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Consolidated Results for the FY 2001 Interim Term of Ube Industries, Ltd.

On November 20, 2001, Ube Industries, Ltd. announced its consolidated results for the first half of fiscal 2001, ended September 30, 2001 (FY 2001 interim term).

1. Overview

Consolidated net sales of Ube Group for the FY 2001 interim term decreased ¥309 million from the same period of last year, to ¥256,575 million (US\$2,149 million) in spite of new additions to the Group, such as Thai Caprolactam Public Company Limited and Ube Nylon (Thailand) Limited, owing mainly to tougher competition in the Asian and European caprolactam markets, lower domestic demand for cement, and a reduction in shipments of specialty products for use in IT-related industries. Although a range of emergency cost-reduction measures were taken, operating income was down ¥7,470 million, to ¥4,452 million (US\$37 million); ordinary loss was ¥1,275 million (US\$11 million); and net loss was ¥416 million (US\$3 million) for this period.

For the six months ended September 30, 2001 and 2000

	Millions of Yen		(A) / (B) x 100
	FY 2001 Interim (A)	FY 2000 Interim (B)	
Net Sales	¥256,575	¥256,884	99.9
Operating Income	¥4,452	¥11,922	37.3
Ordinary Income (Loss)	(¥1,275)	¥6,763	—
Net Income (Loss)	(¥416)	(¥1,510)	—

On non-consolidated basis, net sales of the Company decreased ¥7,637 million from the same period of last year to ¥108,570 million (US\$909 million); operating income was down ¥4,556, to ¥950 million (US\$8 million); ordinary income was ¥1,337 million (US\$11 million); and net income for this interim period totaled ¥2,050 million (US\$17 million), owing to the profit from the sale of the stocks of Grand Polymer Co., Ltd.

2. Cash flows

Net cash provided by operating activities was ¥12,943 million (US\$108 million) after accounting for a decrease in accounts receivable. This is a decrease of ¥1,614 million from the same period of last year.

Net cash used by investing activities was ¥16,586 million (US\$139 million) as a result of a ¥17,726 million (US\$148 million) outflow on the acquisition of tangible fixed assets. This is a decrease of ¥16,788 million from the same period of the previous year, when investing activities provided net cash of ¥202 million.

With regard to financing activities, we reduced interest-bearing liabilities using cash on hand (cash and cash equivalents) and this resulted in an outflow of ¥7,790 million (US\$65 million). The balance of interest-bearing liabilities at the end of the period under review was up ¥30,744 million from the end of FY2000(March 31, 2001), to ¥514,609 million (US\$4,310 million) due to an increase of ¥33,364 million associated with a rise in the number of consolidated subsidiaries. The balance of cash on hand at the end of the period under review was down ¥5,493 million, to ¥40,503 million (US\$339 million).

3. Segment Information

Chemicals & Plastics

Consolidated sales for this segment increased only ¥388 million from the same period of last year, to ¥110,459 million (US\$925 million), despite the inclusion of results from such newly consolidated subsidiaries as Thai Caprolactam and Ube Nylon (Thailand). Operating income was down ¥5,103 million, to ¥398 million (US\$3 million), due to a fall in the price of caprolactam in the Asian and European markets, a reduction in shipments of specialty products for use in IT-related industries, and a rise in raw material prices.

For the six months ended September 30, 2001 and 2000

	Millions of Yen		
	FY 2001 Interim (A)	FY 2000 Interim (B)	(A) / (B)x100
Net Sales	¥110,459	¥110,071	100.4%
Operating Income	¥398	¥5,501	7.2%

In Polyolefin & Synthetic Rubber and ABS Plastics, shipments of polyethylene, polybutadiene, and ABS resins were slow and the Company was unable to revise prices to reflect the rise in raw material costs due to the poor market conditions.

In Caprolactam, Nylon & Industrial Chemicals, shipments of caprolactam were slowed by the worsening supply and demand situation in the Asian and European markets and the market price of this product also fell down. Shipments of Nylon-6 were slow in general, despite a rise in Thailand. The use of Nylon-12 in autoparts expanded, contributing to the steady growth of this business. Shipments of Industrial Chemicals remained relatively steady.

