

Information Meeting 2007

11 May, 2007

UBE INDUSTRIES, LTD.

Contents

- 1. Summary**
- 2. FY06 Consolidated Results**
- 3. FY07 Consolidated Forecasts**
- 4. Appendix**

Summary

FY06 Consolidated Results

- Financial Highlights -

(Billion Yen)

Item	FY05	FY06	Variance
Sales	595.3	655.6	60.2
Operating Income	42.1	46.8	4.6
Ordinary Income	33.2	43.1	9.9
Net Income	16.0	22.0	6.0
Net Debt <small>(Debt - Cash and cash equivalents)</small>	321.8	298.7	-23.1
Stockholders' Equity	149.7	172.5	22.8
Dividend (Yen/share)	3.0	4.0	1.0

Key Points of Consolidated Financial Results for FY2006

[Profit/Loss Statement Items]

- **Ordinary income and net income at all-time high**
- **Operating income second only to all-time high of 47.4 billion yen**
(recorded in fiscal 1988, prior to changes in consolidated accounting)

Net sales : 655.6 billion yen ... **Revenues up 10.1%** year-on-year, reflecting increases in sales volumes and rising raw material prices

Operating income : 46.8 billion yen ... **Up 11.1%** year-on-year. Higher operating income from cement & construction materials and machinery segments were sufficient to offset lower operating income from chemicals & plastics segment, caused by rising prices for fuel and raw materials.

Ordinary income : 43.1 billion yen ... **Up 29.8%** year-on-year on higher operating income and currency gains (3.7 billion yen increase) recorded by subsidiaries in Thailand, etc.

Net income : 22.0 billion yen ... **Up 37.5%** year-on-year despite recording an impairment loss from the North American aluminum wheel business

[Balance Sheet Items]

(Year-on-Year)

Net interest-bearing liabilities : 298.7 billion yen (Decrease of 23.1 billion yen)

Equity capital : 172.5 billion yen (Increase of 22.8 billion yen)

} **Steady
improvement of
financial position**

[Dividends]

From 3 yen/share to 4 yen/share ... **Dividend increase of 1 yen/share**

FY06 Consolidated Results

- Comparison with Previous Mid-term Management Plan -

Previous Mid-term Management Plan “**New21-UBE Plan II**”:FY04 - FY06

Item	Unit	FY03	FY04	FY05	FY06	FY06 Target of Plan
Net D/E Ratio *1	Times	4.4	3.4	2.1	1.7	2.9
Return on Assets (ROA) *2	%	3.3	4.9	6.4	7.0	5.0
Operating Margin	%	4.3	5.7	7.1	7.1	6.0
Equity Ratio	%	12.3	15.3	21.4	24.1	17.1
Operating Income	Billion Yen	22.0	32.3	42.1	46.8	33.0

*1 Net debt (Debt – Cash and cash equivalents) / Stockholders’ equity

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



Achieved targets one year ahead of schedule in FY05, and recorded further significant gains in FY06

FY07 Consolidated Forecasts

- Financial Highlights -

7

(Billion Yen)

Item	FY06 Result	FY07		Variance	
		Forecast	Actual*		Actual*
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
Net Income	22.0	21.0	23.0	-1.0	1.0
Net Debt <small>(Debt - Cash and cash equivalents)</small>	298.7	293.0	-	-5.7	-
Equity Capital	172.5	187.0	-	14.5	-
Dividend (Yen/share)	4.0	5.0	-	1.0	-

*Not accounting for changes in depreciation method

Forecast for Consolidated Financial Results for FY2007 - Forecast for Major Business Segments (1) -

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

⇒ **Operating income** is anticipated to **decrease by 4.0%** due to changes in depreciation method, but will **increase actually by 3.1%, not accounting for changes** in depreciation method.

⇒ **Net income** is forecasted to **increase actually by 4.5%** (not accounting for changes in depreciation method). Dividends are forecasted to **increase by 1 yen/share to 5 yen/share**.

