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Ube Industries Announces Consolidated Results for Fiscal 2001

On May 21, 2002, Ube Industries, Ltd., announced its consolidated results for fiscal 2001, ended March 31, 2002.

1. Overview

Although Thai Caprolactam Public Co., Ltd., Ube Nylon (Thailand) Ltd., and other subsidiaries were newly consolidated, a fall in the price of caprolactam in the Southeast Asian and European markets, lower shipments of specialty products for use in IT-related industries, and a falloff in domestic cement demand brought the Ube Group's earnings down substantially. Consolidated sales increased only ¥2,541 million year on year, to ¥537,548 million (US\$4,034 million) and operating income declined ¥10,924 million, to ¥17,596 million (US\$ 132 million); ordinary income decreased ¥10,072 million, to ¥7,791 million (US\$ 58 million); and net income fell ¥6,909 million, to ¥1,002 million (US\$ 7million).

For the years ended March 31, 2002 and 2001

	Millions of Yen		(A) / (B)x100
	FY 2001(A)	FY 2000(B)	
Net Sales	¥537,548	¥535,007	100.5%
Operating Income	¥17,596	¥28,520	61.7%
Ordinary Income	¥7,791	¥17,863	43.6%
Net Income	¥1,002	¥7,911	12.7%

At the parent company, net sales decreased ¥15,361 million, to ¥227,186 million (US\$ 1,705 million); operating income declined ¥7,722 million, to ¥5,212 million (US\$ 39 million); and ordinary income fell ¥2,876 million, to ¥4,703 million (US\$ 35 million). However, improvements in extraordinary profit/loss sent net income up ¥694 million, to ¥3,910 million (US\$ 29 million). Yet the merger in March of the real estate division of Ube Realty & Development Co., Ltd., in a bid to optimize the Group's real estate business, generated a ¥7,358 million (US\$ 55million) loss on the write-off of equities and made unavoidable an unappropriated loss of ¥18 million (US\$ 0.1 million).

2. Segment Information

Chemicals and Plastics

Despite the new consolidation of Thai Caprolactam and Ube Nylon (Thailand) during the term, sales for this segment increased only ¥3,960 million, to ¥231,069 million (US\$ 1,734 million). Owing to caprolactam market declines in Southeast Asia and Europe, lower shipments of specialty products for use in IT-related industries, and other factors, operating income declined ¥8,068 million, to ¥3,580 million (US\$ 26 million).

For the years ended March 31, 2002 and 2001

	Millions of Yen		(A) / (B)x100
	FY 2001(A)	FY 2000(B)	
Net Sales	¥231,069	¥227,109	101.7%
Operating Income	¥3,580	¥11,648	30.7%

In Polyolefin & Synthetic Rubber and ABS Plastics, shipments of polyethylene, polybutadiene, and ABS resins were slow and prices remained low. Shipments of “Umerit®” super polyethylene increased steadily. In Caprolactam, Nylon, and Industrial Chemicals, shipments of caprolactam remained low and prices declined substantially due to the worldwide decline in demand for caprolactam and flooding of products from Russia, Eastern Europe, and India into the Southeast Asian market. Although domestic nylon-6 resin shipments declined, they rose in Thailand and overall were nearly on a par with the prior year's. Nylon-12 resin saw steady growth as automotive parts and other new applications were developed. The industrial chemicals market was weak, but shipments were broadly favorable.

In Fine Chemicals and Pharmaceuticals, shipments of fine chemicals were relatively steady. Pharmaceutical products saw growth on the back of our first inhouse-developed medicine, an antiallergic agent marketed by Tanabe Seiyaku Co., Ltd., as “Talion®” and the intermediates for antibacterial agents to the United States.

In Specialty Products, although shipments of electrolytes and separators for lithium-ion batteries increased, shipments of such other products as polyimide films for use in electronic information equipment and high purity chemicals for semiconductors were suppressed by the decline in IT-related production levels. Shipments of dielectric ceramics fell due to the substantial worldwide deceleration in the mobile phone market.

Construction Materials

Although domestic demand for cement and construction materials products receded, the consolidation of Ube Construction Materials Sales Co., Ltd., and others sent sales up ¥1,209 million year on year, to ¥189,045 million (US\$ 1,418 million). Despite efforts to expand the usage of industrial waste as fuel and raw materials to reduce costs, operating income was down ¥2,209 million, to ¥7,444 million (US\$ 55 million) due to the above market condition and soaring prices of fuel coal.

For the years ended March 31, 2002 and 2001

	Millions of Yen		(A) / (B)x100
	FY 2001(A)	FY 2000(B)	
Net Sales	¥189,045	¥187,836	100.6%
Operating Income	¥7,444	¥9,653	77.1%

Machinery and Metal Products

In machinery, shipments of bridges were low, as were those of injection-molding machines overseas. Domestic shipments of aluminum wheels were favorable, but decreased in the United States. Sales for this segment decreased ¥4,812 million, to ¥90,025 million (US\$ 675 million). Various rationalization measures, however, boosted operating income ¥413 million, to ¥3,474 million (US\$ 26 million).

