

## Consolidated Financial Report for the Fiscal Year Ended March 31, 2007

## Ube Industries, Ltd.

## 1. Consolidated Companies

Fiscal period	Fiscal year ended	Fiscal year ended	Variance
	March 31, 2006	March 31, 2007	
Number of companies			
Consolidated companies	66	68	2
Companies using equity method accounting	35	32	-3
Total	101	100	-1

2. Consolidated Business Results for Fiscal Year Ended March 31, 2007  
(April 1, 2006 to March 31, 2007)

## (1) Results of Operations

(Billions of yen – except per share data)

	Fiscal year ended March 31, 2006	Fiscal year ended March 31, 2007	Variance
Net sales	595.3	655.6	60.2
Operating income	42.1	46.8	4.6
Net interest expense	-6.2	-6.4	-0.2
Equity in income of affiliates	1.1	1.8	0.7
Other non-operating income	-3.8	0.8	4.6 *1
Ordinary income	33.2	43.1	9.9
Extraordinary income	0.7	5.9 *2	5.2
Extraordinary losses	-7.3	-13.1 *3	-5.7
Net income	16.0	22.0	6.0
Net income per share	16.83 yen	21.88 yen	5.05 yen

\*1 Currency gains: 3.7 billion yen

\*2 Details of extraordinary income (5.9 billion yen) for Fiscal year ended March 31, 2007

Gain on contribution of securities to retirement benefit trust: 2.9 billion yen

Other losses: 3.0 billion yen

\*3 Details of extraordinary losses (-13.1 billion yen) for Fiscal year ended March 31, 2007

Impairment loss: -5.7 billion yen

Loss on disposal of PP &amp; E: -2.9 billion yen

Loss on valuation of inventories: -2.0 billion yen

Other losses: -2.4 billion yen

**Net Sales by Segment**

(Billions of yen)

	Fiscal year ended March 31, 2006	Fiscal year ended March 31, 2007	Variance	Comments
Chemicals & Plastics	175.8	210.4	34.5	- Increase in sales volume and sales price of caprolactam, synthetic rubber and polyamide resin
Specialty chemicals & products	89.2	88.3	-0.9	- Withdrawal from aluminum capacitor foil business - Increase in sales volume of specialty products, etc.
Cement & construction materials	192.4	207.8	15.4	- Increase in net sales of cement and ready-mix concrete - Increase in sales volume and sales price of calcia and magnesia - Increase in sales volume of inorganic specialty products, etc.
Machinery & metal products	102.4	114.2	11.7	- Increase in shipments of molding machines and industrial machinery, etc.
Energy & environment	31.4	30.9	-0.5	
Other	3.8	3.8	0	
Total	595.3	655.6	60.2	

**Operating Income by Segment**

(Billions of yen)

	Fiscal year ended March 31, 2006	Fiscal year ended March 31, 2007	Variance	Comments
Chemicals & Plastics	14.9	13.7	-1.1	- Narrowing of spread (between selling prices and cost of raw materials) - Rise in energy costs, etc.
Specialty chemicals & products	10.9	11.5	0.5	- Increase in sales volume of specialty products, etc.
Cement & construction materials	9.7	12.4	2.6	- Rise in energy costs - Increase in use of waste (for cost reduction) - Increase in net sales of calcia, magnesia and inorganic specialty products, etc.
Machinery & metal products	3.7	5.5	1.8	- Increase in shipments of molding machines and industry machinery - Higher losses recorded by North American aluminum wheel business, etc.
Energy & environment	2.3	2.7	0.3	- Increase in volume of coal storage by contract - Cost reductions for independent power producer business, etc.
Other	0.5	0.7	0.1	
Total	42.1	46.8	4.6	

## (2) Financial Condition

(Billions of yen)

<b>Assets</b>	Fiscal year ended March 31, 2006	Fiscal year ended March 31, 2007	Variance
Cash and cash equivalents	20.6	21.6	1.0
Account receivable	147.8	161.5	13.7
Inventories	81.4	79.1	-2.2
Property, plant and equipment	357.5	359.8	2.3
Intangible fixed assets	4.8	4.0	-0.7
Investment securities	52.4	43.2	-9.1
Deferred tax assets	11.4	13.5	2.1
Loans	2.7	3.3	0.6
Investments and other assets	21.5	28.2	6.7
<b>Total assets</b>	<b>700.4</b>	<b>714.8</b>	<b>14.4</b>

