

Information Meeting 2007

12 November, 2007

UBE INDUSTRIES, LTD.

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Summary

Key Points of Consolidated Financial Results for First Half of FY07

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[Profit/Loss Statement Items]

● Net sales, operating income and ordinary income at all-time high

Net sales : 335.0 billion yen ... **Revenues up** 7.8% YOY due to factors such as higher net sales from overseas subsidiaries caused by a weak yen, adjustment of selling prices to reflect the higher cost of raw materials, and higher sales volumes.

Operating income : 22.2 billion yen ... **Up** 24.7% YOY due to an increase in the spread between selling prices income and the cost of raw materials for caprolactam, as well as higher selling prices for ammonium sulfate as a by-product of caprolactam and impact of a weak yen.

Ordinary income : 18.6 billion yen ... **Up** 11.0% YOY, reflecting the increase in operating income.

Net income : 7.8 billion yen ... **Down** 12.5% YOY due to recording an early impairment loss to address risks from the current downturn in business results of Ube Board Co., Ltd.

[Balance Sheet Items]

● Steady improvement of financial position

Net interest-bearing liabilities	(YOY) 293.5 billion yen	... Decrease of 5.1 billion yen
Equity capital	181.8 billion yen	... Increase of 9.2 billion yen
Net debt/equity ratio	1.6 times	... Improvement from 1.7 times

FY07 First Half Consolidated Results and Revised Forecasts - Major Items -

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(Billion Yen)

Items	FY06 Results		FY07			Variance		
		1H (Progress rate)	Forecast	Actual*	1H (Progress rate)		Actual*	1H
Net sales	655.6	310.6 (47.4%)	701.0	-	335.0 (47.8%)	45.4	-	24.3
Operating income	46.8	17.8 (38.1%)	51.0	54.3	22.2 (43.6%)	4.2	7.5	4.4
Ordinary income	43.1	16.8 (38.9%)	43.0	46.3	18.6 (43.3%)	-0.1	3.2	1.8
Net income	22.0	8.9 (40.5%)	22.0	24.0	78.0 (35.5%)	0.0	2.0	-1.1
Net debt	298.7	312.9	283.0	-	293.5	-15.7	-	-19.3
Equity Capital	172.5	156.3	191.0	-	181.8	18.5	-	25.5
Dividend (Yen/share)	4.0	-	5.0	-	-	1.0	-	-

*Not accounting for changes in depreciation method

Forecast of Consolidated Financial Results for FY07

- Forecast for Major Business Segments (1) -

Fuel and raw material prices will continue to hover at high levels, but market conditions will remain favorable.

- ⇒ **Operating income** is anticipated to **increase by 8.8%**, compensating for changes in depreciation method (impact in the amount of 3.3 billion yen).
- ⇒ **Net income** is forecasted to **remain at the same level as the previous fiscal year.**
Dividends are forecasted to **increase by 1yen/share to 5yen/share.**

1. Chemicals & Plastics

- **Caprolactam:** The balance of supply and demand is expected to remain tight.
Despite uncertainties over the price of benzene raw material, Ube expects to secure spreads.
Ube anticipates higher revenues and profits from the caprolactam chain due to increases in selling prices for ammonium sulfate as a by-product of caprolactam. The driving factor is growing demand for fertilizer due to production increases in bioethanol raw material crops and food crops moving forward.
- **Polyamide resin:** Signs of over-supply in the film market are expected to abate. Ube will move to adjust selling prices to reflect the cost of raw materials.
- **Industrial chemicals:** Raw material prices are anticipated to continue rising amid tight supply and demand.
Ube will focus its efforts on achieving stable production and raising prices.
- **Synthetic rubber:** Ube will strive to offset cost increases by raising selling prices in Japan, supported by brisk demand.
The spread is forecasted to widen in overseas markets, due to sharp declines in the price of butadiene raw material in the Asia region.

Forecast of Consolidated Financial Results for FY07

- Forecast for Major Business Segments (2) -

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2. Specialty Chemicals & Products

- **Polyimides:** The period of inventory adjustments in markets for digital consumer products, which began in the fall of 2006, came to an end. Ube will strive to maintain a large market share in TAB market for PDP while focusing its efforts on increasing market share in COF for LCD, in anticipation of the 8th and 9th expansions of production facilities for polyimide film.
Ube will also partially review its plans for the 10th and 11th expansions of production facilities, to account for changes in the market for thin panel televisions.
- **Battery materials:** Demand for electrolytes and separators for the LiB market is anticipated to continue to rise.
- **Gas separation membranes:** Ube will bring the 2nd expansion of production facilities for fiber spinning into operation in October 2007, while bringing the 3rd expansion into operation early in 2008, in order to accommodate sharp increases in demand for nitrogen separation membranes as well as alcohol dehydration membranes used for bioethanol refining.
- **Fine chemicals:** Ube anticipates steady demand across all product segments and higher sales volumes for products such as dimethyl carboxylate (DMC) and 1,6-hexanediol (HDL).
- **Pharmaceuticals:** Shipments of both Talion and Calblock are anticipated to be strong. Licensing revenue is recorded as operating income starting from FY07.

