results.

The Company classifies its products and services into seven reportable segments: "Chemicals & plastics," "Specialty chemicals & products," "Pharmaceutical," "Cement & construction materials," "Machinery & metal products," "Energy & environment" and "Other."

Effective the year ended March 31, 2011, the Company and its consolidated subsidiaries have partially revised the internal accounting system corresponding to a change of business circumstances. As a consequence, segment operating income for the year ended March 31, 2011 increased by ¥931 million (US$11,217 thousand) for "Chemicals & plastics," ¥407 million (US$4,904 thousand) for "Specialty chemicals and products," ¥83 million (US$1,000 thousand) for "Pharmaceutical," and ¥300 million (US$3,614 thousand) for "Cement & construction materials" and decreased by ¥332 million (US$4,000 thousand) for "Machinery & metal products," ¥593 million (US$7,145 thousand) for "Energy & environment." Corporate costs increased by ¥829 million (US$9,988 thousand).

The operations of the Company and its consolidated subsidiaries for the years ended March 31, 2011 and 2010 are summarized by reportable segment as follows:

	Millions of yen								
Year ended March 31, 2011	Chemicals & plastics	Specialty chemicals & products	Pharma-ceutical	Cement & construction materials	Machinery & metal products	Energy & environment	Other	Elimination & corporate	Consolidated
Sales:									
Outside customers.......	**¥192,575**	**¥64,960**	**¥8,853**	**¥196,004**	**¥82,414**	**¥47,013**	**¥24,243**	**¥ —**	**¥616,062**
Intersegment sales and transfers	**11,941**	**3,817**	**—**	**4,466**	**1,019**	**12,132**	**2,609**	**(35,984)**	**—**
	204,516	**68,777**	**8,853**	**200,470**	**83,433**	**59,145**	**26,852**	**(35,984)**	**616,062**
Segment operating income ...	**¥ 20,025**	**¥ 8,712**	**¥2,308**	**¥ 8,098**	**¥ 1,764**	**¥ 4,022**	**¥ 1,129**	**¥ (1,695)**	**¥ 44,363**
Segment assets	**¥189,275**	**¥83,250**	**¥9,219**	**¥194,574**	**¥60,713**	**¥49,854**	**¥22,907**	**¥ 51,720**	**¥661,512**
Depreciation and amortization...............	**8,929**	**5,309**	**443**	**9,451**	**2,710**	**2,817**	**592**	**2,877**	**33,128**
Equity method investments ..	**11,181**	**—**	**—**	**6,237**	**11**	**141**	**1,343**	**—**	**18,913**
Capital expenditures	**9,154**	**7,988**	**556**	**8,546**	**3,034**	**1,806**	**449**	**3,801**	**35,334**

	Millions of yen								
Year ended March 31, 2010	Chemicals & plastics	Specialty chemicals & products	Pharma-ceutical	Cement & construction materials	Machinery & metal products	Energy & environment	Other	Elimination & corporate	Consolidated
Sales:									
Outside customers	¥154,889	¥57,209	¥9,939	¥184,872	¥80,831	¥43,698	¥18,118	¥ —	¥549,556
Intersegment sales and transfers	10,209	3,165	55	3,524	919	10,457	978	(29,307)	—
	165,098	60,374	9,994	188,396	81,750	54,155	19,096	(29,307)	549,556
Segment operating income	¥ 4,749	¥ 3,292	¥3,719	¥ 6,179	¥ 4,462	¥ 4,301	¥ 997	¥ (104)	¥ 27,595
Segment assets	¥178,561	¥78,700	¥8,975	¥190,789	¥72,227	¥48,625	¥22,820	¥ 54,096	¥654,793
Depreciation and amortization	8,938	5,459	437	9,728	2,655	2,761	533	2,923	33,434
Equity method investments	9,824	—	—	6,137	10	135	1,493	—	17,599
Capital expenditures	7,615	7,667	120	5,126	2,080	768	403	905	24,684

	Thousands of U.S. dollars								
Year ended March 31, 2011	Chemicals & plastics	Specialty chemicals & products	Pharma-ceutical	Cement & construction materials	Machinery & metal products	Energy & environment	Other	Elimination & corporate	Consolidated
Sales:									
Outside customers	$2,320,181	$ 782,651	$106,663	$2,361,494	$ 992,940	$566,421	$292,084	$ —	$7,422,434
Intersegment sales and transfers	143,867	45,988	—	53,807	12,277	146,169	31,434	(433,542)	—
	2,464,048	828,639	106,663	2,415,301	1,005,217	712,590	323,518	(433,542)	7,422,434
Segment operating income	$ 241,265	$ 104,964	$ 27,807	$ 97,566	$ 21,253	$ 48,458	$ 13,602	$ (20,421)	$ 534,494
Segment assets	$2,280,422	$1,003,012	$111,072	$2,344,265	$ 731,482	$600,651	$275,988	$ 623,132	$7,970,024
Depreciation and amortization	107,578	63,964	5,337	113,867	32,651	33,940	7,133	34,663	399,133
Equity method investments	134,711	—	—	75,144	132	1,699	16,181	—	227,867
Capital expenditures	110,289	96,241	6,699	102,964	36,554	21,759	5,410	45,795	425,711