1. Chemicals & Plastics

- Caprolactam, industrial chemicals, synthetic rubber : Ube will strive for a favorable balance of supply and demand while achieving stable production and maintaining spreads, despite uncertainties over raw material prices including sudden price increases for benzene.
- Polyamide resin : Although demand is healthy, there are signs of over-supply. In addition to driving down costs, Ube will tackle the challenges of adjusting prices to reflect the cost of raw materials, while developing new customers by capitalizing on its brand strength.

2. Specialty Chemicals and Products

- Polyimides : Ube will aim to boost its market share for COF in the LCD segment, driven by full-scale operation of the 8th expansion of production facilities, while maintaining a dominant market share for TAB in the PDP segments. The company will also engage in development of FPC applications in anticipation of the 9th expansion of production facilities and beyond.
- Battery materials : Demand for electrolytes and separators for the LIB market is continuing to rise.
- Gas separation membranes : Starting from the second half, Ube expects to benefit from increases in production capacity centering on nitrogen separation membranes and dehydration membranes for bioethanol
- Fine chemicals : Volumes for fine chemicals such as DMC, Heliofresh, 1,6-HDL, and PCD are anticipated to increase.

Forecast for Consolidated Financial Results for FY2007 - Forecast for Major Business Segments (2) -

3. Cement & Construction Materials

- **Cement and ready-mixed concrete** : In Japan, demand is forecasted at 58 million tons, down by one million tons year-on-year. Ube will boost revenue from waste processing and adjust prices to make up for high fuel prices and lower sales volumes.
- **Inorganic specialty products** : Inorganic specialty products such as high purity & ultra fine single crystal magnesia for PDP protective layer are anticipated to grow.

4. Machinery & Metal Products

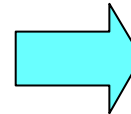
- **Machinery** : Demand for production facilities in the automotive sector is anticipated to peak out, affecting the market for molding machines such as die casting machines.
A slowdown in steel products business will be taken into account, since raw material prices are rising sharply.
- **Aluminum wheels** : Production is at full capacity in Japan with sales at 100%, but sales volumes in North America are anticipated to remain at significantly lower levels.
Ube will achieve a quick turnaround of the business through steady implementation of strategies to improve revenues, while absorbing customer demands for lower prices. In North America, the company will raise the proportion of sales to Japanese automakers and boost sales of high-gloss wheels for the high-end market, as well as improve the efficiency of in-house painting processes. In Japan, Ube will boost the proportion of large-diameter wheels.

5. Energy & Environment

- **Coal** : Ube will increase the volume of coal handled by the Coal Center.
Ube will diversify its import sources to address supply uncertainties caused by tight supplies in China, and increase the ratio of long-term contracts in response to rising freight costs.
- **Power** : Ube will boost the volume of mixed combustion of wood biomass fuel to compensate for fuel prices hovering at high levels.

Comparison with Targets of New Mid-Term Management Plan

Item	Unit	FY07		FY09	
		Forecast	Actual*	Mid-term target	Actual*
Net D/E Ratio	Times	1.6	-	Under 1.3	-
Equity Ratio	%	25.6	-	30 or more	-
Operating Margin		6.7	7.2	7.5 or more	8.2 or more
Return on Asset		6.5	-	7.5 or more	-
Return on Equity		11.7	-	12 or more	-
Sales		Billion Yen	668	-	700 or more
Operating Income	45		48.3	53 or more	57.5 or more
Business Income	47		50.3	56 or more	60.5 or more
Net Debt	293		-	Under 279	-
Equity Capital	187		-	218 or more	-



*Not accounting for changes in depreciation method

**In the first year of the new mid-term management plan,
Ube will make solid steps toward reaching new levels of performance.**

Situation for Aluminum Wheel Business

[Operating Income]

(Billion yen)

