

# **FY2007 Consolidated Result**

**9 May, 2008**

**UBE INDUSTRIES, LTD.**

# Contents

- 1. FY07 Consolidated Results**
- 2. FY08 Consolidated Forecasts**
- 3. Appendix**

# FY07 Consolidated Results

# Scope of Consolidation

-FY07 Consolidated Results-

	<b>FY06</b> <b>(A)</b>	<b>FY07</b> <b>(B)</b>	<b>Variance</b> <b>(B)-(A)</b>	<b>Notes</b>
<b>Number of consolidated subsidiaries</b>	<b>68</b>	<b>67</b>	<b>-1</b>	Newly included 6 Excluded -7
<b>Number of equity method affiliates</b>	<b>32</b>	<b>28</b>	<b>-4</b>	Newly included 1 Excluded -5
<b>Total</b>	<b>100</b>	<b>95</b>	<b>-5</b>	

# Major P/L & B/S Items

## -FY07 Consolidated Results-

(Billion Yen)

Item	FY06	FY07		Variance	
			*1		*1
Sales	655.6	704.2	-	48.6	-
Operating income	46.8	55.9	59.1	9.0	12.2
Ordinary income	43.1	46.7	49.9	3.5	6.8
Net income	22.0	24.0	-	2.0	-
Item	End of FY06	End of FY07		Variance	
Total assets	714.8	720.8		6.0	
Debt	320.0	300.7		-19.2	
Net debt	298.7	275.6		-23.0	
Equity capital *2	172.5	193.8		21.2	
Dividend (Yen /Share)	4.0	5.0		1.0	

\*1 Not accounting for change in depreciation method

\*2 Equity capital = Total assets - Share acquisition rights - Minority interests

# Non Operating Items

## -FY07 Consolidated Results-

(Billion Yen)

Item		FY06	FY07	Variance
<b>Operating income</b>		<b>46.8</b>	<b>55.9</b>	<b>9.0</b>
<b>Non operating items</b>	Net interest expense	<b>-6.4</b>	<b>-5.9</b>	<b>0.4</b>
	Equity in profit of unconsolidated subsidiaries and affiliated companies	<b>1.8</b>	<b>1.3</b>	<b>-0.5</b>
	Foreign currency translation profit/loss	<b>2.8</b>	<b>0.0</b>	<b>-2.9</b>
	Others	<b>-2.0</b>	<b>-4.4</b>	<b>-2.4</b>
	<b>Total</b>	<b>-3.7</b>	<b>-9.1</b>	<b>-5.4</b>
<b>Ordinary income</b>		<b>43.1</b>	<b>46.7</b>	<b>3.5</b>

# Extraordinary Items

## -FY07 Consolidated Results-

(Billion Yen)

Item	FY06	FY07	Variance
Gain on contribution of securities to retirement benefit trust	2.9	2.3	-0.5
Others(Incl. gain on sale of PP&E)	3.0	1.2	-1.7
<b>Extraordinary income</b>	<b>5.9</b>	<b>3.6</b>	<b>-2.2</b>
Impairment loss	-5.7	-5.9	-0.2
Loss on disposal of PP&E	-2.9	-2.1	-0.7
Loss on valuation of inventories	-2.0	0.0	2.0
Others	-2.4	-1.3	1.0
<b>Extraordinary loss</b>	<b>-13.1</b>	<b>-9.4</b>	<b>3.6</b>
<b>Net extraordinary income/loss</b>	<b>-7.1</b>	<b>-5.8</b>	<b>1.3</b>

# Operating Income – Net Income

## -FY07 Consolidated Results-

(Billion Yen)

Item	FY06	FY07	Variance
Operating income	46.8	55.9	9.0
Non operating item	-3.7	-9.1	-5.4
Ordinary income	43.1	46.7	3.5
Extraordinary item	-7.1	-5.8	1.3
Income before income tax and minority interest	36.0	40.8	4.8
Income Tax and Minority Interest	-13.9	-16.8	-2.8
Net income	22.0	24.0	2.0
Net income per share (Yen / Share)	21.88	23.88	2.00



# Environmental Factors

-FY07 Consolidated Results-

(Billion Yen)