The operations of the Company and its consolidated subsidiaries for the years ended March 31, 2011 and 2010 by geographic area are as follows:

	Millions of yen				
Year ended March 31, 2011	Japan	Asia	Europe	Other area	Consolidated
Sales	¥438,469	¥130,080	¥31,743	¥15,770	¥616,062

	Thousands of U.S. dollars				
Year ended March 31, 2011	Japan	Asia	Europe	Other area	Consolidated
Sales	$5,282,759	$1,567,229	$382,446	$190,000	$7,422,434

	Millions of yen					
Year ended March 31, 2011	Japan	Thailand	Other Asia	Europe	Other area	Consolidated
Property, plant and equipment	¥256,767	¥46,025	¥930	¥9,905	¥318	¥313,945

	Thousands of U.S. dollars					
Year ended March 31, 2011	Japan	Thailand	Other Asia	Europe	Other area	Consolidated
Property, plant and equipment	$3,093,578	$554,518	$11,205	$119,338	$3,831	$3,782,470

Year ended March 31, 2010	Millions of yen				
	Japan	Asia	Other area	Elimination & corporate	Consolidated
Sales:					
Outside customers	¥471,308	¥41,125	¥37,123	¥ —	¥549,556
Intersegment sales and transfers	12,186	6,655	1,600	(20,441)	—
	483,494	47,780	38,723	(20,441)	549,556
Operating cost	463,147	42,455	37,292	(20,933)	521,961
Operating income	¥ 20,347	¥ 5,325	¥ 1,431	¥ 492	¥ 27,595
Assets	¥521,741	¥64,273	¥36,372	¥ 32,407	¥654,793

"Asia" consists principally of Thailand and "Other area" consists principally of the United States, Germany and Spain.

18. LEASES

(a) Finance leases

Finance leases commencing on or before March 31, 2008 continue to be accounted for in the same manner as operating leases.

The following amounts represent the acquisition costs, accumulated depreciation and amortization and net book value of the leased property at March 31, 2011 and 2010 which would have been reflected in the consolidated balance sheets if finance lease accounting had been applied to the finance leases currently accounted for as operating leases:

At March 31	Millions of yen 2011	Millions of yen 2010	Thousands of U.S. dollars 2011
Acquisition costs:			
Buildings and structures	¥ —	¥ 4	$ —
Machinery and equipment	5,920	9,473	71,325
	¥5,920	¥9,477	$71,325
Accumulated depreciation and amortization:			
Buildings and structures	¥ —	¥ 4	$ —
Machinery and equipment	4,408	6,617	53,108
	¥4,408	¥6,621	$53,108
Net book value:			
Buildings and structures	¥ —	¥ 0	$ —
Machinery and equipment	1,512	2,856	18,217
	¥1,512	¥2,856	$18,217

Lease payments relating to finance leases accounted for as operating leases amounted to ¥1,319 million (US$15,892 thousand) and ¥1,638 million, which are equal to the depreciation and amortization expenses of the leased assets computed by the straight-line method over the lease terms, for the years ended March 31, 2011 and 2010, respectively.

Future minimum lease payments (including the interest portion thereon) subsequent to March 31, 2011 for finance leases accounted for as operating leases are summarized as follows:

Years ending March 31	Millions of yen	Thousands of U.S. dollars
2012	¥ 559	$ 6,735
2013 and thereafter	953	11,482
	¥1,512	$18,217

(b) Operating leases

Future minimum lease payments subsequent to March 31, 2011 for non-cancelable operating leases are summarized as follows:

Years ending March 31	Millions of yen	Thousands of U.S. dollars
2012	¥1,348	$16,241
2013 and thereafter	2,562	30,867
	¥3,910	$47,108

19. ACCRUED RETIREMENT BENEFITS

The Company and certain domestic consolidated subsidiaries have defined benefit company pension plans.

Most domestic consolidated subsidiaries have noncontributory tax-qualified pension plans and lump-sum retirement benefit plans as defined benefit plans. Certain domestic consolidated subsidiaries have defined contribution pension plans.

In addition, the Company and certain domestic consolidated subsidiaries have established retirement benefit trusts.