	FY05	FY06	FY07 (Plan)
Japan	0.2	0.1	0.1
North America	-0.7	-2.2	-1.2
Total	-0.5	-2.1	-1.1

[Rebuilding]

- Japan:**
1. Boost proportion of higher profit, large-diameter wheels
 2. Implement cost reduction initiative
 3. Develop new low cost casting machinery

- North America:**
1. Boost proportion of sales to Japanese automakers
 2. Meticulously drive down costs through measures such as switching to in-house painting processes and boosting revenues

UANA Sarnia has already taken the following steps **to address its financial position:**

- Recorded a 5.1 billion yen impairment loss on fixed assets (book value of 10.9 billion yen as of December 31, 2006) for Ube's FY2006 financial results
- ⇒ Depreciation costs to decrease in FY07 and beyond (down by 0.63 billion yen in FY07)
- Boosted capital by 13.7 billion yen in April 2007 to improve financial position, effectively clearing all loans

Reliably achieve targets of new mid-term management plan

Japan: Operating income ratio of 5% or more

North America: Ensure return to profitability by FY09

FY06 Consolidated Results

Scope of Consolidation

-FY06 Consolidated Results-

	FY05 (A)	FY06 (B)	Variance (B)-(A)	Notes
Number of consolidated subsidiaries	66	68	2	Newly included 3 Excluded -1
Number of equity method affiliates	35	32	-3	Newly included 1 Excluded -4
Total	101	100	-1	

Environmental Factors

-FY06 Consolidated Results-

(Billion Yen)

Item		FY05	FY06	Variance	Impacts on Consolidated OP Income	
Exchange Rate	Yen/\$	113.3	117.0	3.7	-0.6	
Material Price	(CIF) Naphtha	\$/t	514	596	82	-2.1
		(Domestic) Yen/L	42.4	50.0	7.6	(-2.4)
	Benzene (Average of US and Euro Contract Price)	\$/t	850	997	147	-6.7
						(-8.3)
	Australian Coal	\$/t	74.0	74.0	0.0	0
(CIF) Yen/t		8,384	8,658	274	(-0.6)	

() : including impacts on fluctuation of exchange rate

Major P/L & B/S Items

-FY06 Consolidated Results-

(Billion Yen)

Item	FY05	FY06	Variance
Sales	595.3	655.6	60.2
Operating income	42.1	46.8	4.6
Ordinary income	33.2	43.1	9.9
Net income	16.0	22.0	6.0
Item	End of FY05	End of FY06	Variance
Total assets	700.4	714.8	14.4
Debt	341.9	320.0	-21.9
Net debt	321.8	298.7	-23.1
Equity capital ^{*1}	149.7	172.5	22.8

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

Sales by Segment

-FY06 Consolidated Results-

(Billion Yen)

Segment	FY05	FY06	Variance	Major Factors	
Chemicals & Plastics	175.8	210.4	34.5	Caprolactam chain 28.0 Synthetic rubber 6.1	
Specialty Chemicals & Products	89.2	88.3	-0.9	Withdrawal from chemical treatment of aluminum capacitor foil -2.5 Specialty products 2.1 Fine chemicals & Pharmaceuticals 1.0 Overseas sales offices, etc -1.4	
Cement & Construction Materials	192.4	207.8	15.4	Cement and ready mixed-concrete 9.2 Ube Material Ltd. 4.2	
Machinery & Metal Products	Machinery	71.8	83.2	11.3	Ube Machinery Co. 5.6, Ube Techno Eng. 2.3
	Aluminum wheels	30.6	31.0	0.4	Japan 2.8, North America -2.4
Energy & Environment	31.4	30.9	-0.5	Coal -1.3, IPP 0.8	
Others	3.8	3.8	0.0		
Total	595.3	655.6	60.2	Increased by 10.1%	

Operating Income by Segment

-FY06 Consolidated Results-

(Billion Yen)