For the years ended March 31, 2002 and 2001

	Millions of Yen		(A) / (B)x100
	FY 2002(A)	FY 2001(B)	
Net Sales	¥90,025	¥94,837	94.9%
Operating Income	¥3,474	¥3,061	113.5%

Energy & Environment

Sales for this segment increased ¥2,596, to ¥16,412 million (US\$ 123 million), as a result of an increase in sales by environment-related businesses. However, a decrease in volume in the coal storage business resulted in a decline in operating income of ¥480 million, to ¥1,714 million (US\$ 12 million).

For the years ended March 31, 2002 and 2001

	Millions of Yen		(A) / (B)x100
	FY 2001(A)	FY 2000(B)	
Net Sales	¥16,412	¥13,816	118.8%
Operating Income	¥1,714	¥2,194	78.1%

Others

Consolidated sales for other business totaled ¥10,997 million (US\$ 82 million), and operating income amounted to ¥1,454 million (US\$ 10 million).

For the years ended March 31, 2002 and 2001

	Millions of Yen		(A) / (B)x100
	FY 2001(A)	FY 2000(B)	
Net Sales	¥10,997	¥11,409	96.4%
Operating Income	¥1,454	¥1,942	74.9%

3. Financial condition

Assets, liabilities and shareholders' equity

The term saw the addition of Thai Caprolactam Public Co., Ube Nylon (Thailand) Ltd., and other subsidiaries to consolidation, which increased total assets ¥39,338 million from the previous year-end, to ¥820,213 million (US\$ 6,155 million), and total liabilities ¥35,337 million, to ¥702,934 million (US\$ 5,275 million).

Although, consolidated retained earnings declined ¥2,571 million, an improvement of ¥4,299 million in accumulated foreign currency translation adjustments increased shareholders' equity ¥2,602 million, to ¥96,947 million (US\$ 727 million).

Cash flows

Net cash provided by operating activities was ¥36,384 million (US\$ 273 million), due to the term's ¥5,412 million (US\$ 40 million) income before income taxes and minority interest and ¥31,011 million (US\$ 232 million) depreciation.

Net cash used by investing activities was ¥29,229 million (US\$ 219 million), due to ¥46,514 million (US\$ 349 million) used in the acquisition of tangible fixed assets and ¥18,019 million (US\$ 135 million) in proceeds from sale of tangible fixed assets.

With regard to financing activities, we reduced interest-bearing liabilities using free cash flow (cash flows from operating and investing activities) and cash on hand (cash and cash equivalents) and this resulted in an outflow of ¥14,390 million (US\$ 108 million).

However, the balance of interest-bearing liabilities at the end of period under review increased ¥37,163 million from the end of FY2001 (March 31, 2001), to ¥521,028 million (US\$ 3,910 million), due to the addition of ¥42,655 million (US\$ 320 million) in debt of newly consolidated subsidiaries.

For the years ended March 31, 2002 and 2001

	Millions of Yen		Millions of
	FY 2001	FY 2000	U.S. dollars FY 2001
Cash flows from operating activities	¥36,384	¥32,006	\$273
Cash flows from investing activities	(¥29,229)	¥2,259	(\$219)
Cash flows from financing activities	(¥14,390)	(¥56,754)	(\$108)
Effect of exchange rate change on cash and cash equivalents	¥917	¥408	\$7
Net decrease in cash and cash equivalents	(¥6,318)	(¥22,081)	(\$47)
Cash and cash equivalents at beginning of period	¥45,996	¥68,077	\$345
Increase in cash from addition of consolidated subsidiaries	¥5,921		\$44
Cash and cash equivalents at end of period	¥45,599	¥45,996	\$342
Interest-bearing debt	¥521,028	¥483,865	\$3,910

4. Outlook for Fiscal 2002

Sales for fiscal 2002 are expected to decline due to the removal from consolidation of Ube Cycon, Ltd., and other subsidiaries, but overall business results are expected to improve on the back of extensive rationalization measures, expansion of earnings of four core businesses, which are Pharmaceuticals & Fine Chemicals, Specialty Products, Nylon-12 resin and Aluminum Wheels and recovery in fundamental businesses.

These projections assume a currency exchange rate of ¥130.00 to US\$1 and a domestically produced naphtha price of ¥23,000/kl.

A dividend of ¥3.00 per share is expected.