Item		FY06	FY07	Variance	Impacts on Consolidated OP Income	
Exchange Rate	Yen/\$	117.0	114.3	-2.7	1.0	
Material Price	(CIF) Naphtha	\$/t	596	748	152	-3.3
	(Domestic)	Yen/L	50.0	61.5	11.5	(-3.0)
	Benzene (Average of US and Euro Contract Price)	\$/t	997	1,080	83	-3.6 (-3.6)
	Australian Coal	\$/t	74.0	96.5	22.5	-6.3
	(CIF)	Yen/t	8,658	11,030	2,372	(-5.4)

( ) : including impacts on fluctuation of exchange rate

# Sales by Segment

## -FY07 Consolidated Results-

(Billion Yen)

Segment		FY06	FY07	Variance	Major Factors
Chemicals & Plastics		210.4	233.2	22.8	Caprolactam chain 20.2
Specialty Chemicals & Products		88.3	93.5	5.1	Fine chemicals & Pharmaceuticals 3.8
Cement & Construction Materials		207.8	207.0	-0.8	Cement and ready mixed-concrete -4.6 Building materials -1.5 Quick lime related product 4.5
Machinery & Metal Products	Machinery	83.2	91.6	8.5	Steel products 5.5 Industrial machinery 3.1
	Aluminum wheels	31.0	28.6	-2.3	Production in Japan 1.1 Production in Canada -3.5
Energy & Environment		30.9	46.4	15.4	Coal 13.3
Others		3.8	3.6	-0.1	
<b>Total</b>		<b>655.6</b>	<b>704.2</b>	<b>48.6</b>	Increased by 7.4%

# Operating Income by Segment

## -FY07 Consolidated Results-

(Billion Yen)

Segment	FY06	FY07		Variance		Major Factors	
	(A)	(B)	(C) *1	(B)-(A)	Actual Variance (C)-(A) *1		
Chemicals & Plastics	13.7	18.6	19.7	4.8	5.9	Caprolactam chain 6.0	
Specialty Chemicals & Products	11.5	14.1	14.6	2.6	3.1	Fine chemicals & Pharmaceuticals 4.2 Specialty products -0.7	
Cement & Construction Materials	12.4	10.8	12.0	-1.5	-0.3	Cement and ready mixed-concrete -0.4	
Machinery & Metal Products	Machinery	7.6	8.2	8.3	0.6	0.7	Industrial machinery 0.5
	Aluminum wheels	-2.1	-1.6	-1.4	0.4	0.6	Production in Canada 0.6
Energy & Environment	2.7	4.6	4.8	1.9	1.9	Coal 1.8	
Others	0.7	0.8	0.8	0.0	0.1		
<b>Total</b>	<b>46.8</b>	<b>55.9</b>	<b>59.1</b>	<b>9.0</b>	<b>12.2</b>	Actually increased by 26.2%	

\*1 Not accounting for change in depreciation method

# Analysis of Operating Income

## -FY07 Consolidated Results-

(Billion Yen)

Segment	Operating income							
	FY06	FY07	Variance	Price	Sales	Fixed	Change in	Others
	(A)	(B)	(B)-(A)	*1	Volume	Cost	Regulation	
				*2				
Chemicals & Plastics	13.7	18.6	4.8	5.8	1.1	-1.7	-1.1	0.6
Specialty Chemicals & Products	11.5	14.1	2.6	-0.5	3.6	-1.6	-0.5	1.6
Cement & Construction Materials	12.4	10.8	-1.5	0.7	-1.5	0.2	-1.2	0.3
Machinery & Metal Products	5.5	6.6	1.1	-0.4	-0.4	0.2	-0.3	2.0 <sup>*3</sup>
Energy & Environment	2.7	4.6	1.9	0.9	1.3	-0.7	-0.1	0.6
Others	0.7	0.8	0.0	0.0	0.0	0.0	0.0	0.1
<b>Total</b>	<b>46.8</b>	<b>55.9</b>	<b>9.0</b>	<b>6.6</b>	<b>4.2</b>	<b>-3.5</b>	<b>-3.2</b>	<b>5.1</b>

\*1 Including both selling and purchase price variances

\*2 Impact for change in depreciation method

\*3 Marginal profit on machinery products 1.1

# Consolidated Balance Sheet

## -FY07 Consolidated Results-

(Billion Yen)