Segment	FY05	FY06	Variance	Major Factors	
Chemicals & Plastics	14.9	13.7	-1.1	Caprolactam chain -1.3	
Specialty Chemicals & Products	10.9	11.5	0.5	Specialty products 0.4	
Cement & Construction Materials	9.7	12.4	2.6	Ube Material Ltd. 1.4 Cement and ready mixed-concrete 1.3	
Machinery & Metal Products	Machinery	4.2	7.6	3.4	Ube Machinery Co. 1.9, Ube Techno Eng. 0.7
	Aluminum wheels	-0.5	-2.1	-1.6	North America -1.5
Energy & Environment	2.3	2.7	0.3	IPP and Others	
Others	0.5	0.7	0.1		
Total	42.1	46.8	4.6	Increased by 11.1%	

Analysis of Operating Income

-FY06 Consolidated Results-

(Billion Yen)

Segment	Operating income						
	FY05	FY06	Variance				
	A	B	B-A	Price *1	Sales Amount	Fixed Cost	Others
Chemicals & Plastics	14.9	13.7	-1.1	-6.9	2.9	-1.7	*2 -4.5
Specialty Chemicals & Products	10.9	11.5	0.5	-2.7	3.0	0.1	0.1
Cement & Construction Materials	9.7	12.4	2.6	2.4	1.7	-0.7	-0.7
Machinery & Metal Products	3.7	5.5	1.8	-1.1	-0.1	-1.3	*3 4.3
Energy & Environment	2.3	2.7	0.3	-0.2	0.2	0.0	0.4
Others	0.5	0.7	0.1	0.0	0.0	0.0	0.2
Total	42.1	46.8	4.6	-8.4	7.7	-3.6	9.1

*1 Including both selling and purchase price variances

*2 Including difference of gain on inventory valuation 0.9, Currency gains 1.3, Difference in production efficiency, etc 2.3

*3 Marginal profit on machinery products 4.2

Operating Income – Net Income -FY06 Consolidated Results-

(Billion Yen)

Item	FY05	FY06	Variance
Operating income	42.1	46.8	4.6
Non operating item	-8.9	-3.7	5.2
Ordinary income	33.2	43.1	9.9
Extraordinary item	-6.6	-7.1	-0.5
Income before income tax and minority interest	26.6	36.0	9.3
Net income	16.0	22.0	6.0

Non Operating Items -FY06 Consolidated Results-

(Billion Yen)

Item		FY05	FY06	Variance
Operating income		42.1	46.8	4.6
Non operating items	Net interest expense	-6.2	-6.4	-0.2
	Equity in profit of unconsolidated subsidiaries and affiliated companies	1.1	1.8	0.7
	Foreign currency translation profit/loss	-0.8	2.8	3.7
	Others	-2.9	-2.0	0.9
	Total	-8.9	-3.7	5.2
Ordinary income		33.2	43.1	9.9

Extraordinary Items -FY06 Consolidated Results-

(Billion Yen)

Item	FY05	FY06	Variance
Gain on contribution of securities to retirement benefit trust		2.9	2.9
Others(Incl. gain on sale of PP&E)	0.7	3.0	2.3
Extraordinary income	0.7	5.9	5.2
Impairment loss	-0.2	-5.7	-5.4
Loss on business restructuring	-3.0	-0.1	2.8
Loss on disposal of PP&E	-1.3	-2.9	-1.6
Loss on valuation of inventories		-2.0	-2.0
Others	-2.6	-2.2	0.3
Extraordinary loss	-7.3	-13.1	-5.7
Net extraordinary income/loss	-6.6	-7.1	-0.5

Consolidated Balance Sheet

-FY06 Consolidated Results-

(Billion Yen)

Item	FY05	FY06	Variance
Current assets	268.5	286.9	18.4
Fixed assets	431.8	427.8	-3.9
Total assets	700.4	714.8	14.4
Interest-bearing debts	341.9	320.0	-21.9
Other liabilities	190.1	199.6	9.5
Total liabilities	532.0	519.6	-12.3
Equity Capital *1	149.7	172.5	22.8
Minority interest	18.6	22.6	4.0
Total net assets	168.3	195.1	26.8
Total liabilities and net assets	700.4	714.8	14.4

