

May 11, 2006

Consolidated Financial Report for the Fiscal Year Ended March 31, 2006

**Ube Industries, Ltd.**

**1. Consolidated Business Results for Fiscal Year Ended March 31, 2006  
(April 1, 2005 to March 31, 2006)**

**(1) Results of Operations**

(Billions of yen – except per share data)

	Fiscal year ended March 31, 2006	Fiscal year ended March 31, 2005	Variance
Net sales	595.3	562.7	32.6
Operating income	42.1	32.3	9.8
Net interest expense	-6.2	-7.5	1.3
Equity in income of affiliates	1.1	1.2	-0.1
Other non-operating income	-3.8	-2.3	-1.4
Ordinary income	33.2	23.6	9.6
Extraordinary income	0.7	2.2	-1.5
Extraordinary losses	-7.3	-15.0	7.7
Net income	16.0	9.2	6.7

Net income per share	16.83 yen	10.07 yen	6.76 yen
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**Net Sales by Segment**

(Billions of yen)

	Fiscal year ended March 31, 2006	Fiscal year ended March 31, 2005	Variance	Comments
Chemicals & Plastics	175.8	164.9	10.9	- Increase in sales price of caprolactam, synthetic rubber, and nylon resin - Transfer of polyethylene business to Ube-Maruzen Polyethylene Co., Ltd. (Oct. 2004)
Specialty chemicals & products	89.2	83.0	6.2	- Increase in sales volume of specialty products
Cement & construction materials	192.4	175.7	16.6	- Accounting change from deduction of industrial waste processing expense to sales calculation - Increase in sales of cement, ready-mix concrete, and quicklime related products
Machinery & metal products	102.4	109.7	-7.3	- Dissolution of US aluminum wheel manufacturing subsidiary (Mar. 2005) - Transfer of Shin Kasado Dockyard to Imabari Shipbuilding (Apr. 2005) - Increase in sales of die casting machines and injection molding machines
Energy & environment	31.4	25.4	6.0	- Increase in sales price of coal
Other	3.8	3.6	0.1	
Total	595.3	562.7	32.6	

## Operating Income by Segment

(Billions of yen)

	Fiscal year ended March 31, 2006	Fiscal year ended March 31, 2005	Variance	Comments
Chemicals & Plastics	14.9	10.8	4.1	- Improvement in spread (between raw material and product prices)
Specialty chemicals & products	10.9	10.6	0.3	- Increase in sales volume of specialty products - Sales price drop for specialty products - Increase in fixed costs
Cement & construction materials	9.7	9.6	0.1	- Increase in price of fuel - Increased use of industrial waste - Increase in sales price and sales volume
Machinery & metal products	3.7	-1.7	5.4	- Improvement in profit/loss for North American aluminum wheel operations - Increased sales of die casting machines and injection molding machines - Improvement in industrial machinery profitability
Energy & environment	2.3	2.3	0	
Other	0.5	0.6	0	
Total	42.1	32.3	9.8	

## (2) Financial Condition

(Billions of yen)

<b>Assets</b>	Fiscal year ended March 31, 2006	Fiscal year ended March 31, 2005	Variance
Cash and cash equivalents	20.6	34.4	-13.7
Account receivable	147.8	135.6	12.1
Inventories	81.4	79.9	1.5
Property, plant and equipment	357.5	360.7	-3.2
Intangible fixed assets	4.8	5.5	-0.7
Investment securities	52.4	42.9	9.5
Deferred tax assets	11.4	17.2	-5.8
Loans	2.7	2.8	-0.1
Investments and other assets	21.5	27.2	-5.7
Total assets	700.4	706.6	-6.2