	Millions of yen		Thousands of U.S. dollars
	2011	2010	**2011**
Projected benefit obligations:			
Present value of projected benefit obligations	**¥ 56,444**	¥ 58,125	**$ 680,048**
Plan assets at fair value	**(44,166)**	(43,388)	**(532,120)**
Unrecognized benefit obligations at transition	**(4,893)**	(7,247)	**(58,952)**
Unrecognized actuarial loss	**(7,504)**	(6,367)	**(90,410)**
Unrecognized prior service cost	**(1,451)**	(1,633)	**(17,482)**
Retirement benefit obligations recognized in the balance sheets, net	**(1,570)**	(510)	**(18,916)**
Prepaid pension expenses	**(8,596)**	(7,756)	**(103,567)**
Accrued retirement benefits	**¥ 7,026**	¥ 7,246	**$ 84,651**

	Millions of yen		Thousands of U.S. dollars
	2011	2010	**2011**
Retirement benefit expenses:			
Service cost	**¥2,881**	¥2,895	**$34,711**
Interest cost	**1,245**	1,271	**15,000**
Expected return on plan assets	**(882)**	(771)	**(10,627)**
Amortization of prior service cost	**182**	183	**2,193**
Amortization of actuarial loss	**993**	1,767	**11,964**
Amortization of benefit obligations at transition	**2,386**	2,339	**28,747**
Others	**46**	39	**554**
Total	**¥6,851**	¥7,723	**$82,542**

Assumptions used in accounting for the above plans were as follows:

	Percentage	
	2011	2010
Discount rate	**2.0-2.5%**	2.0-2.5%
Expected rate of return on plan assets	**2.0-2.5**	2.0-2.5
Expected rate of return on retirement benefit trust	**0.0**	0.0

20. INVESTMENT AND RENTAL PROPERTY

The Company and its consolidated subsidiaries own idle property and rental property in Yamaguchi and other areas. The carrying amount, net changes and fair value of investment and rental property are as follows:

	Millions of yen			
	2011			
	Carrying amount			
	Balance at March 31, 2010	Net changes	Balance at March 31, 2011	Fair value at March 31, 2011
Idle property	**¥11,597**	**¥(1,120)**	**¥10,477**	**¥32,182**
Rental property	**3,775**	**899**	**4,674**	**13,123**

	Thousands of U.S. dollars			
	2011			
	Carrying amount			
	Balance at March 31, 2010	Net changes	Balance at March 31, 2011	Fair value at March 31, 2011
Idle property	$139,723	$(13,494)	$126,229	$387,735
Rental property	45,482	10,831	56,313	158,108

Notes: Carrying amounts represent the acquisition costs less accumulated depreciation and impairment losses.
Net changes for the year ended March 31, 2011 mainly consist of acquisition and change of use classification.
Fair value of main property at March 31, 2011 is based on external appraisal, and fair value of other property is estimated based on the index prices deemed to reflect the market price accurately.

	Millions of yen			
	2010			
	Carrying amount			
	Balance at March 31, 2009	Net changes	Balance at March 31, 2010	Fair value at March 31, 2010
Idle property	¥11,655	¥(58)	¥11,597	¥32,008
Rental property	3,790	(15)	3,775	12,447

Notes: Carrying amounts represent the acquisition costs less accumulated depreciation and impairment losses.
Net changes for the year ended March 31, 2010 mainly consist of sale and impairments.
Fair value of main property at March 31, 2010 is based on external appraisal, and fair value of other property is estimated based on the index prices deemed to reflect the market price accurately.

The amount of income and expenses related to investment and rental property for the years ended March 31, 2011 and 2010 are as follows:

	Millions of yen			
	2011			
	Rental income	Rental expenses	Net income	Others
Idle property	¥ —	¥ —	¥ —	¥(286)
Rental property	713	373	340	(299)

	Thousands of U.S. dollars			
	2011			
	Rental income	Rental expenses	Net income	Others
Idle property	$ —	$ —	$ —	$(3,446)
Rental property	8,590	4,494	4,096	(3,602)

Notes: Others in the above table for idle property consist of taxes and dues ¥(253) million (US$ (3,048) thousand), impairment loss ¥(227) million (US$ (2,735) thousand), gain on acceptance of dredged sand ¥113 million (US$1,361 thousand) and gain on sale ¥81 million (US$976 thousand).
Others for rental property consist of impairment loss ¥(310) million (US$ (3,735) thousand) and gain on sale ¥11 million (US$133 thousand).

	Millions of yen			
	2010			
	Rental income	Rental expenses	Net income	Others
Idle property	¥ —	¥ —	¥ —	¥(221)
Rental property	695	296	399	33

Notes: Others in the above table for idle property consist of taxes and dues ¥(267) million, impairment loss ¥(51) million, gain on acceptance of dredged sand ¥50 million and gain on sale ¥47 million.
Others for rental property are gain on sale.