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

Consolidated Statements of Cash Flows

-FY06 Consolidated Results-

(Billion Yen)

Item	FY05	FY06	
A. Cash flows from operating activities	51.8	54.3	Income before tax and minority interest 36.0 Depreciation and amortization 30.9 Corporate Tax, etc -7.9, etc
B. Cash flows from investing activities	-22.5	-27.1	Acquisition of PP&E -31.9 Proceeds from sale of securities 4.9, etc
Free cash flows (A+B)	29.3	27.2	
C. Cash flows from financing activities	-42.9	-27.5	Decrease in interest-bearing debts -10.1 Bond issuance and redemption -14.2 Dividends -3.1
D. Net increase/decrease in cash and cash equivalents	-13.3	0.3	
E. Cash and cash equivalents at end of the year	20.0	21.2	

Management Indices

-FY06 Consolidated Results-

(Billion Yen)

Item	Unit	FY05	FY06	Variance
Net D/E Ratio*1	Times	2.1	1.7	-0.4
Equity Ratio	%	21.4	24.1	2.7
Operating Margin	%	7.1	7.1	0.0
Return on Assets (ROA)*2	%	6.4	7.0	0.6
Return on Equity (ROE)	%	12.4	13.7	1.3

*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

Operating Income – Variance to Forecasts

-FY06 Consolidated Results-

(Billion Yen)

	FY06		
	Original Forecast 11 May, 2006	Revised Forecast 7 Feb., 2007	Results 10 May, 2007
Operating Income	41.0	43.0	46.8

+2.0

+3.8

Major Factors	
Chemicals & Plastics	0.8
Specialty Chemicals & Products	-1.4
Cement & Construction Materials	1.5
Machinery	2.7
Aluminum wheels	-1.7
Energy & Environment	0.1
Total	2.0

Major Factors	
Chemicals & Plastics	0.7
Specialty Chemicals & Products	0.2
Cement & Construction Materials	1.1
Machinery	1.0
Aluminum wheels	0.1
Energy & Environment	0.3 etc
Total	3.8

FY07 Consolidated Forecasts

Scope of Consolidation

-FY07 Consolidated Forecasts-

	FY06 (A)	FY07 (B)	Variance (B)-(A)	Notes
Number of consolidated subsidiaries	68	72	4	Newly included 6 Excluded -2
Number of equity method affiliates	32	29	-3	Newly included 1 Excluded -4
Total	100	101	1	

Environmental Factors

-FY07 Consolidated Forecasts-

(Billion Yen)

Item		FY06 Actual	FY07 Forecast	Variance	Impacts on Consolidated OP Income	
Exchange Rate	Yen/\$	117.0	115.0	-2.0	0.1	
Material Price	(CIF) Naphtha	\$/t	596	660	64	-1.4
	(Domestic)	Yen/L	50.0	55.0	5.0	(-1.3)
	Benzene (Average of US and Euro Contract Price)	\$/t	997	1,050	53	-2.3
	Australian Coal	\$/t	74.0	80.5	6.5	-1.7
	(CIF)	Yen/t	8,658	9,258	600	(-1.3)

() : including impacts on fluctuation of exchange rate

Major P/L & B/S Items

-FY07 Consolidated Forecasts-

(Billion Yen)

Item	FY06 Actual	FY07 Forecast		Variance	
			*1		*1
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
Net income	22.0	21.0	23.0	-1.0	1.0
Item	End of FY06 Actual	End of FY07 Forecast		Variance	
Total assets	714.8	730.0		15.2	
Debt	320.0	315.0		-5.0	
Net debt	298.7	293.0		-5.7	
Equity capital *2	172.5	187.0		14.5	