In Fine Chemicals & Pharmaceuticals, shipments remained steady overall. The Company's first in-house-developed medicine, an antiallergic agent for the treatment of allergic rhinitis, is being marketed by Tanabe Seiyaku Co., Ltd. as Talion® tablets. Shipments of this product are growing steadily.

In Specialty Products, although shipments of electrolytes for lithium-ion batteries were steady, shipments of such other products as polyimide films for use in electronic information equipment and high purity chemicals for semiconductors were depressed overall owing to the decline in IT-related production. The dielectric ceramics business remained lackluster due to poor growth worldwide in demand for mobile phones.

Construction Materials

Consolidated sales for this segment decreased ¥913 million from the same period of last year, to ¥91,570 million (US\$767 million), mainly as a result of lower domestic demand for cement. Operating income was down ¥1,372 million, to ¥2,050 million (US\$17 million), due to the steep rise in the price of fuel coal.

For the six months ended September 30, 2001 and 2000

	Millions of Yen		
	FY 2001 Interim (A)	FY 2000 Interim (B)	(A) / (B)x100
Net Sales	¥91,570	¥92,483	99.0%
Operating Income	¥2,050	¥3,422	59.9%

In Cement, shipments to Ube-Mitsubishi Cement Corporation decreased from the same period of last year due to weak demand in both Public and Private Sector. Production costs were badly affected by lower shipment volumes and the rise in coal prices. The Company is promoting the use of industrial waste products as fuel and raw materials in an effort to reduce costs and recycle resources.

In Building Materials, shipments were low in general.

Machinery & Metal Products

The performance of Machinery was low in general. Domestic shipments of aluminum wheels in Metal Products increased steadily, but it was decreased in the United States due to the slowdown of the economy. As a result, consolidated sales decreased ¥1,346 million from the same period of last year, to ¥40,442 million (US\$339 million) and operating income decreased to ¥257 million (US\$2 million).

For the six months ended September 30, 2001 and 2000

	Millions of Yen		(A) / (B)x100
	FY 2001 Interim (A)	FY 2000 Interim (B)	
Net Sales	¥40,442	¥41,788	96.8%
Operating Income	¥257	¥757	33.9%

Energy & Environment

Consolidated sales for this segment increased ¥1,329 million, to ¥7,821 million (US\$66 million), as a result of an increase in sales by environment-related businesses. However, a decrease in volume for the coal storage business resulted in operating income of ¥806 million (US\$7 million).

For the six months ended September 30, 2001 and 2000

	Millions of Yen		(A) / (B)x100
	FY 2001 Interim (A)	FY 2000 Interim (B)	
Net Sales	¥7,821	¥6,492	120.5%
Operating Income	¥806	¥941	85.7%

Other Businesses

Consolidated sales for other businesses totaled ¥6,283 million (US\$53 million), and operating income was ¥963 million (US\$8 million).

For the six months ended September 30, 2001 and 2000

	Millions of Yen		(A) / (B)x100
	FY 2001 Interim (A)	FY 2000 Interim (B)	
Net Sales	¥6,283	¥6,050	103.9%
Operating Income	¥963	¥1,333	72.2%

4. Outlook for Fiscal 2001

Our performance projections for fiscal 2001 are as follows, assuming that the exchange rate during the remaining half of fiscal 2001 (October 1, 2001 to March 31, 2002) will be ¥120.00 to US\$1, and the price of domestically produced naphtha will be ¥19,800/kl for that period.

The amount of cash dividends for the year is uncertain at this point of time.