3. Cement & Construction Materials

- **Cement and ready-mix concrete:** Shipments have been declining since August 2007 due to the introduction of changes to the Building Standard Law of Japan.
In Japan, demand is forecasted at 58 million tons for FY07, down by one million tons YOY.
Ube will seek to increase revenue from waste processing and adjust prices to make up for lower sales volumes and hovering high fuel costs.
- **Calcium, magnesia:** Ube anticipates brisk demand in the steel industry, and will strive to adjust prices to compensate for rising fuel prices.
- **Inorganic specialty products:** Ube anticipates steady growth in segments such as high purity and ultra-fine single crystal magnesia for the PDP protective layer market.

Forecast of Consolidated Financial Results for FY07

- Forecast for Major Business Segments (3) -

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4. Machinery & Metal Products

- **Machinery:** Demand for machinery used by production facilities in the automotive sector is anticipated to peak out, affecting the market for molding machines.
Profitability of industrial machinery is forecasted to improve, driven by high order levels primarily for the steel industry in Japan and abroad and the cement industry in overseas markets.
Ube will strive to secure profits in the steel products segment by adjusting prices to reflect rising raw material prices.
- **Aluminum wheels:** Production is at full capacity in Japan with sales at 100%. Sales volumes in North America are anticipated to remain at low levels due to the sluggish performance of Big Three automakers.
Ube expects to make progress in its efforts to improve profitability. In North America, the Company will raise the proportion of sales to Japanese automakers as well as strive to increase sales of high-gloss wheels and improve the efficiency of in-house painting processes. In Japan, Ube will increase the proportion of large-diameter wheels.
A new issue is the sharp rise in the valuation of the Canadian dollar.

5. Energy & Environment

- **Coal:** Ube will increase the sale volume and volume of coal storage by contract, in response to rising coal prices and tight supply and demand.
- **Electricity:** Ube will increase the operating rate of its independent power producer (IPP) business and increase the volume of mixed combustion of wood biomass fuel, to compensate for fuel prices hovering at high levels.

Comparison with Targets of Mid-Term Management Plan (Stage Up 2009)

Items	Unit	FY07 Forecast		FY09 Target (Final Year of Mid-Term Plan)	FY11 Target
		Initial	Revised		
Net D/E ratio	Times	1.6	1.5	Under 1.3	Under 1.0
Equity ratio	%	25.6	26.5	30 or more	-
Operating income ratio [*1]	%	6.7 [7.2]	7.3 [7.7]	7.5 or more [8.2 or more]	8.5 or more
Return on assets	%	6.5	7.4	7.5 or more	8.5 or more
Return on equity (ROE)	%	11.7	12.1	12 or more	-
Net sales	Bill. Yen	668	701	700 or more	-
Operating income [*1]	Bill. yen	45 [48.3]	51 [54.3]	53 or more [57.5 or more]	65 or more [70.5 or more]
Business income [*1]	Bill. yen	47 [50.3]	53 [56.3]	56 or more [60.5 or more]	-
Net Debt	Bill. Yen	293	283	Under 279	-
Equity capital	Bill. Yen	187	191	218 or more	-

*1 not accounting for changes in depreciation method

Pharmaceutical Business / Prasugrel

Prasugrel (Development Code CS-747): Antiplatelet agent

- **Co-development**
by **Daiichi Sankyo Co., Ltd. and Ube Industries, Ltd.**
- **Clinical development and sales**
by **Eli Lilly and Company and Daiichi Sankyo Co., Ltd.**
- **API Manufacturing by Ube Industries , Ltd.**

Summary of TRITON – TIMI38 clinical trial presented in American Heart Association (AHA) annual meeting, Nov. 4th, 2007 in Orlando, FL., USA

- **Prasugrel produced a statistically significant superiority to an existing standard therapeutic agent in reducing the risk of heart attacks.**
- **Prasugrel reduced the risk of major cardiovascular events by 19%.**
- **Prasugrel significantly improved net clinical benefit despite increased bleeding.**