Item	FY06	FY07	Variance
Current assets	286.9	297.8	10.9
Fixed assets	427.8	422.9	-4.9
<b>Total assets</b>	<b>714.8</b>	<b>720.8</b>	<b>6.0</b>
Interest-bearing debts	320.0	300.7	-19.2
Other liabilities	199.6	201.1	1.4
<b>Total liabilities</b>	<b>519.6</b>	<b>501.8</b>	<b>-17.8</b>
Equity Capital <sup>*1</sup>	172.5	193.8	21.2
Minority interest	22.6	25.1	2.5
<b>Total net assets</b>	<b>195.1</b>	<b>219.0</b>	<b>23.8</b>
<b>Total liabilities and net assets</b>	<b>714.8</b>	<b>720.8</b>	<b>6.0</b>

\*1 Equity capital = Total assets - Share acquisition rights - Minority interests

# Consolidated Statements of Cash Flows

## -FY07 Consolidated Results-

(Billion Yen)

Item	FY06	FY07	
<b>A. Cash flows from operating activities</b>	54.3	58.8	Income before tax and minority interest 40.8 Depreciation and amortization 34.1 Corporate Tax, etc -12.7
<b>B. Cash flows from investing activities</b>	-27.1	-28.4	Acquisition of PP&E -30.9 Proceeds from sale of securities 1.7
<b>Free cash flows (A+B)</b>	27.2	30.4	
<b>C. Cash flows from financing activities</b>	-27.5	-28.6	Decrease in interest-bearing debts -37.6 Bond issuance and redemption 13.5 Dividends -4.4
<b>D. Net increase/decrease in cash and cash equivalents</b>	0.3	3.5	
<b>E. Cash and cash equivalents at end of the year</b>	21.2	25.0	

# Business Highlight

## -FY07 Consolidated Results-

### 1. Chemicals & Plastics

- 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 (N<sub>2</sub>O) reduction project based on clean development mechanism (CDM), following approval from Japanese government . (February 2008)

### 2. Specialty Chemicals and Products

- 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-Fucoida and natural-based synthetic ceramide II.

# Business Highlight

## -FY07 Consolidated Results-

### 3. Cement & Construction Materials Segment

- Ube Material Industries, Ltd. bought out lime producer Tohoku Tekkoshu 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)

### 4. 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)

### 5. Energy & Environment Segment

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



# Management Indices

## -FY07 Consolidated Results-

Item	Unit	FY06	FY07	Variance
Net D/E Ratio*1	Times	1.7	1.4	-0.3
Equity Ratio	%	24.1	26.9	2.8
Operating Margin	%	7.1	7.9	0.8
Return on Assets (ROA)*2	%	7.0	8.2	1.2
Return on Equity (ROE)	%	13.7	13.1	-0.6

\*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

# FY08 Consolidated Forecasts

# Scope of Consolidation

## -FY08 Consolidated Forecasts-

	<b>FY07</b> <b>(A)</b>	<b>FY08</b> <b>(B)</b>	<b>Variance</b> <b>(B)-(A)</b>	<b>Notes</b>
<b>Number of consolidated subsidiaries</b>	<b>67</b>	<b>67</b>	<b>± 0</b>	
<b>Number of equity method affiliates</b>	<b>28</b>	<b>28</b>	<b>± 0</b>	
<b>Total</b>	<b>95</b>	<b>95</b>	<b>± 0</b>	

# Environmental Factors

## -FY08 Consolidated Forecasts-

(Billion Yen)

Item		FY07 Actual	FY08 Forecast	Variance	Impacts on Consolidated OP Income	
Exchange Rate	Yen/\$	114.3	105.0	-9.3	0.5	
Material Price	(CIF) Naphtha	\$/t	748	900	152	-3.1
	(Domestic)	Yen/L	61.5	67.6	6.1	(-1.5)
	Benzene (Average of US and Euro Contract Price)	\$/t	1,080	1,093	13	-0.5
	Australian Coal	\$/t	96.5	169.0	72.5	-19.7
	(CIF)	Yen/t	11,030	17,745	6,715	(-16)

( ) : including impacts on fluctuation of exchange rate

# Major P/L & B/S Items

## -FY08 Consolidated Forecasts-

(Billion Yen)

Item	FY07	FY08		Variance	
			*1		*1
Sales	704.2	766.0	-	61.8	-
Operating income	55.9	53.0	55.3	-2.9	-0.6
Ordinary income	46.7	44.0	46.1	-2.7	-0.6
Net income	24.0	25.0	-	1.0	-
Item	End of FY07	End of FY07		Variance	
Total assets	720.8	750.0		29.2	
Debt	300.7	297.0		-3.7	
Net debt	275.6	267.0		-8.6	
Equity capital *2	193.8	207.0		13.2	
Dividend (Yen /Share)	5.0	5.0		0.0	