<b>Liabilities</b>	Fiscal year ended March 31, 2006	Fiscal year ended March 31, 2005	Variance
Notes and accounts payable-trade	97.0	91.3	5.6
Interest-bearing liabilities	341.9	397.9	-56.0
Other liabilities	93.0	91.2	1.7
Minority interests	18.6	17.6	0.9
Stockholders' equity	149.7	108.3	41.3
Common stock	58.3	48.5	9.8
Additional paid-in capital	28.2	18.4	9.8
Retained earnings	52.7	38.5	14.1
Other	10.3	2.7	7.5
Total liabilities	700.4	706.6	-6.2

### (3) Cash Flows

(Billions of yen)

	Fiscal year ended March 31, 2006	(Ref.)Fiscal year ended March 31, 2005
Cash flows from operating activities	51.8	29.7
Cash flows from investing activities	-22.5	-26.0
Cash flows from financing activities	-42.9	1.1
(Interest-bearing liabilities)	(-60.7)	(1.3)
(Stock issue)	(19.6)	—
(Other)	(-1.7)	(-0.1)
Cash and cash equivalents at end of period	20.0	33.4

### 2. Consolidated Earnings Forecast for the Year Ending March 31, 2007 (April 1, 2006 to March 31, 2007)

(Billions of yen – except per share data)

	Fiscal year ending March 31, 2007 (forecast)	Fiscal year ended March 31, 2006	Variance
Net sales	615.0	595.3	19.7
Operating income	41.0	42.1	-1.1
Ordinary income	32.0	33.2	-1.2
Extraordinary losses	-1.5	-6.6	5.1
Net income	18.0	16.0	2.0
Net income per share	17.89 yen	16.83 yen	1.06 yen

### Net Sales by Segment

(Billions of yen)

	Fiscal year ending March 31, 2007	Fiscal year ended March 31, 2006	Variance	Comments
Chemicals & Plastics	187.7	175.8	11.9	- Increase in sales volume of nylon resin, caprolactam, and synthetic rubber
Specialty chemicals & products	92.5	89.2	3.3	- Increase in sales volume of specialty products
Cement & construction materials	194.9	192.4	2.5	- Increase in sales volume of quicklime related products - Increase in sales of recycled material
Machinery & metal products	106.3	102.4	3.9	- Increase in sales of industrial machinery - Increase in sales of aluminum wheels
Energy & environment	29.9	31.4	-1.5	- Decrease in sales volume of coal
Other	3.7	3.8	-0.1	
Total	615.0	595.3	19.7	

## Operating Income by Segment

(Billions of yen)

	Fiscal year ending March 31, 2007	Fiscal year ended March 31, 2006	Variance	Comments
Chemicals & Plastics	12.2	14.9	-2.7	- Decrease in spread (between raw material and product prices)
Specialty chemicals & products	12.7	10.9	1.8	- Increase in sales volume of specialty products
Cement & construction materials	9.8	9.7	0	- Increase in industrial waste processing volume - Increase in price of fuel
Machinery & metal products	3.4	3.7	-0.3	- Decrease in spread on steelmaking products
Energy & environment	2.3	2.3	0	
Other	0.6	0.5	0.1	
Total	41.0	42.1	-1.1	

## (Reference) Consolidated Key Indicators

(Billions of yen - except where noted)

	Fiscal year ending March 31, 2007 (forecast)	Fiscal year ended March 31, 2006	Fiscal year ended March 31, 2005
Capital investment	31.0	24.7	25.2
Depreciation and amortization	31.0	30.8	30.9
Research and development expenses	12.8	12.4	11.4
Adjusted operating income *1	42.7	44.9	34.3
Interest-bearing liabilities	326.0	341.9	397.9
Net interest-bearing liabilities	306.0	321.8	364.5
Stockholders' equity	163.0	149.7	108.3
Total assets	700.0	700.4	706.6
Net D/E ratio (times)	1.9	2.1	3.4
Ratio of operating income to net sales (%)	6.7	7.1	5.7
Return on assets – ROA (%) *2	6.1	6.4	4.9
Number of employees	10,940	10,673	11,074

\*1 Operating income + interest and dividend income + equity in income of affiliates

\*2 Adjusted operating income / total assets