➡ **End of 2007: Eli Lilly and Company to submit NDA to the FDA**

Pharmaceutical Business

Current development status of Pharmaceutical R&D

	Product Name (Development Code)	Indication	Sales	Present Status
Commercially released	Talion	Antiallergy agent <ul style="list-style-type: none"> • Allergic Rhinitis • Skin disorders with pruritus, eczema, etc. 	Mitsubishi Tanabe Pharma Corporation <u>Net sales from production</u> <u>(Billion yen)</u> FY2006 actual 7.0 FY2007 forecast 8.9 FY2010 forecast 12.0	[Co-development] 2000 Launched in Japanese market 2003 Additional approval for Skin disorders with pruritus 2004 Launched in South Korean market No. 1 in sales for this category 2007 Approval of oral disintegrant tablets * Phase III clinical trials by ISTA Pharmaceuticals (USA), which was granted license for ophthalmic formulation
	Calblock	Antihypertensive agent <ul style="list-style-type: none"> • Hypertension 	Daiichi Sankyo Co.,Ltd. <u>Net sales from production</u> <u>(Billion yen)</u> FY2006 actual 8.8 FY2007 forecast 11.5	[Co-development] 2003 Launched in Japanese market
Under development	Prasugrel (CS-747)	Antiplatelet agent <ul style="list-style-type: none"> • Heart attack, Stroke, etc. 	Daiichi Sankyo Co.,Ltd. Eli Lilly and Company	[Co-development with Daiichi Sankyo] USA: Scheduled to submit NDA to the FDA by the end of 2007 Japan: Phase II clinical trials
	(DE-104)	Glaucoma and Ocular Hypertension	Santen Pharmaceutical Co., Ltd.	[Co-development with Santen Pharmaceutical] USA: Phase I clinical trials
	(UR5269)	Rheumatoid arthritis	NA	[Ube] Pre-clinical
	(UR5908)	Chronic Obstructive Pulmonary Disease	NA	[Ube] Pre-clinical

FY07 First Half Consolidated Results

Scope of Consolidation

-FY07 First Half Consolidated Results-

	End of FY06 1st Half	End of FY06 (A)	End of FY07 1st Half(B)	Variance (B)-(A)		
Number of consolidated subsidiaries	69	68	73	5	Newly	5
					Excluded	0
Number of equity method affiliates	35	32	29	-3	Newly	1
					Excluded	-4
Total	104	100	102	2		

Environmental Factors

-FY07 First Half Consolidated Results-

(Billion Yen)

Item		FY06 1st Half	FY07 1st Half	Variance	Impacts on Consolidated OP Income *1	
Exchange Rate	Yen/\$	115.4	119.3	3.9	-0.1	
Material Price	(CIF) Naphtha (Domestic)	\$/t	617	683	66	-0.6
		Yen/L	51.3	58.7	7.4	(-0.9)
	Benzene (Average of US and Euro Contract Price)	\$/t	921	1,110	189	-4.1
	Australian Coal *2 (CIF)	\$/t	74.0	82.5	8.5	-1.1
		Yen/t	8,540	9,842	1,302	(-1.5)

*1 () :including impacts on fluctuation of exchange rate

*2 FOB:Annual contract basis, FRT:Spot market basis

Major P/L & B/S Items

-FY07 First Half Consolidated Results -

(Billion Yen)

Item	FY06 1st Half	FY07 1st Half		Variance	
			*1		*1
Sales	310.6	335.0		24.3	
Operating income	17.8	22.2	23.7	4.4	5.8
Ordinary income	16.8	18.6	20.1	1.8	3.3
Net income	8.9	7.8	8.6	-1.1	-0.2
Item	End of FY06	End of FY07 1st Half		Variance	
Total assets	714.8	723.7		8.8	
Debt	320.0	320.4		0.4	
Net debt	298.7	293.5		-5.1	
Equity capital	172.5	181.8		9.2	

*1 Not accounting for changes in depreciation method

Sales by Segment

-FY07 First Half Consolidated Results -

(Billion Yen)

Segment	FY06 1st Half	FY07 1st Half	Variance	Major Factors	
Chemicals & Plastics	98.3	112.7	14.4	Caprolactam chain 12.6 Synthetic rubber 1.6	
Specialty Chemicals & Products	42.8	45.6	2.7	Fine chemicals & Pharmaceuticals 2.3	
Cement & Construction Materials	99.6	99.7	0.1	Cement and ready mixed-concrete -1.4, Ube Material Ltd. 1.8	
Machinery & Metal Products	Machinery	38.8	40.4	1.6	Ube Steel Co. 2.6 Ube Machinery Co. -1.5
	Aluminum wheels	15.0	13.8	-1.2	Japan 1.8, North America -2.9
Energy & Environment	14.0	20.7	6.7	Coal 6.1	
Others	1.9	1.8	-0.1		
Total	310.6	335.0	24.3	Increased by 7.8%	

Operating Income by Segment

-FY07 First Half Consolidated Results -

(Billion Yen)