\*1 Not accounting for changes in depreciation method

\*2 Equity capital = Total assets - Share acquisition rights - Minority interests

# Operating Income – Net Income

## -FY08 Consolidated Forecasts-

(Billion Yen)

Item	FY07	FY08	Variance
<b>Operating income</b>	55.9	53.0	-2.9
Net interest expense	-5.9	-6.5	-0.6
Equity in profit of unconsolidated subsidiaries and affiliated companies	1.3	1.0	-0.3
Foreign currency translation profit	0.0	0.0	0.0
Others	-4.4	-3.5	0.9
<b>Non operating items</b>	-9.1	-9.0	0.1
<b>Ordinary income</b>	46.7	44.0	-2.7
<b>Extraordinary items</b>	-5.8	0.0	5.8
<b>Income before tax and minority interest</b>	40.8	44.0	3.2
<b>Tax and minority interest</b>	-16.8	-19.0	-2.2
<b>Net income</b>	24.0	25.0	1.0

# Sales by Segment

## -FY08 Consolidated Forecasts-

(Billion Yen)

Segment		FY07 Actual	FY08 Forecast	Variance	Major Factors
Chemicals &Plastics		233.2	254.0	20.8	Caprolactam chain, etc
Specialty Chemicals & Products		93.5	104.5	11.0	Specialty products, etc
Cement & Construction Materials		207.0	220.5	13.5	Cement and ready mixed-concrete, etc
Machinery & Metal Products	Machinery	91.6	96.1	4.5	Steel products, etc
	Aluminum wheels	28.6	28.6	0.0	
Energy & Environment		46.4	58.7	12.3	Coal, etc
Others		3.6	3.6	0.0	
<b>Total</b>		<b>704.2</b>	<b>766.0</b>	<b>61.8</b>	Increased by 8.8%

# Operating Income by Segment

## -FY08 Consolidated Forecasts-

(Billion Yen)

Segment	FY07	FY08		Variance		Major Factors	
	(A)	(B)	(C) *1	(B)-(A)	Actual Variance (C)-(A) *1		
Chemicals & Plastics	18.6	15.6	16.5	-3.0	-2.0	Caprolactam chain, etc	
Specialty Chemicals & Products	14.1	15.1	15.3	1.0	1.2	Specialty products, etc	
Cement & Construction Materials	10.8	10.6	11.6	-0.2	0.7	Building material, etc	
Machinery & Metal Products	Machinery	8.2	7.3	7.3	-0.9	-0.9	Industrial and molding machinery, etc
	Aluminum wheels	-1.6	-1.2	-1.2	0.4	0.4	Production in Canada, etc
Energy & Environment	4.6	4.9	4.8	0.3	0.1		
Others	0.8	0.7	0.7	-0.1	-0.1		
<b>Total</b>	<b>55.9</b>	<b>53.0</b>	<b>55.3</b>	<b>-2.9</b>	<b>-0.6</b>	Actually decreased by 1.1%	

\*1 Not accounting for changes in depreciation method



# Analysis of Operating Income

## -FY08 Consolidated Forecasts-

(Billion Yen)

Segment	Operating income							
	FY07	FY08	Variance	Price	Sales	Fixed	Change in	Others
	(A)	(B)	(B)-(A)	*1	Volume	Cost	Regulation	
				*2				
Chemicals & Plastics	18.6	15.6	-3.0	-3.7	1.7	-0.6	-1.0	0.5
Specialty Chemicals & Products	14.1	15.1	1.0	-4.2	8.9	-3.6	-0.3	0.1
Cement & Construction Materials	10.8	10.6	-0.2	0.5	1.6	-1.5	-1.0	0.2
Machinery & Metal Products	6.6	6.1	-0.5	-0.5	0.2	0.1	0.0	-0.3 <sup>*3</sup>
Energy & Environment	4.6	4.9	0.3	-0.5	-0.2	-0.2	0.0	1.0
Others	0.8	0.7	-0.1	0.0	0.0	-0.1	0.0	0.0
Total	55.9	53.0	-2.9	-8.3	12.2	-5.9	-2.3	1.6

