

Consolidated Financial Report for the Fiscal Year Ended March 31, 2008

Ube Industries, Ltd.

1. Consolidated Companies

| Fiscal period | Fiscal year ended | Fiscal year ended | Variance |
|--|-------------------|-------------------|----------|
| | March 31, 2007 | March 31, 2008 | |
| Number of companies | | | |
| Consolidated companies | 68 | 67 | -1 |
| Companies using equity method accounting | 32 | 28 | -4 |
| Total | 100 | 95 | -5 |

2. Consolidated Business Results for Fiscal Year Ended March 31, 2008
(April 1, 2007 to March 31, 2008)

(1) Results of Operations

(Billions of yen – except per share data)

| | Fiscal year ended March 31, 2007 | Fiscal year ended March 31, 2008 | | Variance | |
|--------------------------------|-------------------------------------|-------------------------------------|------|----------|------|
| | | | *1 | | *1 |
| Net sales | 655.6 | 704.2 | | 48.6 | |
| Operating income | 46.8 | 55.9 | 59.1 | 9.0 | 12.2 |
| Net interest expense | -6.4 | -5.9 | | 0.4 | |
| Equity in income of affiliates | 1.8 | 1.3 | | -0.5 | |
| Other non-operating income | 0.8 | -4.5 | | -5.3 | *2 |
| Ordinary income | 43.1 | 46.7 | 49.9 | 3.5 | 6.8 |
| Extraordinary income | 5.9 | 3.6 | *3 | -2.2 | |
| Extraordinary losses | -13.1 | -9.4 | | 3.6 | |
| Net income | 22.0 | 24.0 | | 2.0 | |

| | | | |
|----------------------|-----------|-----------|----------|
| Net income per share | 21.88 Yen | 23.88 yen | 2.00 Yen |
|----------------------|-----------|-----------|----------|

*1 Not accounting for change in depreciation method

*2 Currency Loss: -2.9 billion yen

*3 Details of extraordinary income (3.6 billion yen) for Fiscal year ended March 31, 2008

Gain on contribution of securities to retirement benefit trust: 2.3 billion yen

Other Income: 1.2 billion yen

*4 Details of extraordinary losses (-9.4 billion yen) for Fiscal year ended March 31, 2008

Impairment loss: -5.9 billion yen

Loss on disposal of PP & E: -2.1 billion yen

Other losses: -1.3 billion yen

Net Sales by Segment

(Billions of yen)

| | Fiscal year ended March 31, 2007 | Fiscal year ended March 31, 2008 | Variance | | Comments |
|---------------------------------|-------------------------------------|-------------------------------------|----------|--|--|
| | | | | | |
| Chemicals & Plastics | 210.4 | 233.2 | 22.8 | | - Increase in selling prices - Increase in yen conversion difference from overseas subsidiaries, etc. |
| Specialty chemicals & products | 88.3 | 93.5 | 5.1 | | - Increase in sales volume of pharmaceutical active ingredients and intermediates, etc. |
| Cement & construction materials | 207.8 | 207.0 | -0.8 | | - Decrease in sales volume of ready-mix concrete, cement and building materials - Increase in sales volume of quick lime-related products, etc. |
| Machinery & metal products | 114.2 | 120.3 | 6.1 | | - Increase in selling prices of steel products - Increase in unit sales of industrial machinery, etc. |
| Energy & environment | 30.9 | 46.4 | 15.4 | | - Increase in selling prices and sales volume for coal sales, etc. |
| Other | 3.8 | 3.6 | -0.1 | | |
| Total | 655.6 | 704.2 | 48.6 | | |

Operating Income by Segment

(Billions of yen)

| | Fiscal year ended March 31, 2007 | Fiscal year ended March 31, 2008 | | Variance | | Comments |
|---------------------------------|-------------------------------------|-------------------------------------|------|----------|------|---|
| | | | *1 | | *1 | |
| Chemicals & Plastics | 13.7 | 18.6 | 19.7 | 4.8 | 5.9 | - Increase in spread between selling prices and cost of raw materials for caprolactam - Increase in selling prices for ammonium sulfate (as a by-product of caprolactam), etc. |
| Specialty chemicals & products | 11.5 | 14.1 | 14.6 | 2.6 | 3.1 | - Increase in sales volume of pharmaceutical active ingredients and intermediates, etc. |
| Cement & construction materials | 12.4 | 10.8 | 12.0 | -1.5 | -0.3 | - Rise in energy costs - Decrease in sales volume of ready-mix concrete, cement and building materials - Increase in depreciation and amortization - Increase in revenue from waste processing, etc. |
| Machinery & metal products | 5.5 | 6.6 | 6.9 | 1.1 | 1.3 | - Increase in unit sales of industrial machinery - Cost reductions for North American aluminum wheel business, etc. |
| Energy & environment | 2.7 | 4.6 | 4.7 | 1.9 | 1.9 | - Increase in volume of coal handled, etc. |
| Other | 0.7 | 0.8 | 0.8 | 0.0 | 0.1 | |
| Total | 46.8 | 55.9 | 59.1 | 9.0 | 12.2 | |