Segment	FY06 1st Half	FY07 1st Half		Variance			*2
	(A)	(B)	(C) *1	(B-A)	Actual Variance (C-A)*1	Actual Major Factors	
Chemicals & Plastics	4.7	6.9	7.4	2.1	2.6	Caprolactam chain 2.7, etc.	-0.5
Specialty Chemicals & Products	5.0	6.2	6.4	1.1	1.3	Fine chemicals & Pharmaceuticals 2.0, Specialty products -0.6, etc.	-0.2
Cement & Construction Materials	3.8	4.2	4.8	0.3	0.9	Cement and ready mixed-concrete 0.9, etc.	-0.6
Machinery & Metal Products							
Machinery	3.6	3.6	3.6	0.0	0.0		0.0
Aluminum wheels	-1.0	-1.0	-0.9	0.0	0.1		-0.1
Energy & Environment	1.1	1.8	1.8	0.6	0.6	Coal 0.7, etc.	0.0
Others	0.3	0.3	0.3	0.0	0.0		0.0
Total	17.8	22.2	23.7	4.4	5.8	Actual Increased by 33.7%	-1.4

*1 Not accounting for changes in depreciation method

*2 Impacts for changes in depreciation method

Analysis of Operating Income

-FY07 First Half Consolidated Results -

(Billion Yen)

Segment	Operating income							
	FY06	FY07	Variance					
	1st Half A	1st Half B *1	B-A	Price *2	Sales Amount	Fixed Cost	*3	Others
Chemicals &Plastics	4.7	6.9	2.1	1.1	0.3	-1.2	-0.5	*4 2.5
Specialty Chemicals & Products	5.0	6.2	1.1	-0.2	1.6	-0.7	-0.2	0.6
Cement & Construction Materials	3.8	4.2	0.3	1.2	-0.4	0.1	-0.6	0.1
Machinery & Metal Products	2.6	2.7	0.0	-0.2	-0.3	0.0	-0.1	*5 0.6
Energy & Environment	1.1	1.8	0.6	0.0	0.9	-0.4	0.0	0.1
Others	0.3	0.3	0.0	0.0	0.0	0.0	0.0	0.0
Total	17.8	22.2	4.4	1.9	2.2	-2.1	-1.4	3.8

*1 Accounting for changes in depreciation method *2 Including both selling and purchase price variances

*3 Impacts for changes in depreciation method

*4 Including inventory valuation loss -0.1, Currency gains 0.9, Difference in production efficiency, etc

*5 Marginal profit on machinery products 0.3

Operating Income – Net Income -FY07 First Half Consolidated Results -

(Billion Yen)

Item	FY06	FY07 1st Half		Variance	
	1st Half		*1		*1
Operating income	17.8	22.2	23.7	4.4	5.8
Net interest expense	-2.9	-2.9		0.0	
Equity in profit of unconsolidated subsidiaries and affiliated companies	0.5	0.3		-0.2	
Foreign currency translation profit	1.7	0.5		-1.1	
Others	-0.4	-1.4		-1.0	
Non operating items	-1.0	-3.5		-2.5	
Ordinary income	16.8	18.6	20.1	1.8	3.3
Extraordinary items	-5.5	-3.6		1.8	
Income before tax and minority interest	11.2	14.9	16.4	3.6	5.1
Tax and minority interest	-2.3	-7.1		-4.8	
Net income	8.9	7.8	8.6	-1.1	-0.2

*1 Not accounting for changes in depreciation method

Extraordinary Items

-FY07 First Half Consolidated Results-

(Billion Yen)

Item	FY06 1st Half	FY07 1st Half	Variance
Gain on sale of PP & E and investment securities, etc.	0.5	0.7	0.1
Extraordinary income	0.5	0.7	0.1
Loss on Impairment	-0.2	-3.0	-2.8
Loss on disposal of PP & E	-1.0	-0.8	0.2
Loss on business restructuring	-3.1	-0.1	2.9
Loss on valuation of inventory	-1.4	-	1.4
Others	-0.1	-0.2	-0.1
Extraordinary loss	-6.0	-4.3	1.6
Net extraordinary loss	-5.5	-3.6	1.8

Consolidated Balance Sheet

-FY07 First Half Consolidated Results-

(Billion Yen)

Item	End of FY06	End of FY07 1st Half	Variance
Current assets	286.9	292.5	5.5
Fixed assets	427.8	431.0	3.1
Total assets	714.8	723.7	8.8
Interest-bearing debts	320.0	320.4	0.4
Other liabilities	199.6	198.0	-1.6
Total liabilities	519.6	518.4	-1.2
Equity Capital	172.5	181.8	9.2
Minority interest	22.6	23.3	0.7
Total net assets	195.1	205.2	10.0
Total liabilities and net assets	714.8	723.7	8.8

Consolidated Statements of Cash Flows

-FY07 First Half Consolidated Results-

(Billion Yen)