\*1 Including both selling and purchase price variances

\*2 Impact for change in depreciation method

\*3 Marginal profit on machinery products -0.8

# Management Indices

## -FY08 Consolidated Forecasts-

Item	Unit	FY07	FY08	Variance
Net D/E Ratio*1	Times	1.4	1.3	-0.1
Equity Ratio	%	26.9	27.6	0.7
Operating Margin	%	7.9	6.9	-1.0
Return on Assets (ROA)*2	%	8.2	7.4	-0.8
Return on Equity (ROE)	%	13.1	12.5	-0.6

\*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

# Appendix

- **FY07 Non-Consolidated Results**
- **FY08 Non-Consolidated Forecasts**
- **Major Subsidiaries**
- **R&D expenses, Investment and Depreciation (Consolidated)**
- **Capital Expenditure (Consolidated)**

# Sales and Operating Income by Segment

## -FY07 Non-Consolidated Results-

(Billion Yen)

Segments	Sales			Operating Income		
	FY06	FY07	Variance	FY06	FY07	Variance
Chemicals & Plastics	117.0	127.4	10.3	5.8	6.2	0.3
Specialty Chemicals & Products	54.7	58.8	4.1	8.6	11.2	2.6
Cement & Construction Materials	67.0	66.8	-0.1	6.2	5.8	-0.4
Machinery & Metal Products	18.9	20.0	1.0	-0.9	-1.0	-0.1
Energy & Environment	38.2	55.9	17.6	2.4	3.8	1.3
Others	0.3	0.3	0.0	0.2	0.2	0.0
<b>Total</b>	<b>296.4</b>	<b>329.5</b>	<b>33.0</b>	<b>22.5</b>	<b>26.3</b>	<b>3.8</b>

# Operating Income – Net Income

## -FY07 Non-Consolidated Results-

(Billion Yen)

Item		FY06	FY07	Variance
Operating income		22.5	26.3	3.8
Non operating items	Net interest expense	-1.1	-0.6	0.4
	Others	-0.9	-3.7	-2.7
	Total	-2.0	-4.4	-2.3
Ordinary income		20.4	21.9	1.4
Net extraordinary income/loss		-8.6	-5.9	2.6
Corporation Tax, etc		-5.6	-7.1	-1.4
Net income		6.1	8.8	2.7

# Major B/S Items

## -FY07 Non-Consolidated Results-

(Billion Yen)

Items		End of FY06	End of FY07	Variance
Assets	Current assets	134.2	134.4	0.1
	Fixed assets	330.0	330.0	0.0
	<b>Total</b>	<b>464.2</b>	<b>464.5</b>	<b>0.2</b>
Liabilities	Debt	229.3	235.6	6.3
	(Net debt)	(224.1)	(229.7)	(-5.6)
	Other liabilities	107.6	101.4	-6.1
	<b>Total</b>	<b>336.9</b>	<b>337.1</b>	<b>0.1</b>
Net Assets		127.3	127.3	0.0
Liabilities & Net assets		464.2	464.5	0.2

# Sales and Operating Income by Segment

## -FY08 Non-Consolidated Forecasts-

(Billion Yen)

Segments	Sales			Operating Income				
	FY07	FY08	Variance	FY07	FY08		Variance	
						*1		*1
Chemicals & Plastics	127.4	133.7	6.3	6.2	3.3	3.4	-2.9	-2.8
Specialty Chemicals & Products	58.8	66.4	7.6	11.2	11.9	12.1	0.7	0.9
Cement & Construction Materials	66.8	72.1	5.2	5.8	5.4	6.4	-0.4	0.6
Machinery & Metal Products	20.0	18.5	-1.5	-1.0	-1.4	-1.4	-0.4	-0.4
Energy & Environment	55.9	70.0	14.1	3.8	4.2	4.1	0.4	0.3
Others	0.3	0.3	0.0	0.2	0.1	0.1	-0.1	-0.1
<b>Total</b>	<b>329.5</b>	<b>361.0</b>	<b>31.5</b>	<b>26.3</b>	<b>23.5</b>	<b>24.8</b>	<b>-2.8</b>	<b>-1.5</b>

\*1 Not accounting for changes in depreciation method

# Operating Income – Net Income

## -FY08 Non-Consolidated Forecasts-

(Billion Yen)

Item		FY07	FY08	Variance
Operating income		26.3	23.5	-2.8
Non operating items	Net interest expense	-0.6	-2.0	-1.4
	Others	-3.7	-2.0	1.7
	Total	-4.4	-4.0	0.4
Ordinary income		21.9	19.5	-2.4
Net extraordinary income/loss		-5.9	0.0	5.9
Corporation Tax, etc		-7.1	-6.5	0.6
Net income		8.8	13.0	4.2