21. STOCK OPTIONS

Stock option expenses in the amounts of ¥69 million (US$831 thousand) and ¥72 million are accounted for as "Selling, general and administrative expenses" on the consolidated statements of income for the years ended March 31, 2011 and 2010, respectively.

The contents of stock options at March 31, 2011 are as follows:

	Fiscal year 2007 stock options	Fiscal year 2008 stock options	Fiscal year 2009 stock options
Position and number of grantees	Directors of the Company: 5 Executive officers of the Company: 12	Directors of the Company: 5 Executive officers of the Company: 17	Directors of the Company: 6 Executive officers of the Company: 16
Type and number of shares	Common stock of the Company: 244,000 shares	Common stock of the Company: 225,000 shares	Common stock of the Company: 243,000 shares
Date of grant	February 22, 2007	July 13, 2007	July 14, 2008
Settlement of rights	After providing service for the period	After providing service for the period	After providing service for the period
Period of providing service for stock option	For 1 year (From July 1, 2006 to June 30, 2007)	Directors of the Company: For 1 year (From July 1, 2007 to June 30, 2008) Executive officers of the Company: For 9 months (From July 1, 2007 to March 31, 2008) Newly designated executive officers of the Company: For 1 year (From April 1, 2007 to March 31, 2008)	Directors of the Company: For 1 year (From July 1, 2008 to June 30, 2009) Executive officers of the Company: For 1 year (From April 1, 2008 to March 31, 2009)
Exercise period of rights	For 25 years from grant date (From February 22, 2007 to February 21, 2032)	For 25 years from grant date (From July 13, 2007 to July 12, 2032)	For 25 years from grant date (From July 14, 2008 to July 13, 2033)
Condition of exercise of rights	A holder of share subscription rights may only exercise rights within a maximum of 8 years, within the exercise period of rights described above, from the next day when such holder no longer holds a position as a director and/or an executive officer.	A holder of share subscription rights may only exercise rights within a maximum of 8 years, within the exercise period of rights described above, from the next day when such holder no longer holds a position as a director and/or an executive officer.	A holder of share subscription rights may only exercise rights within a maximum of 8 years, within the exercise period of rights described above, from the next day when such holder no longer holds a position as a director and/or an executive officer.

	Fiscal year 2010 stock options	Fiscal year 2011 stock options
Position and number of grantees	Directors of the Company: 6 Executive officers of the Company: 17	Directors of the Company: 5 Executive officers of the Company: 17
Type and number of shares	Common stock of the Company: 322,000 shares	Common stock of the Company: 366,000 shares
Date of grant	July 13, 2009	July 14, 2010
Settlement of rights	After providing service for the period	After providing service for the period
Period of providing service for stock option	Directors of the Company: For 1 year (From July 1, 2009 to June 30, 2010) Executive officers of the Company: For 1 year (From April 1, 2009 to March 31, 2010)	Directors of the Company: For 1 year (From July 1, 2010 to June 30, 2011) Executive officers of the Company: For 1 year (From April 1, 2010 to March 31, 2011)
Exercise period of rights	For 25 years from grant date (From July 13, 2009 to July 12, 2034)	For 25 years from grant date (From July 14, 2010 to July 13, 2035)
Condition of exercise of rights	A holder of share subscription rights may only exercise rights within a maximum of 8 years, within the exercise period of rights described above, from the next day when such holder no longer holds a position as a director and/or an executive officer.	A holder of share subscription rights may only exercise rights within a maximum of 8 years, within the exercise period of rights described above, from the next day when such holder no longer holds a position as a director and/or an executive officer.

	Fiscal year 2007 stock options	Fiscal year 2008 stock options	Fiscal year 2009 stock options	Fiscal year 2010 stock options	Fiscal year 2011 stock options	
	Yen	Yen	Yen	Yen	Yen	U.S. dollars
Exercise price	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1	$0.01
Average stock price at exercise	—	—	—	—	—	—
Fair value at grant date	388	351	326	223	186	2.24

Assumptions used in estimation of the fair value of stock options above were as follows:

	Fiscal year 2007 stock options	Fiscal year 2008 stock options	Fiscal year 2009 stock options	Fiscal year 2010 stock options	Fiscal year 2011 stock options
Method of estimation	Black-Scholes model	Black-Scholes model	Black-Scholes model	Black-Scholes model	Black-Scholes model
Volatility *	44.103 %	42.225 %	33.622 %	40.211 %	38.998 %
Expected remaining period **	8 years	8 years	8 years	8 years	8 years
Expected dividend ***	¥3	¥4	¥5	¥4	¥ 4 (US$0.05)
Risk-free interest rate ****	1.519 %	1.811 %	1.334 %	1.003 %	0.791 %

* Volatility is calculated based on the monthly closing prices of common stock of the Company for 8 years prior to the last month ahead of each date of grant.
** Midterm between date of grant and estimated exercisable period
*** Actual dividend per share for each year
**** Interest rate for a government bond with 8 years remaining

22. RELATED PARTY TRANSACTIONS

The Company sold goods for resale in the amount of ¥31,239 million (US$376,373 thousand) and ¥32,034 million to Ube-Mitsubishi Cement Corporation (UMCC), accounted for by the equity method, for the years ended March 31, 2011 and 2010, respectively. The balances of accounts receivable were ¥11,036 million (US$132,964 thousand) and ¥11,269 million at March 31, 2011 and 2010, respectively.

