

Financial Results for the 1st Quarter FY 2008

August 4, 2008

UBE INDUSTRIES, LTD.

Scope of Consolidation

— Financial Results for the 1st Quarter FY08 —

Item	FY07 Full Year (A)	FY08 1Q (B)	Variance (B) - (A)	Notes
Number of consolidated subsidiaries	67	67	0	Newly Included - None Newly Excluded - None
Number of equity method affiliates	28	28	0	Newly Included - None Newly Excluded - None
Total	95	95	0	

Major P/L & B/S Items

— Financial Results for the 1st Quarter FY08 —

(Billion Yen)

Item	FY07 1Q (A)	FY08 1Q (B)	Variance (B) - (A)
Sales	160.3	176.9	16.6
Operating income	7.9	10.8	2.8
Ordinary income	7.6	10.3	2.6
Net income	4.5	6.4	1.9
Item	End of Mar. FY08 (A)	End of Jun. FY08 (B)	Variance (B) - (A)
Total assets	720.8	721.8	0.9
Debt	300.7	302.5	1.7
Net debt	275.6	277.3	1.6
Equity capital * 1	193.8	182.2	-11.5

* 1: Equity capital = Net assets – Share subscription rights – Minority interests

Non Operating Items

— Financial Results for the 1st Quarter FY08 —

(Billion Yen)

Item		FY07 1Q (A)	FY08 1Q (B)	Variance (B) - (A)
Operating income		7.9	10.8	2.8
Non operating items	Net interest expense	-1.3	-1.0	0.3
	Equity in earnings of unconsolidated subsidiaries and affiliated companies	0.3	0.1	-0.2
	Gain(loss) on Foreign currency exchange	1.0	0.9	0.0
	Others	-0.3	-0.5	-0.2
	Total	-0.2	-0.5	-0.2
Ordinary income		7.6	10.3	2.6

Extraordinary Items

— Financial Results for the 1st Quarter FY08 —

(Billion Yen)

Item	FY07 1Q (A)	FY08 1Q (B)	Variance (B) - (A)
Gain on sale of PP&E	0.1	0.0	-0.1
Other (Reversal of allowance for doubtful accounts)	0.1	0.0	0.0
Extraordinary income	0.2	0.0	-0.1
Loss on disposal of PP&E	0.0	-0.1	-0.1
Loss on valuation of inventories	0.0	-0.1	-0.1
Others	0.0	0.0	0.0
Extraordinary loss	0.0	-0.3	-0.2
Net extraordinary income/loss	0.1	-0.2	-0.4

Operating Income - Net Income

— Financial Results for the 1st Quarter FY08 —

(Billion Yen)

Item	FY07 1Q (A)	FY08 1Q (B)	Variance (B) - (A)
Operating income	7.9	10.8	2.8
Non operating item	-0.2	-0.5	-0.2
Ordinary income	7.6	10.3	2.6
Extraordinary item	0.1	-0.2	-0.4
Income before income tax and minority interest	7.8	10.0	2.1
Income tax and minority interest	-3.3	-3.5	-0.2
Net income	4.5	6.4	1.9
Net income per share(Yen/Share)	4.51 yen	6.46 yen	1.95 yen

Environmental Factors

— Financial Results for the 1st Quarter FY08 —

(Billion Yen)

Item			FY07 1Q (A)	FY08 1Q (B)	Variance (B) - (A)	Impacts on Consolidated OP Income
Exchange Rate		Yen/\$	120.8	104.6	-16.2	0.4
Material Price	(CIF) Naphtha (Domestic)	\$/t	670	967	297	-1.7
		Yen/KL	57,800	71,300	13,500	(-0.9)
	Benzene (Average of US and Euro Contract Price)	\$/t	1,101	1,140	39	-0.4 (1.3)
	Australian Coal (CIF)	\$/t	82.5	170.5	88.0	-6.2
		Yen/t	9,965	17,826	7,861	(-4.6)

() :including impacts on fluctuation of exchange rate

Sales by Segment

— Financial Results for the 1st Quarter FY08 —

(Billion Yen)

Segment	FY07 1Q (A)	FY08 1Q (B)	Variance (B) - (A)	Major Factors
Chemicals & Plastics	54.1	60.9	6.7	Caprolactam chain 5.6 Synthetic rubber 1.1
Specialty Chemicals & Products	21.8	23.4	1.6	Specialty products 1.1
Cement & Construction Materials	49.0	52.0	2.9	Cement nad ready mixed-concrete 1.3 Quick lime related product 1.5
Machinery & Metal Products	24.9	27.7	2.7	Steel products 2.8
Energy & Environment	9.1	11.7	2.5	Coal 2.1
Others	1.0	1.0	0.0	
Total	160.3	176.9	16.6	Increased by 10.4%

Operating Income by Segment

— Financial Results for the 1st Quarter FY08 —

(Billion Yen)

Segment	FY07 1Q (A)	FY08 1Q (B)	Variance (B) - (A)	Major Factors
Chemicals & Plastics	1.9	3.3	1.4	Caprolactam chain 1.2 Synthetic rubber 0.4
Specialty Chemicals & Products	2.8	2.4	-0.3	Fine chemicals & Pharmaceuticals -0.4
Cement & Construction Materials	1.6	2.3	0.6	Cement and ready mixed-concrete 0.6
Machinery & Metal Products	0.7	0.6	0.0	Aluminum wheels 0.2 Steel products -0.2
Energy & Environment	0.6	1.9	1.3	Coal 1.1
Others	0.1	0.2	0.0	
Total	7.9	10.8	2.8	Increased by 36.4%