*1 Not accounting for change in depreciation method

(2) Financial Condition

(Billions of yen)

| Assets | Fiscal year ended March 31, 2007 | Fiscal year ended March 31, 2008 | Variance |
|-------------------------------|-------------------------------------|-------------------------------------|----------|
| Cash and cash equivalents | 21.6 | 25.3 | 3.6 |
| Account receivable | 161.5 | 163.9 | 2.3 |
| Inventories | 79.1 | 84.6 | 5.4 |
| Property, plant and equipment | 359.8 | 360.0 | 0.1 |
| Intangible fixed assets | 4.0 | 4.1 | 0.0 |
| Investment securities | 43.2 | 34.1 | -9.1 |
| Deferred tax assets | 13.5 | 13.2 | -0.3 |
| Loans | 3.3 | 1.7 | -1.5 |
| Investments and other assets | 28.2 | 33.6 | 5.3 |
| Total assets | 714.8 | 720.8 | 6.0 |

| Liabilities | Fiscal year ended March 31, 2007 | Fiscal year ended March 31, 2008 | Variance |
|---|-------------------------------------|-------------------------------------|----------|
| Notes and accounts payable-trade | 104.3 | 107.1 | 2.7 |
| Account payable-Other | 30.3 | 30.9 | 0.5 |
| Interest-bearing liabilities | 320.0 | 300.7 | -19.2 |
| Other liabilities | 64.9 | 62.9 | -1.9 |
| Net assets | 195.1 | 219.0 | 23.8 |
| (Stockholders' equity) | (158.0) | (177.3) | (19.2) |
| (Valuation and currency conversion differences) | (14.5) | (16.5) | (1.9) |
| (Share acquisition rights) | (0) | (0.1) | (0.1) |
| (Minority interests) | (22.5) | (24.9) | (2.4) |
| Total liabilities and Net assets | 714.8 | 720.8 | 6.0 |

(3) Cash Flows

(Billions of yen)

| | Fiscal year ended March 31, 2008 | (Ref.)Fiscal year ended March 31, 2007 |
|--|-------------------------------------|---|
| Cash flows from operating activities | 58.8 | 54.3 |
| Cash flows from investing activities | -28.4 | -27.1 |
| Cash flows from financing activities | -28.6 | -27.5 |
| (Interest-bearing liabilities) | (-24.0) | (-24.4) |
| (Dividend paid and Other) | (-4.5) | (-3.1) |
| Cash and cash equivalents at end of period | 25.0 | 21.2 |

(4) Business Highlights

Chemicals & Plastics Segment

Ube Industries commenced hydrogen peroxide joint venture with Mitsubishi Corporation named UBE-MC Hydrogen peroxide Ltd., which was formed out of Kemira-Ube Ltd. (January 2008)

Thai Caprolactam Public Co., Ltd. of Thailand gains approval from Thailand government for nitrous oxide (N₂O) reduction project based on clean development mechanism (CDM), following approval from Japanese government . (February 2008)

Specialty Chemicals & Products Segment

Construction for ninth expansion of production facilities for polyimide film was completed (September 2007). Ube Industries also commenced construction of 10th and 11th expansion of production facilities for polyimide film at Sakai Factory. (February 2008)

Ube Industries completed construction for 2nd and 3rd expansion of production facilities for polyimide hollow fibers used for gas separation membranes. (October 2007 and February 2008)

Ube Industries launched three commercial products for growing cosmetics market, porous nylon spherical particle (POMP), Ube-Fuocida and natural-based synthetic ceramide II.

Cement & Construction Materials Segment

Ube Material Industries, Ltd. bought out lime producer Tohoku Tekkosha in order to secure a production base for limestone products in the Tohoku region. (May 2007)

Ube Industries developed the Tough Leveler G self-leveling flooring product, a cement-based product that offers high strength and rapid hardening for use in coated floor and heavy floor load applications, and launched sales in the Kanto region followed by the launch of nationwide sales except for Hokkaido and Okinawa. (April 2008)

Machinery & Metal Products Segment

Ube Machinery (Shanghai) Ltd. established and launched operation of a joint venture named Wuxi Ube Cosmos Machinery Ltd. for manufacturing of plastics injection molding machines with Cosmos Machinery Enterprises Ltd. of Hong Kong. (May 2007)