Selling prices are negotiated based on the amount of goods sold after deducting UMCC's selling costs and logistics costs from its net sales.

Report of Independent Auditors

Ube Industries, Ltd. and Consolidated Subsidiaries
March 31, 2011 and 2010

Ernst & Young ShinNihon LLC
Hibiya Kokusai Bldg.
2-2-3, Uchisaiwai-cho,
Chiyoda-ku, Tokyo, Japan 100-0011

Tel : +81 3 3503 1100
Fax: +81 3 3503 1197

The Board of Directors
Ube Industries, Ltd.

We have audited the accompanying consolidated balance sheets of Ube Industries, Ltd. and consolidated subsidiaries as of March 31, 2011 and 2010, and the related consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the years then ended, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Ube Industries, Ltd. and consolidated subsidiaries at March 31, 2011 and 2010, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2011 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1.

Ernst & Young ShinNihon LLC

June 29, 2011

Investor Information

(As of March 31, 2011)

Ube Industries, Ltd.

Head Office: Tokyo Head Office
(IR & PR Dept.)
Seavans North Bldg., 1-2-1, Shibaura,
Minato-ku, Tokyo 105-8449, Japan
Phone: +81 (3) 5419-6110
Fax: +81 (3) 5419-6230

Ube Head Office
1978-96, Kogushi, Ube,
Yamaguchi 755-8633, Japan
Phone: +81 (836) 31-2111
Fax: +81 (836) 21-2252

Establishment: 1897

Common Stock: Outstanding: 1,009,165,006 shares

Paid-in Capital: ¥58,435 million

Number of Shareholders with Voting Rights: 57,537

Annual General Shareholders' Meeting: June

Stock Exchange Listings: Tokyo Stock Exchange (Code: 4208)
Fukuoka Stock Exchange

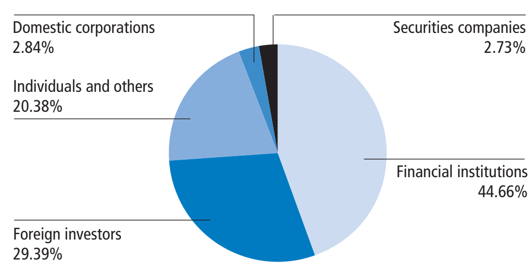
Transfer Agent and Share Registrar: Mitsubishi UFJ Trust and Banking Corporation, 1-4-5, Marunouchi, Chiyoda-ku, Tokyo 100-8212

Independent Auditors: Ernst & Young ShinNihon LLC

Principal Shareholders

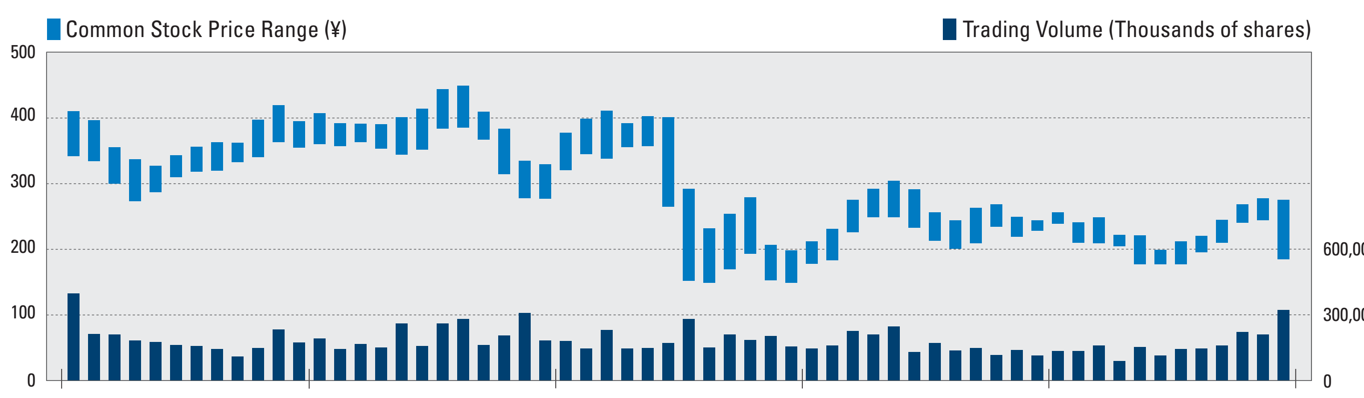
Name	Number of Shares (Thousands)	Percentage of Shareholding (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	89,387	8.86
The Master Trust Bank of Japan, Ltd. (Trust Account)	66,345	6.57
Japan Agricultural Cooperative (Standing Proxy: The Master Trust Bank of Japan, Ltd.)	25,360	2.51
Nippon Life Insurance Company	20,000	1.98
Sumitomo Life Insurance Company (Standing Proxy: Japan Trustee Services Bank, Ltd.)	20,000	1.98
Morgan Stanley & Co. Incorporated (Standing Proxy: Morgan Stanley MUFG Securities Co., Ltd.)	17,131	1.70
Deutsche Bank AG	15,564	1.54
Japan Trustee Services Bank, Ltd. (Trust Account 9)	15,453	1.53
Japan Trustee Services Bank, Ltd. (Trust Account 4)	14,588	1.45
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	13,500	1.34