Item	FY06 1st Half	FY07 1st Half	
A. Cash flows from operating activities	23.0	27.7	Income before tax and minority interest 14.9 Depreciation and amortization 16.8 Corporate Tax, etc -8.1, etc
B. Cash flows from investing activities	-11.2	-14.2	Acquisition of PP&E -15.4 Sale of tangible fixed assets 1.3, etc
Free cash flows (A+B)	11.8	13.5	
C. Cash flows from financing activities	-12.1	-10.2	Decrease in interest-bearing debts -19.8 Bond issuance and redemption 14.0 Dividends -4.4
D. Net increase/decrease in cash and cash equivalents	-0.1	5.2	
E. Cash and cash equivalents at end of the year	20.7	26.8	

(Ref.) FY07 First Half Consolidated Results - Sales by Segment -

(Billion Yen)

Segment	Original Forecasts	Revised Forecasts	Results	Variance (B)-(A)	Major Factors	
	10 May, 07	3 Aug, 07 (A)	9 Nov, 07 (B)			
Chemicals &Plastics	103.8	111.0	112.7	1.7	Caprolactam chain 2.0, etc.	
Specialty Chemicals & Products	43.7	44.5	45.6	1.1	Fine chemicals & Pharmaceuticals 1.2, etc.	
Cement & Construction Materials	100.8	100.8	99.7	-1.0	Building materials -1.5, etc.	
Machinery & Metal Products	Machinery	39.9	39.9	40.4	0.5	Ube Steel Co. 1.8 Ube Machinery Co. -1.3, etc
	Aluminum wheels	13.8	13.8	13.8	0.0	
Energy & Environment	15.8	16.8	20.7	3.9	Coal 3.0, etc	
Others	1.7	1.7	1.8	0.1		
Total	319.5	328.5	335.0	6.5	Increased by 2.0%	

(Ref.) FY07 First Half Consolidated Results - Operating Income by Segment -

(Billion Yen)

Segment	Original Forecasts	Revised Forecasts	Results	Variance (B)-(A)	Major Factors	
	10 May, 07	3 Aug, 07 (A)	9 Nov, 07 (B)			
Chemicals &Plastics	4.2	5.6	6.9	1.3	Caprolactam chain 0.6	
Specialty Chemicals & Products	4.4	4.9	6.2	1.3	Fine chemicals & Pharmaceuticals 1.3	
Cement & Construction Materials	3.6	3.6	4.2	0.6	Cement and ready mixed-cocrete 0.5	
Machinery & Metal Products	Machinery	2.7	2.7	3.6	1.0	T&U Electronics Co. 0.4 Ube Machinery Co. 0.3
	Aluminum wheels	-1.2	-1.2	-1.0	0.2	
Energy & Environment	1.1	1.2	1.8	0.6	Coal 0.4	
Others	0.2	0.2	0.3	0.1		
Total	15.0	17.0	22.2	5.2	Increased by 30.8%	

FY07 Consolidated Forecasts

Scope of Consolidation

- FY07 Consolidated Revised Forecasts -

	End of FY06 (A)	End of FY07 (B)	Variance (B)-(A)		
Number of consolidated subsidiaries	68	67	-1	Newly	5
				Excluded	-6
Number of equity method affiliates	32	29	-3	Newly	1
				Excluded	-4
Total	100	96	-4		

Environmental Factors

-FY07 Consolidated Revised Forecasts-

(Billion Yen)

Item		FY06 Actual	FY07 ^{*1} Forecast	Variance	Impacts on ^{*2} Consolidated OP Income	
Exchange Rate		Yen/\$	117.0	117.2 [115.0]	0.2	0.0
Material Price	(CIF) Naphtha (Domestic)	\$/t	596	717 [750]	121	-2.6
		Yen/L	50.0	60.3 [61.9]	10.3	(-2.7)
	Benzene (Average of US and Euro Contract Price)	\$/t	997	1,106 [1,100]	109	-4.8
	Australian Coal ^{*3} (CIF)	\$/t	74.0	93.0 [103.5]	21.0	-5.3
		Yen/t	8,658	10,900 [11,903]	2,242	(-5.3)

*1 []: figures of second half *2 (): including impacts on fluctuation of exchange rate

*3 FOB:Annual contract basis, FRT:Spot market basis

Major P/L & B/S Items

-FY07 Consolidated Revised Forecasts-

(Billion Yen)

Item	FY06 Actual	FY07 Forecast		Variance	
			*1		*1
Sales	655.6	701.0		45.4	
Operating income	46.8	51.0	54.3	4.2	7.5
Ordinary income	43.1	43.0	46.3	-0.1	3.2
Net income	22.0	22.0	24.0	0.0	2.0
Item	End of FY06 Actual	End of FY07 Forecast		Variance	
Total assets	714.8	720.0		5.2	
Debt	320.0	307.0		-13.0	
Net debt	298.7	283.0		-15.7	
Equity capital	172.5	191.0		18.5	