For the years ended March 31, 2002 and 2001

	Millions of Yen		(A) / (B)x100
	FY 2001 (A)	FY 2000(B)	
Net Sales	¥542,000	¥535,007	101.3%
Operating Income	¥19,000	¥28,520	66.6%
Ordinary Income	¥8,000	¥17,863	44.8%
Net Income	¥2,000	¥7,911	25.3%

Net Sales by Segment:

For the years ended March 31, 2002 and 2001

	Millions of Yen		
	FY 2001 (A)	FY 2000(B)	(A) / (B)x100
Chemicals & Plastics	¥235,000	¥227,109	103.5%
Construction Materials	¥185,000	¥187,836	98.5%
Machinery & Metal Products	¥96,000	¥94,837	101.2%
Energy & Environment	¥15,000	¥13,816	108.6%
Other Businesses	¥11,000	¥11,409	96.4%

Operating Income by Segment:

For the years ended March 31, 2002 and 2001

	Millions of Yen		
	FY 2001 (A)	FY 2000(B)	(A) / (B)x100
Chemicals & Plastics	¥6,000	¥11,648	51.5%
Construction Materials	¥6,600	¥9,653	68.4%
Machinery & Metal Products	¥3,700	¥3,061	120.9%
Energy & Environment	¥1,600	¥2,194	72.9%
Other Businesses	¥1,100	¥1,942	56.6%

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, if the various factors on which our projections are based do not match our assumptions, the actual performance of the Company may differ substantially from our predictions. Such factors include conditions in our major markets, the supply and demand balance for our products, prices of raw materials and fuel, and interest and exchange rates.

Attachment:

- Financial Highlights
- Segment Information
- Cash Flows

Financial Highlights

For the six months ended September 30, 2001 and 2000

	Millions of Yen			Millions of
	FY 2001 Interim (A)	FY 2000 Interim (B)	(A) / (B)x100	U.S. dollars
				FY 2001 Interim
For the six months:				
Net Sales	¥256,575	¥256,884	99.9	\$2,149
Operating Income	¥4,452	¥11,922	37.3	\$37
Ordinary Income (Loss)	(¥1,275)	¥6,763	-	(\$11)
Net Income (Loss)	(¥416)	(¥1,510)	-	(\$3)
As of September 30:				
Total Assets	¥813,467	¥814,086	99.9	\$6,813
Shareholders' Equity	¥90,665	¥88,634	102.3	\$759

Segment Information

For the six months ended	Millions of Yen						Consolidated
	Chemicals & Plastics	Construction Materials	Machinery & Metal Products	Energy & Environment	Other Businesses	Elimination & Corporate	
September 30, 2001							
Sales	¥110,459	¥91,570	¥40,442	¥7,821	¥6,283	-	¥256,575
Operating Income	¥398	¥2,050	¥257	¥806	¥963	(¥22)	¥4,452
For the six months ended September 30, 2000							
Sales	¥110,071	¥92,483	¥41,788	¥6,492	¥6,050	-	¥256,884
Operating Income	¥5,501	¥3,422	¥757	¥941	¥1,333	(¥32)	¥11,922

For the six months ended	Millions of U.S. dollars						Consolidated
	Chemicals & Plastics	Construction Materials	Machinery & Metal Products	Energy & Environment	Other Businesses	Elimination & Corporate	
September 30, 2001							
Sales	\$925	\$767	\$339	\$66	\$53	-	\$2,149
Operating Income	\$3	\$17	\$2	\$7	\$8	\$0	\$37

Cash Flows

For the six months ended September 30, 2001 and 2000

	Millions of Yen		Millions of
	FY 2001 Interim	FY 2000 Interim	U.S. dollars
			FY 2001 Interim
Cash flows from operating activities	¥12,943	¥14,557	\$108
Cash flows from investing activities	(¥16,586)	¥202	(\$139)
Cash flows from financing activities	(¥7,790)	(¥22,470)	(\$65)
Effect of exchange rate changes on cash and cash equivalents	¥139	¥125	\$1
Net decrease in cash and cash equivalents	(¥11,294)	(¥7,586)	(\$95)
Cash and cash equivalents at beginning of period	¥45,996	¥68,077	\$385
Increase in cash from addition of consolidated subsidiaries	¥5,801	-	\$49
Cash and cash equivalents at end of period	¥40,503	¥60,491	\$339

All figures were converted at the rate of ¥119.40=US\$1, the T.T.M. rate on the Tokyo Foreign Exchange Market as of September 28, 2001.