For the years ended March 31, 2003 and 2002

	Millions of Yen		(A) / (B)x100
	FY2002(A)	FY2001(B)	
Net Sales	¥520,000	¥537,548	96.7%
Operating Income	¥24,000	¥17,596	136.4%
Ordinary Income	¥13,000	¥7,791	166.9%
Net Income	¥8,000	¥1,002	798.4%

Net Sales by Segment:

For the years ended March 31, 2003 and 2002

	Millions of Yen		(A) / (B)x100
	FY2002(A)	FY2001(B)	
Chemicals & Plastics	¥211,000	¥231,069	91.3%
Construction Materials	¥180,000	¥189,045	95.2%
Machinery & Metal Products	¥102,000	¥90,025	113.3%
Energy & Environment	¥19,000	¥16,412	115.8%
Other Businesses	¥8,000	¥10,997	72.7%

Operating Income by Segment:

For the years ended March 31, 2003 and 2002

	Millions of Yen		(A) / (B)x100
	FY2002(A)	FY2001(B)	
Chemicals & Plastics	¥10,000	¥3,580	279.3%
Construction Materials	¥7,000	¥7,444	94.0%
Machinery & Metal Products	¥4,200	¥3,474	120.9%
Energy & Environment	¥1,600	¥1,714	93.3%
Other Businesses	¥1,200	¥1,454	82.5%

Cash flow estimates for the following term are as follows.

Cash Flows:

For the years ended March 31, 2003 and 2002

	Millions of Yen		Increase (decrease)
	FY2002	FY2001	
Cash flows from operating activities	¥39,000	¥36,384	¥2,616
Cash flows from investing activities	¥2,000	(¥29,229)	¥31,229
Cash flows from financing activities	(¥47,000)	(¥14,390)	(¥32,610)
Interest-bearing debt	¥465,000	¥521,028	(¥56,028)

Note: The above projections of future performance are based on information available to the Company at the present time and are subject to potential risks and uncertainties. Accordingly, should various factors on which these projections are based fail to match the Company's assumptions, actual performance may differ substantially from the Company's predictions. Such factors include conditions in its major markets, the supply and demand balance for its products, prices of raw materials and fuels, and interest and exchange rates.

Attachment:

- Financial Highlights
- Segment Information

Financial Highlights

For the years ended March 31, 2002 and 2001

	(Millions of Yen)			Millions of
	2001(A)	2000(B)	(A) / (B)x100	U.S. dollars
For the Year:				
Net Sales	¥537,548	¥535,007	100.5%	\$4,034
Operating Income	¥17,596	¥28,520	61.7%	\$ 132
Ordinary Income	¥7,791	¥17,863	43.6%	\$ 58
Net Income	¥1,002	¥7,911	12.7%	\$ 7
At the Year-End:				
Total Assets	¥820,213	¥780,875	105.0%	\$ 6,155
Shareholders' Equity	¥96,947	¥94,345	102.8%	\$ 727
	(Yen)			U.S. dollars
Per Share:				
Net Income				
Basic	¥1.20	¥9.48	12.7%	\$0.01
Diluted		¥8.78		
Shareholders' Equity	¥115.78	¥112.67	102.8%	\$0.87

Segment Information

	Millions of Yen						Consolidated
	Chemicals & Plastics	Construction Materials	Machinery & Metal Products	Energy & Environment	Other Businesses	Elimination & Corporate	
Year ended March 31, 2002							
Sales	¥231,069	¥189,045	¥90,025	¥16,412	¥10,997	-	¥537,548
Operating Income	¥3,580	¥7,444	¥3,474	¥1,714	¥1,454	¥-70	¥17,596
Assets	¥324,393	¥262,006	¥111,572	¥60,515	¥30,005	¥31,722	¥820,213
Depreciation of Fixed Assets	¥14,234	¥10,261	¥4,616	¥874	¥1,026	-	¥31,011
Acquisition of Fixed Assets	¥15,288	¥8,901	¥12,287	¥10,791	¥1,383	-	¥48,650

	Millions of Yen						Consolidated
	Chemicals & Plastics	Construction Materials	Machinery & Metal Products	Energy & Environment	Other Businesses	Elimination & Corporate	
Year ended March 31, 2001							
Sales	¥227,109	¥187,836	¥94,837	¥13,816	¥11,409	-	¥535,007
Operating Income	¥11,648	¥9,653	¥3,061	¥2,194	¥1,942	¥22	¥28,520
Assets	¥282,469	¥276,051	¥96,062	¥38,953	¥44,323	¥43,017	¥780,875
Depreciation of Fixed Assets	¥12,021	¥10,793	¥4,515	¥1,012	¥1,233	-	¥29,574
Acquisition of Fixed Assets	¥13,261	¥9,099	¥3,793	¥1,515	¥4,075	-	¥31,743

	Millions of U.S. dollars						Consolidated
	Chemicals & Plastics	Construction Materials	Machinery & Metal Products	Energy & Environment	Other Businesses	Elimination & Corporate	
Year ended March 31, 2002							
Sales	\$1,734	\$1,418	\$675	\$123	\$82	-	\$4,034
Operating Income	\$26	\$55	\$26	\$12	\$10	(\$0)	\$132
Assets	\$2,434	\$1,966	\$837	\$454	\$225	\$238	\$6,155
Depreciation of Fixed Assets	\$106	\$77	\$34	\$6	\$7	-	\$232
Acquisition of Fixed Assets	\$114	\$66	\$92	\$81	\$10	-	\$365

All figures were converted at the rate of ¥133.25=US\$1, the T.T.M. rate on the Tokyo Foreign Exchange Market as of March 29, 2002.