*1 Not accounting for changes in depreciation method

Sales by Segment

-FY07 Consolidated Revised Forecasts-

(Billion Yen)

Segment	FY06 Actual	FY07 Forecast	Variance	Major Factors	
Chemicals &Plastics	210.4	230.5	20.1	Caprolactam chain 17.7, etc.	
Specialty Chemicals & Products	88.3	96.0	7.7	Specialty products 4.7, Fine chemicals & Pharmaceuticals 3.2, etc.	
Cement & Construction Materials	207.8	208.5	0.7		
Machinery & Metal Products	Machinery	83.2	90.6	7.4	Ube Steel Co. 4.6, etc.
	Aluminum wheels	31.0	29.4	-1.6	Japan 1.5, North America -3.2
Energy & Environment	30.9	42.5	11.6	Coal 9.0, etc.	
Others	3.8	3.5	-0.3		
Total	655.6	701.0	45.4	Increased by 6.9%	

Operating Income by Segment

-FY07 Consolidated Revised Forecasts-

(Billion Yen)

Segment	FY06	FY07 Forecast		Variance			*2	
	Actual (A)	(B)	(C) *1	(B-A)	Actual Variance (C-A)*1	Actual Major Factors		
Chemicals & Plastics	13.7	15.1	16.3	1.4	2.6	Caprolactam chain 3.4, etc.	-1.2	
Specialty Chemicals & Products	11.5	14.1	14.5	2.6	3.0	Specialty products 1.0, Fine chemicals & Pharmaceuticals 3.0, etc.	-0.4	
Cement & Construction Materials	12.4	11.4	12.7	-1.0	0.3	Cement and ready mixed-concrete -0.3, Ube Material Ltd 0.8, etc.	-1.3	
Machinery & Metal Products	Machinery	7.6	7.7	7.8	0.1	0.2		-0.1
	Aluminum wheels	-2.1	-1.4	-1.2	0.7	0.9	North America 0.7, etc.	-0.2
Energy & Environment	2.7	3.5	3.6	0.8	0.9	Coal 1.0, etc.	-0.1	
Others	0.7	0.6	0.6	-0.1	-0.1		0.0	
Total	46.8	51.0	54.3	4.2	7.5	Actual Increased by 16.0%	-3.3	

*1 Not accounting for changes in depreciation method

*2 Impacts for changes in depreciation method

Analysis of Operating Income

-FY07 Consolidated Revised Forecasts-

(Billion Yen)

Segment	Operating income							
	FY06	FY07	Variance	Price	Sales	Fixed	*	Others
	A	B *1						
Chemicals &Plastics	13.7	15.1	1.4	1.7	1.3	-2.3	-1.2	*4 1.8
Specialty Chemicals & Products	11.5	14.1	2.6	-1.6	6.4	-1.6	-0.4	-0.2
Cement & Construction Materials	12.4	11.4	-1.0	0.1	0.0	0.3	-1.3	-0.1
Machinery & Metal Products	5.5	6.3	0.8	-0.1	0.3	0.8	-0.3	*5 0.0
Energy & Environment	2.7	3.5	0.8	0.1	1.0	-0.7	-0.1	0.4
Others	0.7	0.6	-0.1	0.0	0.0	0.0	0.0	-0.2
Total	46.8	51.0	4.2	0.2	9.0	-3.5	-3.3	1.7

*1 Accounting for changes in depreciation method *2 Including both selling and purchase price variances

*3 Impacts for changes in depreciation method

*4 Currency gains 0.4, Difference in production efficiency 1.1, etc

*5 Marginal profit on machinery products 0.2

Operating Income – Net Income -FY07 Consolidated Revised Forecasts-

(Billion Yen)					
Item	FY06	FY07		Variance	
			*1		*1
Operating income	46.8	51.0	54.3	4.2	7.5
Net interest expense	-6.4	-6.5		-0.1	
Equity in profit of unconsolidated subsidiaries and affiliated companies	1.8	1.1		-0.7	
Foreign currency translation profit	2.8	0.5		-2.3	
Others	-2.0	-3.1		-1.1	
Non operating items	-3.7	-8.0		-4.3	
Ordinary income	43.1	43.0	46.3	-0.1	3.2
Extraordinary items	-7.1	-4.0		3.1	
Income before tax and minority interest	36.0	39.0	42.3	3.0	6.3
Tax and minority interest	-13.9	-17.0		-3.1	
Net income	22.0	22.0	24.0	0.0	2.0