Breakdown of Shareholders



Stock Price Range & Trading Volume

(Tokyo Stock Exchange)



Network

(As of March 31, 2011)

OVERSEAS OFFICES [SALES & REPRESENTATIVE]

❶ UBE AMERICA INC.
261 Madison Avenue, 28th Floor, New York, NY 10016, U.S.A.
Tel: +1 (212) 551-4700
Fax: +1 (212) 551-4739

❷ UBE CORPORATION EUROPE, S.A.
Poligono El Serrallo, Grao de Castellón 12100, Spain
Tel: +34 (964) 738000
Fax: +34 (964) 280013

❸ UBE EUROPE GMBH
Immermann Hof, Immermannstr. 65B, D-40210 Düsseldorf, Germany
Tel: +49 (211) 178830
Fax: +49 (211) 3613297

❹ UBE LATIN AMERICA SERVIÇOS LTDA.
Rua Iguatemi, 192-13°andar-cj 134, 01451-010 Itaim Bibi Sao Paulo, Brazil
Tel: + 55 (11) 30785424
Fax: +55 (11) 30788532

❺ UBE SINGAPORE PTE. LTD.
150 Beach Road, 20-05 Gateway West, Singapore 189720
Tel: +65-6291-9363
Fax: +65-6293-9039

❻ UBE KOREA CO., LTD.
2nd Floor, Donghoon tower, 702-19, Yeoksam-dong, Gangnam-gu,
Seoul, 135-513, Korea
Tel: +82 (2) 555-7590
Fax: +82 (2) 557-7592

❼ UBE (SHANGHAI) LTD.
Room 2501-03, Metro Plaza, 555 Loushanguan Road,
Shanghai, China P.C. 200051
Tel: +86 (21) 6273-2288
Fax: +86 (21) 6273-3833

❽ UBE (HONG KONG) LTD.
Rooms 1001-1009, Sun Hung Kai Centre, 30 Harbour Road, Hong Kong
Tel: +852-2877-1628
Fax: +852-2877-1262

MAJOR CONSOLIDATED SUBSIDIARIES AND AFFILIATES

① Country ② Business ③ Voting Rights

Chemicals & Plastics

❾ UBE FILM, LTD.
① Japan
Tel: +81 (836) 88-0111
Fax: +81 (836) 89-0005
② Manufacture and sales of plastic-film products
③ 77.5%

❿ THAI SYNTHETIC RUBBERS CO., LTD.
① Thailand
Tel: +66 (2) 263-6600
Fax: +66 (2) 685-3056
② Manufacture and sales of polybutadiene rubber
③ 73.1%

⓫ UBE CHEMICALS (ASIA) PUBLIC CO., LTD.
① Thailand
Tel: +66 (2) 263-6600
Fax: +66 (2) 685-4503
② Manufacture and sales of caprolactam and polyamide 6
③ 92.7%

⓬ UBE ENGINEERING PLASTICS, S.A.
① Spain
Tel: +34 (964) 738000
Fax: +34 (964) 280013
② Manufacture and sales of polyamide 6
③ 100.0%

⓭ UBE CHEMICAL EUROPE, S.A.
① Spain
Tel: +34 (964) 738000
Fax: +34 (964) 280013
② Manufacture and sales of caprolactam, ammonium sulfate, and fine chemicals
③ 100.0%

⓮ UBE AMMONIA INDUSTRY, LTD.
① Japan
Tel: +81 (836) 31-5858
Fax: +81 (836) 34-0472
② Manufacture and sales of ammonia, carbon dioxide, argon, oxygen, and nitrogen
③ 50.6%