<b>Liabilities</b>	Fiscal year ended March 31, 2006	Fiscal year ended March 31, 2007	Variance
Notes and accounts payable-trade	97.0	104.3	7.2
Interest-bearing liabilities	341.9	320.0	-21.9
Other liabilities	93.0	95.3	2.2
Minority interests	18.6	-	-18.6
<b>Net assets</b>	<b>149.7</b>	<b>195.1</b>	<b>45.4</b>
(Stockholders' equity)	(139.0)	(158.0)	(18.9)
(Valuation and currency conversion differences)	(10.6)	(14.5)	(3.8)
(Share acquisition rights)	-	(0)	(0)
(Minority interests)	-	(22.5)	(22.5)
<b>Total liabilities and Net assets</b>	<b>700.4</b>	<b>714.8</b>	<b>14.4</b>

## (3) Cash Flows

(Billions of yen)

	Fiscal year ended March 31, 2007	(Ref.)Fiscal year ended March 31, 2006
Cash flows from operating activities	54.3	51.8
Cash flows from investing activities	-27.1	-22.5
Cash flows from financing activities	-27.5	-42.9
(Interest-bearing liabilities)	(-24.4)	(-60.7)
(Stock issue)	( - )	(19.6)
(Other)	(-3.1)	(-1.7)
Cash and cash equivalents at end of period	21.2	20.0

**3.Consolidated Earnings Forecast for the Year Ending March 31, 2008  
(April 1, 2007 to March 31, 2008)**

(Billions of yen – except per share data)

	Fiscal year ended March 31, 2007	Fiscal year ending March 31, 2008 (forecast)		Variance	
			*1		*1
Net sales	655.6	668.0		12.4	
Operating income	46.8	45.0	48.3	-1.8	1.5
Ordinary income	43.1	37.0	40.3	-6.1	-2.8
Extraordinary losses	-7.1	-2.0		5.1	
Net income	22.0	21.0	23.0	-1.0	1.0

Net income per share	21.88 yen	20.87 yen	-1.01 yen
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\*1 Not accounting for changes in depreciation method

**Net Sales by Segment**

(Billions of yen)

	Fiscal year ended March 31, 2007	Fiscal year ending March 31, 2008	Variance	Comments
Chemicals & Plastics	210.4	212.0	1.6	- Increase in sales volume of polyamide resin, etc.
Specialty chemicals & products	88.3	95.0	6.7	- Increase in sales volume of specialty products, etc.
Cement & construction materials	207.8	208.0	0.2	
Machinery & metal products	114.2	115.0	0.8	
Energy & environment	30.9	34.5	3.6	- Increase in net sales of coal, etc.
Other	3.8	3.5	-0.3	
Total	655.6	668.0	12.4	

\*1 Not accounting for changes in depreciation method

## Operating Income by Segment

(Billions of yen)

	Fiscal year ended March 31, 2007	Fiscal year ending March 31, 2008		Variance		Comments
			*1		*1	
Chemicals & Plastics	13.7	11.7	12.8	-2.0	-0.9	- Decrease in difference of gain/loss on inventory valuation, etc.
Specialty chemicals & products	11.5	13.3	13.8	1.8	2.3	- Increase in sales volume of specialty products, fine chemicals and pharmaceuticals, etc.
Cement & construction materials	12.4	11.4	12.7	-1.0	0.3	- Rise in energy costs - Increase in use of waste (for cost reduction) - Increase in sales volume of inorganic specialty products, etc.
Machinery & metal products	5.5	5.1	5.4	-0.4	-0.1	- Decrease in net sales of molding machines - Cost reductions for North American aluminum wheel business, etc.
Energy & environment	2.7	2.9	3.0	0.2	0.3	- Increase in volume of coal storage by contract, etc.
Other	0.7	0.6	0.6	-0.1	-0.1	
Total	46.8	45.0	48.3	-1.8	1.5	

\*1 Not accounting for changes in depreciation method

## (Reference) Consolidated Key Indicators

(Billions of yen - except where noted)

	Fiscal year ended March 31, 2006	Fiscal year ended March 31, 2007	Fiscal year ending March 31, 2008 (forecast)	
				*1
Capital investment	24.7	31.9	38.0	
Depreciation and amortization	30.8	30.9	34.0	30.7
Research and development expenses	12.4	13.0	14.0	
Adjusted operating income *2	44.9	49.8	47.0	50.3
Interest-bearing liabilities	341.9	320.0	315.0	
Net interest-bearing liabilities	321.8	298.7	293.0	
Equity capital	149.7	172.5	187.0	
Total assets	700.4	714.8	730.0	
Net D/E ratio (times)	2.1	1.7	1.6	
Equity ratio(%)	21.4	24.1	25.6	
Ratio of operating income to net sales (%)	7.1	7.1	6.7	7.2
Return on assets – ROA (%) *3	6.4	7.0	6.5	
Return on equity – ROE (%)	12.4	13.7	11.7	
Number of employees	10,673	10,833	11,270	

\*1 Not accounting for changes in depreciation method

\*2 Operating income + interest and dividend income + equity in income of affiliates

\*3 Adjusted operating income / total assets