*1 Not accounting for changes in depreciation method

Management Indices

-FY07 Consolidated Revised Forecasts-

Item	Unit	FY06 Actual	FY07 forecast		Variance	
				*3		*3
Net D/E Ratio *1	Times	1.7	1.5	-	-0.2	-
Equity Ratio	%	24.1	26.5	-	2.4	-
Operating Margin	%	7.1	7.3	7.7	0.2	0.6
Return on Assets (ROA) *2	%	7.0	7.4	-	0.4	-
Return on Equity (ROE)	%	13.7	12.1	-	-1.6	-

*1 Net debt (Debt – Cash and cash equivalents) / Equity Capital

*2 (Operating income + Interest and dividend income + Equity income of unconsolidated subsidiaries and affiliates) / Total assets

*3 Not accounting for changes in depreciation method

(Ref.) FY07 Consolidated Revised Forecasts - Sales by Segment -

(Billion Yen)

Segment	Original Forecasts	Revised Forecasts	Variance	Major Factors	
	10 May, 07 *1	2 Nov, 07			
Chemicals & Plastics	212.0	230.5	18.5	Caprolactam chain 17.9, etc.	
Specialty Chemicals & Products	95.0	96.0	1.0	Specialty products -2.2, Fine chemicals & Pharmaceuticals 2.3, Overseas sales offices 0.9	
Cement & Construction Materials	208.0	208.5	0.5		
Machinery & Metal Products	Machinery	86.3	90.6	4.3	Ube Steel Co. 4.1, etc.
	Aluminum wheels	28.7	29.4	0.7	
Energy & Environment	34.5	42.5	8.0	Coal 6.3, etc	
Others	3.5	3.5	0.0		
Total	668.0	701.0	33.0	Increased by 4.9%	

*1 There was no revision to the full-year consolidated forecasts on 3 August, 2007

(Ref.) FY07 Consolidated Revised Forecasts - Operating Income by Segment -

(Billion Yen)

Segment	Original Forecasts	Revised Forecasts	Variance	Major Factors	
	10 May, 07 *1	2 Nov, 07			
Chemicals & Plastics	11.7	15.1	3.4	Caprolactam chain 3.0	
Specialty Chemicals & Products	13.3	14.1	0.8	Specialty products -0.3, Fine chemicals & Pharmaceuticals 1.5	
Cement & Construction Materials	11.4	11.4	0.0		
Machinery & Metal Products	Machinery	6.4	7.7	1.3	Ube Machinery Co. 0.5 T&U Electronics Co. 0.3
	Aluminum wheels	-1.3	-1.4	-0.1	
Energy & Environment	2.9	3.5	0.6	Coal 0.6	
Others	0.6	0.6	0.0		
Total	45.0	51.0	6.0	Actual Increased by 13.3%	

*1 There was no revision to the full-year consolidated forecasts on 3 August, 2007

Appendix

- **FY07 First Half Non-Consolidated Results**
- **FY07 Non-Consolidated Revised Forecasts**
- **Major Subsidiaries**

Sales and Operating Income by Segment - FY07 First Half Non-Consolidated Results -

(Billion Yen)

Segments	Sales			Operating Income				
	FY06	FY07	Variance	FY06	FY07		Variance	
	1st Half	1st Half		1st Half	1st Half	*1		*1
Chemicals & Plastics	55.7	62.1	6.3	2.0	2.5	2.9	0.5	0.8
Specialty Chemicals & Products	25.7	27.9	2.2	3.6	4.9	5.1	1.2	1.3
Cement & Construction	31.5	32.3	0.8	1.3	2.3	2.6	0.9	1.3
Machinery & Metal Products	7.8	9.6	1.7	-0.9	-0.8	-0.7	0.0	0.1
Energy & Environment	17.3	26.2	8.8	1.1	1.5	1.5	0.4	0.4
Others	0.1	0.1	0.0	0.1	0.1	0.1	0.0	0.0
Total	138.4	158.5	20.0	7.3	10.7	11.6	3.3	4.2

*1 Not accounting for changes in depreciation method

Operating Income – Net Income

- FY07 First Half Non-Consolidated Results -

(Billion Yen)

Item		FY06	FY07		Variance	
		1st Half	1st Half	*1		*1
Operating income		7.3	10.7	11.6	3.3	4.2
Non operating items	Net interest expense	0.2	0.7		0.5	
	Others	-0.1	-0.8		-0.7	
	Total	0.1	0.0		-0.2	
Ordinary income		7.5	10.6	11.6	3.1	4.0
Net extraordinary income/loss		-7.3	-2.6		4.6	
Corporation Tax, etc		1.1	-3.1		-4.3	
Net income		1.3	4.8	5.3	3.4	4.0

*1 Not accounting for changes in depreciation method

Major B/S Items

- FY07 First Half Non-Consolidated Results -

(Billion Yen)