⓯ UBE-MC HYDROGEN PEROXIDE CO., LTD.
① Japan
Tel: +81 (3) 5419-6340
Fax: +81 (3) 5419-6342
② Manufacture and sales of hydrogen peroxide
③ 51%

Specialty Chemicals & Products

⓰ UBE-NITTO KASEI CO., LTD.
① Japan
Tel: +81 (3) 6667-2411
Fax: +81 (3) 6667-2433
② Manufacture and sales of polypropylene molded products and fibers, fiber-reinforced plastics
③ 100.0%

⓱ MEIWA PLASTIC INDUSTRIES, LTD.
① Japan
Tel: +81 (836) 22-9211
Fax: +81 (836) 29-0100
② Manufacture and sales of phenolic resins and others
③ 100.0%

⓲ UBE FINE CHEMICALS (ASIA) CO., LTD.
① Thailand
Tel: +66 (2) 263-6623
Fax: +66 (2) 263-6688
② Manufacture and sales of 1,6-Hexanediol (HDL) and 1,5-Pentanediol (PDL)
③ 100.0%

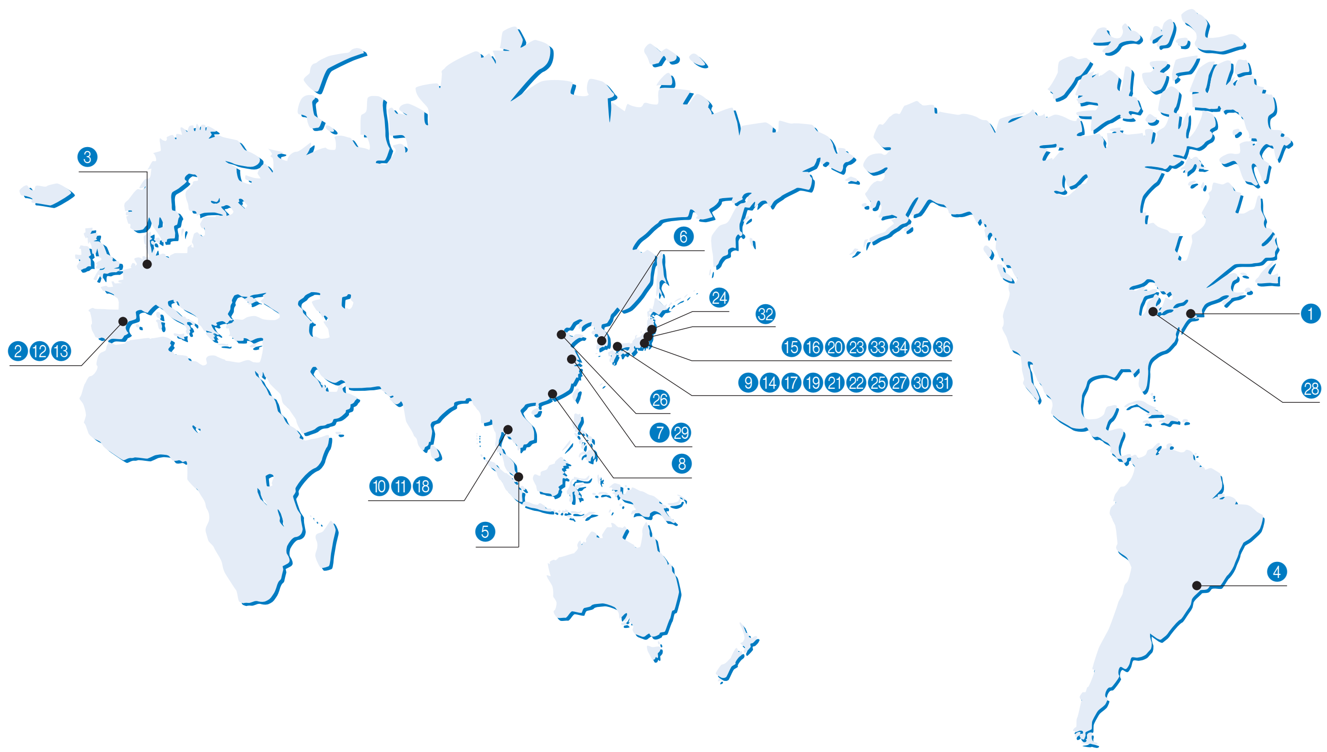
Cement & Construction Materials

⓳ UBE MATERIAL INDUSTRIES, LTD.
① Japan
Tel: +81 (836) 31-0156
Fax: +81 (836) 21-9778
② Production and sales of seawater magnesia, magnesium hydroxide, quicklime, slaked lime, and others
③ 54.3%

⓴ UBE CONSTRUCTION MATERIALS SALES CO., LTD.
① Japan
Tel: +81 (3) 5487-3584
Fax: +81 (3) 5487-3567
② Sales of ready-mixed concrete, building materials, and others
③ 100.0%