# Major Subsidiaries

## —FY07 Results—

(Billion Yen)

Company name		Business	Sales FY07	OP income variance
Chemicals & Plastics	Thai Caprolactam Public Co., Ltd.	Manufacture and sales of caprolactam	44.6	↑
	Ube Chemical Europe,S.A.	Manufacture and sales of caprolactam	36.0	↑
	Thai Synthetic Rubbers Co.,Ltd.	Manufacture and sales of polybutadiene	16.8	↑
	Ube Ammonia Industry, Ltd.	Manufacture and sales of ammonia	14.2	→
	Ube Film, Ltd.	Manufacture and sales of plastic-film products	11.5	↓
	Ube Nylon (Thailand) Ltd.	Manufacture and sales of polyamide resin	11.2	→
	Ube Engineering Plastics,S.A.	Manufacture and sales of polyamide resin	12.2	↓
Specialty Chemicals & Products	Ube-Nitto Kasei Co., Ltd.	Manufacture and sales of electronics & IT materials, FRP, industrial materials and fiber-reinforced plastics.	15.1	↓
Cement & Construction Materials	Ube Construction Materials Sales Co., Ltd.	Sales of construction materials	44.0	↓
	Ube Material Industries, Ltd.	Manufacture and sales of seawater magnesia, magnesium hydroxide, quicklime, slaked lime, and others.	41.5	↓
	Kanto Ube Concrete Ind., Ltd.	Manufacture and sales of ready-mixed concrete	12.8	↓
	Ube Shipping & Logistics, Ltd.	Domestic shipping, harbor transportation, shipping-agent services and customs clearing.	14.1	↑
Machinery & Metal Products	Ube Machinery Corporation, Ltd.	Manufacture and sales of industrial machinery and bridges	41.4	→
	Ube Steel Co., Ltd.	Manufacture and sales of cast iron, steel products and rolled steel billets.	27.3	→
	Ube Techno Eng. Co., Ltd.	Service and maintenance of industrial machinery and equipment.	13.0	↑
	Ube Automotive North America (Sarnia)	Manufacture and sales of aluminum automobile wheels in North America.	10.9	↑
Energy & Environment	Ube C&A Co., Ltd.	Sales of imported steaming coal from Australia, etc	19.7	↑

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

# R&D Expenses, Investment and Depreciation

(Billion Yen)

	FY06	FY07	FY08
<b>R&amp;D expenses</b>	13.0	13.5	14.5

(Billion Yen)

	FY06	FY07	FY08
<b>Investment</b>	31.9	30.9	38.0
<b>Depreciation &amp; Amortisation</b>	30.9	34.1	36.0

# Major Items for Capital Expenditure for FY2008

Segment	Item	Site	Construction Period
Chemicals & Plastics	Establishment of a joint venture for polybutadiene rubbers production	Nangton, China	Sep/06 - Sep/08
	Polyamide 6 polymerization plant	Thailand	May/07 - Sep/09
Specialty Chemicals & Products	No. 10, 11 polyimide film plant and related facilities	Sakai/Japan	May/07 - May/09
	Silicon nitride firing equipment and expansion of production facilities	Ube/Japan	Apr/08 - Apr/09
	Sixth expansion of production facilities for functional film	Ube/Japan	Apr/08 - 1st half/09
Cement & Construction Materials	No.3 Fuel-purpose waste processing facilities for cement factory	Isa/Japan	Apr/07 - Feb/09
	Crushing equipment of Amagoi mines at Isa Cement Factory	Isa/Japan	Apr/08 - Mar/10
Machinery & Metal Products	Plant improvement for large diameter aluminum wheels	Ube/Japan	Oct/06 - 1st half/09



This presentation material contains forward-looking statements concerning UBE’s future plans, strategies, and performance. These forward-looking statements are not historical facts; rather, they represent assumptions and beliefs based on economic, financial, and competitive data currently available. Forward-looking statements include information preceded by, followed by, or that include the words “project”, “predicts”, “expects”, “forecasts”, “could”, “may”, or similar expressions. Furthermore, they are subject to a number of risks and uncertainties which include, but are not limited to, economic conditions, fierce competition in this industry, customer demand, tax rules and regulations. Readers of this presentation material are cautioned not to place undue reliance on these forward-looking statements. Actual results may differ materially from expectations.