Items		End of FY06	End of FY07 1st Half	Variance
Assets	Current assets	134.2	132.4	-1.7
	Fixed assets	330.0	337.1	7.1
	Total	464.2	469.6	5.3
Liabilities	Debt	229.3	242.4	13.1
	(Net debt)	(224.1)	(235.5)	(11.4)
	Other liabilities	107.6	100.5	-7.1
	Total	336.9	342.9	6.0
Net Assets		127.3	126.6	-0.6
Liabilities & Net assets		464.2	469.6	5.3

Sales and Operating Income by Segment -FY07 First Half Non-Consolidated Revised Forecasts-

(Billion Yen)

Segments	Sales			Operating Income				
	FY06	FY07	Variance	FY06	FY07		Variance	
						*1		*1
Chemicals & Plastics	117.0	128.5	11.5	5.8	5.7	6.4	-0.1	0.6
Specialty Chemicals & Products	54.7	62.0	7.3	8.6	11.3	11.6	2.7	3.0
Cement & Construction	67.0	68.0	1.0	6.2	5.8	6.5	-0.4	0.3
Machinery & Metal Products	18.9	20.5	1.6	-0.9	-0.9	-0.7	0.0	0.2
Energy & Environment	38.2	50.7	12.5	2.4	2.8	2.8	0.4	0.4
Others	0.3	0.3	0.0	0.2	0.3	0.3	0.1	0.1
Total	296.4	330.0	33.6	22.5	25.0	27.0	2.5	4.5

*1 Not accounting for changes in depreciation method

Operating Income – Net Income

-FY07 First Half Non-Consolidated Revised Forecasts-

(Billion Yen)

Item	FY06	FY07		Variance	
			*1		*1
Operating income	22.5	25.0	27.0	2.5	4.5
Non operating items	Net interest expense	-1.1	-1.5	-0.4	
	Others	-0.9	-2.0	-1.1	
	Total	-2.0	-3.5	-1.5	
Ordinary income	20.4	21.5	23.5	1.1	3.1
Net extraordinary income/loss	-8.6	-2.5		6.1	
Corporation Tax, etc	-5.6	-7.5		-1.9	
Net income	6.1	11.5	12.7	5.4	6.6

*1 Not accounting for changes in depreciation method

Major Subsidiaries

— FY07 First Half Results —

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		(Billion Yen)		
Company name		Business	Sales	OP income variance
Chemicals & Plastics	Thai Caprolactam Public Co., Ltd.	Manufacture and sales of caprolactam	20.0	↑
	Ube Chemical Europe,S.A.	Manufacture and sales of caprolactam	17.6	↑
	Thai Synthetic Rubbers Co.,Ltd.	Manufacture and sales of polybutadiene	8.5	↑
	Ube Engineering Plastics,S.A.	Manufacture and sales of polyamide resin	6.1	→
	Ube Ammonia Industry, Ltd.	Manufacture and sales of ammonia	5.9	↓
	Ube Film, Ltd.	Manufacture and sales of plastic-film products	5.5	→
Specialty Chemicals & Products	Ube-Nitto Kasei Co., Ltd.	Manufacture and sales of electronics & IT materials, FRP, industrial materials and fiber-reinforced plastics.	7.4	↓
Cement & Construction Materials	Ube Construction Materials Sales Co., Ltd.	Sales of construction materials	21.7	↓
	Ube Material Industries, Ltd.	Manufacture and sales of seawater magnesia, magnesium hydroxide, quicklime, slaked lime, and others.	19.3	→
	Ube Shipping & Logistics, Ltd.	Domestic shipping, harbor transportation, shipping-agent services and customs clearing.	6.9	→
	Kanto Ube Concrete Ind., Ltd.	Manufacture and sales of ready-mixed concrete	6.6	↓
Machinery & Metal Products	Ube Machinery Corporation, Ltd.	Manufacture and sales of industrial machinery and bridges	17.9	→
	Ube Steel Co., Ltd.	Manufacture and sales of cast iron, steel products and rolled steel billets.	12.6	↓
	Ube Techno Eng. Co., Ltd.	Service and maintenance of industrial machinery and equipment.	5.8	↑
	Ube Automotive North America (Sarnia)	Manufacture and sales of aluminum automobile wheels in North America.	5.6	→
Energy & Environment	Ube C&A Co., Ltd.	Sales of imported steaming coal from Australia, etc	9.2	↑

* ↑ ↓ show increase/decrease operating income over 0.1billion Yen

The logo consists of a blue square containing white text. The text is arranged in four lines: "Wings of", "technology", "Spirit of", and "innovation" in a serif font, followed by "UBE" in a bold, italicized sans-serif font.

Wings of
technology
Spirit of
innovation
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