Analysis of Operating Income

— Financial Results for the 1st Quarter FY08 —

(Billion Yen)

Segment	Operating income						
	FY07 1Q (A)	FY08 1Q (B)	Variance (B) - (A)	Price *1	Sales Volume	Fixed Cost	Others
Chemicals & Plastics	1.9	3.3	1.4	0.5	1.0	-0.1	0.0
Specialty Chemicals & Products	2.8	2.4	-0.3	-0.5	1.0	-0.7	-0.1
Cement & Construction Materials	1.6	2.3	0.6	0.8	-0.3	0.1	0.1
Machinery & Metal Products	0.7	0.6	0.0	0.1	0.2	-0.4	*2 0.0
Energy & Environment	0.6	1.9	1.3	2.2	0.1	-0.3	-0.7
Others	0.1	0.2	0.0	0.0	0.0	0.0	0.0
Total	7.9	10.8	2.8	3.1	2.0	-1.4	-0.7

* 1 : Including both selling and purchase price variances * 2 : Marginal profit on machinery products 0.2

Sales Progress by segment

— Financial Results for the 1st Quarter FY08 —

(Billion Yen)

Segment	FY07			FY08			Variance (B) - (A)
	Full Year	1Q	Progress (A)	Full Year Forecast	1Q	Progress (B)	
Chemicals & Plastics	233.2	54.1	23.2%	254.0	60.9	24.0%	0.8%
Specialty Chemicals & Products	93.5	21.8	23.3%	104.5	23.4	22.5%	-0.8%
Cement & Construction Materials	207.0	49.0	23.7%	220.5	52.0	23.6%	-0.1%
Machinery & Metal Products	120.3	24.9	20.8%	124.7	27.7	22.2%	1.4%
Energy & Environment	46.4	9.1	19.7%	58.7	11.7	20.0%	0.3%
Others	3.6	1.0	29.5%	3.6	1.0	29.2%	-0.3%
Total	704.2	160.3	22.8%	766.0	176.9	23.1%	0.3%

Operating Profit Progress by Segment

— Financial Results for the 1st Quarter FY08 —

(Billion Yen)

Segment	FY07			FY08			Variance (B) - (A)
	Full Year	1Q	Progress (A)	Full Year Forecast	1Q	Progress (B)	
Chemicals & Plastics	18.6	1.9	10.6%	15.6	3.3	21.7%	11.1%
Specialty Chemicals & Products	14.1	2.8	19.8%	15.1	2.4	16.5%	-3.3%
Cement & Construction Materials	10.8	1.6	14.8%	10.6	2.3	21.7%	6.9%
Machinery & Metal Products	6.6	0.7	11.5%	6.1	0.6	11.3%	-0.2%
Energy & Environment	4.6	0.6	12.9%	4.9	1.9	39.7%	26.8%
Others	0.8	0.1	19.6%	0.7	0.2	31.3%	11.7%
Total	55.9	7.9	14.3%	53.0	10.8	20.5%	6.2%

Consolidated Balance Sheet

— Financial Results for the 1st Quarter FY08 —

(Billion Yen)

Item	End of Mar FY07 (A)	End of Jun FY08 (B)	Variance (B) - (A)
Current assets	297.8	313.7	15.8
Fixed assets	422.9	408.1	-14.8
Total assets	720.8	721.8	0.9
Interest-bearing debts	300.7	302.5	1.7
Other liabilities	201.1	214.2	13.1
Total liabilities	501.8	516.7	14.9
Equity Capital *1	193.8	182.2	-11.5
Minority interest	25.1	22.8	-2.3
Total net assets	219.0	205.1	-13.9
Total liabilities and net assets	720.8	721.8	0.9

* 1: Equity capital = Net assets – Share subscription rights – Minority interests

Consolidated Statements of Cash Flows

— Financial Results for the 1st Quarter FY08 —

(Billion Yen)

Item	FY08 1Q	
A. Cash flows from operating activities	10.8	Income before tax and minority interest 10.0 Depreciation and amortization 8.7 Working capital -8.3
B. Cash flows from investing activities	-8.5	Acquisition of PP&E -8.5
Free cash flows (A + B)	2.2	
C. Cash flows from financing activities	-0.9	Decrease in interest-bearing debts 4.6 Bond redemption -0.1 Dividends -5.5
D. Net increase/decrease in cash and cash equivalents	0.0	
E. Cash and cash equivalents at end of June 2008	25.1	

Business Highlight

— Financial Results for the 1st Quarter FY08 —

Chemicals and Plastics

- ◆ Ube Industries, Mitsubishi Corporation, and Federation of Tomoe Fertilizer Sales Cooperative Associations agreed to establish “MC FERTICOM Co., Ltd.” to manufacture and sell fertilizers. (June 2008)

Specialty Chemicals and Products

- ◆ Ube Industries transferred UPISEL (Non-Adhesive type Polyimide Copper Clad Laminates) Business to Ube-Nitto Kasei Co., Ltd., in order to strengthen cooperation between production, sales and development. (April 2008)

Cement and Construction Materials

- ◆ Ube Material Industries, Ltd.’s “Seewater Magnesia Product for improving Environment” was proven effective in improving water and sediment quality in rivers and lakes. (April 2008)

Machinery and Metal Products

- ◆ Ube Machinery Co., Ltd. launched “MDS-V Series,” next-generation all electric injection molding machine. (June 2008)

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
UBE

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