㉑ UBE SHIPPING & LOGISTICS, LTD.
① Japan
Tel: +81 (836) 34-1181
Fax: +81 (836) 34-1183
② Domestic shipping, harbor transportation, shipping-agent services, and customs clearing
③ 82.2%

㉒ UBE BOARD CO., LTD.
① Japan
Tel: +81 (836) 22-0251
Fax: +81 (836) 22-0271
② Manufacture and sales of boards, corrugated sheets, and OA flooring as well as related responsibilities
③ 100.0%



㉓ KANTO UBE HOLDINGS CO., LTD.
① Japan
Tel: +81 (3) 5759-7715
Fax: +81 (3) 5759-7732
② Sales of cement and aggregates as well as accounting for subsidiary
③ 100.0%

㉔ DAIKYO KIGYO CO., LTD.
① Japan
Tel: +81 (191) 25-3161
Fax: +81 (191) 25-4163
② Manufacture and sales of ready-mixed concrete and concrete secondary products
③ 79.6%

㉕ HAGIMORI INDUSTRIES, LTD.
① Japan
Tel: +81 (836) 31-1678
Fax: +81 (836) 21-4554
② Manufacture and sales of ready-mixed concrete and concrete secondary products
③ 73.3%

㉖ NANTONG UBE CONCRETE CO., LTD.
① China
Tel: +86 (513) 8535-5222
Fax: +86 (513) 8535-5221
② Manufacture and sales of ready-mix concrete
③ 100%

Machinery & Metal Products

㉗ UBE MACHINERY CORPORATION, LTD.
① Japan
Tel: +81 (836) 22-0072
Fax: +81 (836) 22-6457
② Manufacture and sales of diecasting machines, injection-molding machines, extrusion presses, industrial machinery, bridge, metal dies, and molds
③ 100.0%

㉘ UBE MACHINERY INC.
① U.S.A.
Tel: +1 (734) 741-7000
Fax: +1 (734) 741-7017
② Service, sales, assembly, and maintenance for metal processing and injection-molding machinery
③ 100.0%

㉙ UBE MACHINERY (SHANGHAI) LTD.
① China
Tel: +86 (21) 5868-1633
Fax: +86 (21) 5868-1634
② Services, sales, assembly and maintenance for metal processing and injection molding machinery
③ 100.0%

㉚ UBE TECHNO ENG. CO., LTD.
① Japan
Tel: +81 (836) 34-5080
Fax: +81 (836) 34-0666
② Service and maintenance of industrial machinery and equipment; manufacture and sales of automation and environment machinery
③ 100.0%

㉛ UBE STEEL CO., LTD.
① Japan
Tel: +81 (836) 35-1300
Fax: +81 (836) 35-1331
② Manufacture and sales of cast iron and steel products and rolled steel billets
③ 100.0%

㉜ FUKUSHIMA, LTD.
① Japan
Tel: +81 (24) 534-3146
Fax: +81 (24) 533-8318
② Manufacture and sales of marine, industrial and recycling machinery
③ 100.0%

Energy & Environment

㉝ UBE C&A CO., LTD.
① Japan
Tel: +81 (3) 5419-6331
Fax: +81 (3) 5419-6332
② Sales of imported steaming coal
③ 75.5%

... And 41 Other Consolidated Subsidiaries

EQUITY-METHOD AFFILIATES

㉞ UBE-MARUZEN POLYETHYLENE CO., LTD.
① Japan
Tel: +81 (3) 5419-6164
Fax: +81 (3) 5419-6249
② Manufacture and sales of low-density polyethylene
③ 50.0%

㉟ UMG ABS, LTD.
① Japan
Tel: +81 (3) 5148-5170
Fax: +81 (3) 5148-5186
② Manufacture and sales of ABS resins
③ 42.7%

㊱ UBE-MITSUBISHI CEMENT CORPORATION
① Japan
Tel: +81 (3) 3518-6670
Fax: +81 (3) 3518-6685
② Sales of cement and soil-stabilizing cement
③ 50.0%

... And 21 Other Equity-Method Affiliates

Wings of technology
Spirit of innovation
UBE

UBE INDUSTRIES,LTD.

Tokyo Head Office (IR & PR Dept.)
Seavans North Bldg., 1-2-1, Shibaura, Minato-ku, Tokyo 105-8449, Japan
Phone: +81-3-5419-6110 Facsimile: +81-3-5419-6230

Ube Head Office
1978-96, Kogushi, Ube, Yamaguchi 755-8633, Japan
Phone: +81-836-31-2111 Facsimile: +81-836-21-2252

URL: http://www.ube.co.jp

Warm full company for disabled people

Responsible Care

Printed in Japan with soy ink on partially recycled paper.