Ube Industries completed construction for the first expansion of production facilities to increase production of large diameter aluminum wheels, in response to increasing demand for 18-inch and larger aluminum wheels. (August 2007)

Energy & Environment Segment

Ube (Shanghai) Ltd. opened an office in Beijing, China to assist in securing stable supplies of high quality coal. (May 2007)

**3.Consolidated Earnings Forecast for the Year Ending March 31, 2009
(April 1, 2008 to March 31, 2009)**

(Billions of yen – except per share data)

| | Fiscal year ended March 31, 2008 | Fiscal year ending March 31, 2009 (forecast) | Variance |
|----------------------|-------------------------------------|---|----------|
| Net sales | 704.2 | 766.0 | 61.8 |
| Operating income | 55.9 | 53.0 | -2.9 |
| Ordinary income | 46.7 | 44.0 | -2.7 |
| Extraordinary losses | -5.8 | 0 | 5.8 |
| Net income | 24.0 | 25.0 | 1.0 |

| | | | |
|----------------------|-----------|-----------|----------|
| Net income per share | 23.88 yen | 24.85 Yen | 0.97 Yen |
|----------------------|-----------|-----------|----------|

Net Sales by Segment

(Billions of yen)

| | Fiscal year ended March 31, 2008 | Fiscal year ending March 31, 2009 | Variance | Comments |
|---------------------------------|-------------------------------------|--------------------------------------|----------|--|
| Chemicals & Plastics | 233.2 | 254.0 | 20.8 | - Increase in selling prices, etc. |
| Specialty chemicals & Products | 93.5 | 104.5 | 11.0 | - Increase in sales volume of specialty products, etc. |
| Cement & construction Materials | 207.0 | 220.5 | 13.5 | - Increase in selling prices for cement and quick lime-related products - Increase in selling prices and sales volume of ready-mix concrete, etc. |
| Machinery & metal products | 120.3 | 124.7 | 4.4 | - Increase in selling prices and sales volume of steel products, etc. |
| Energy & environment | 46.4 | 58.7 | 12.3 | - Increase in selling prices for coal sales, etc. |
| Other | 3.6 | 3.6 | 0 | |
| Total | 704.2 | 766.0 | 61.8 | |

Operating Income by Segment

(Billions of yen)

| | Fiscal year ended March 31, 2008 | Fiscal year ending March 31, 2009 | Variance | Comments |
|---------------------------------|-------------------------------------|--------------------------------------|----------|---|
| Chemicals & Plastics | 18.6 | 15.6 | -3.0 | - Narrowing of spread between selling prices and cost of raw materials - Increase in price of raw materials, etc. |
| Specialty chemicals & products | 14.1 | 15.1 | 1.0 | - Increase in sales volume of specialty products, etc. |
| Cement & construction materials | 10.8 | 10.6 | -0.2 | - Rise in energy costs, etc. - Increase in depreciation and amortization - Increase in selling prices for cement, etc. |
| Machinery & metal products | 6.6 | 6.1 | -0.5 | - Increase in raw material prices and component costs for industrial machinery and molding machines - Cost reductions and improvement in composition of sales for North American aluminum wheel business, etc. |
| Energy & environment | 4.6 | 4.9 | 0.3 | |
| Other | 0.8 | 0.7 | -0.1 | |
| Total | 55.9 | 53.0 | -2.9 | |

(Reference) Consolidated Key Indicators

(Billions of yen - except where noted)

| | Fiscal year ended March 31, 2007 | Fiscal year ended March 31, 2008 | Fiscal year ending March 31, 2009 (forecast) | |
|--|-------------------------------------|-------------------------------------|--|--------|
| | | | | *1 |
| Capital investment | 31.9 | 30.9 | | 38.0 |
| Depreciation and amortization | 30.9 | 34.1 | 30.8 | 36.0 |
| Research and development expenses | 13.0 | 13.5 | | 14.5 |
| Adjusted operating income *2 | 49.8 | 58.6 | 61.8 | 54.5 |
| Interest-bearing liabilities | 320.0 | 300.7 | | 297.0 |
| Net interest-bearing liabilities | 298.7 | 275.6 | | 267.0 |
| Equity capital | 172.5 | 193.8 | | 207.0 |
| Total assets | 714.8 | 720.8 | | 750.0 |
| Net D/E ratio (times) | 1.7 | 1.4 | | 1.3 |
| Equity ratio(%) | 24.1 | 26.9 | | 27.6 |
| Ratio of operating income to net sales (%) | 7.1 | 7.9 | 8.4 | 6.9 |
| Return on assets – ROA (%) *3 | 7.0 | 8.2 | | 7.4 |
| Return on equity – ROE (%) | 13.7 | 13.1 | | 12.5 |
| Number of employees | 10,833 | 11,058 | | 11,640 |

*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