*1 Not accounting for changes in depreciation method

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

Sales by Segment

-FY07 Consolidated Forecasts-

(Billion Yen)

Segment	FY06 Actual	FY07 Forecast	Variance	Major Factors	
Chemicals & Plastics	210.4	212.0	1.6	Polyamide, etc	
Specialty Chemicals & Products	88.3	95.0	6.7	Specialty products, etc	
Cement & Construction Materials	207.8	208.0	0.2		
Machinery & Metal Products	Machinery	83.2	86.3	3.1	Industrial machinery Steel products, etc
	Aluminum wheels	31.0	28.7	-2.3	North America
Energy & Environment	30.9	34.5	3.6	Coal, etc	
Others	3.8	3.5	-0.3		
Total	655.6	668.0	12.4	Increased by 1.9%	

Operating Income by Segment

-FY07 Consolidated Forecasts-

(Billion Yen)

Segment	FY06 Actual	FY07 Forecast		Variance			*2	
	(A)	(B)	(C) *1	(B-A)	Actual Variance (C-A)*1	Actual Major Factors		
Chemicals & Plastics	13.7	11.7	12.8	-2.0	-0.9	Synthetic rubber, etc.	-1.1	
Specialty Chemicals & Products	11.5	13.3	13.8	1.8	2.3	Specialty products, Fine chemicals & Pharmaceuticals, etc.	-0.5	
Cement & Construction Materials	12.4	11.4	12.7	-1.0	0.3		-1.3	
Machinery & Metal Products	Machinery	7.6	6.4	6.5	-1.2	-1.1	Molding machines, Steel products, etc.	-0.1
	Aluminum wheels	-2.1	-1.3	-1.1	0.8	1.0	North America	-0.2
Energy & Environment	2.7	2.9	3.0	0.2	0.3		-0.1	
Others	0.7	0.6	0.6	-0.1	-0.1		0.0	
Total	46.8	45.0	48.3	-1.8	1.5	Actual Increased by 3.1%	-3.3	

*1 Not accounting for changes in depreciation method

*2 Impacts for changes in depreciation method

Analysis of Operating Income

-FY07 Consolidated Forecasts-

(Billion Yen)

Operating income								
Segment	FY06	FY07	Variance	Price	Sales Amount	Fixed Cost	*3	Others
	A	B *1						
Chemicals & Plastics	13.7	11.7	-2.0	0.2	1.2	-1.2	-1.1	-1.1
Specialty Chemicals & Products	11.5	13.3	1.8	-3.4	7.9	-2.4	-0.5	0.2
Cement & Construction Materials	12.4	11.4	-1.0	0.3	0.4	-0.2	-1.3	-0.2
Machinery & Metal Products	5.5	5.1	-0.4	-0.2	-0.1	1.3	-0.3	*4 -1.1
Energy & Environment	2.7	2.9	0.2	-0.3	0.7	-0.6	-0.1	0.5
Others	0.7	0.6	-0.1	0.0	0.0	0.1	0.0	-0.2
Total	46.8	45.0	-1.8	-3.4	10.1	-3.0	-3.3	-2.2

Including inventory valuation loss -1.3

- *1 Accounting for changes in depreciation method
- *2 Including both selling and purchase price variances
- *3 Impacts for changes in depreciation method
- *4 Marginal profit on machinery products -1.3

Operating Income – Net Income -FY07 Consolidated Forecasts-

(Billion Yen)

Item	FY06	FY07		Variance	
			*1		*1
Operating income	46.8	45.0	48.3	-1.8	1.5
Net interest expense	-6.4	-7.5		-1.1	
Equity in profit of unconsolidated subsidiaries and affiliated companies	1.8	1.3		-0.5	
Foreign currency translation profit	2.8	0.0		-2.8	
Others	-2.0	-1.8		0.2	
Non operating items	-3.7	-8.0		-4.3	
Ordinary income	43.1	37.0	40.3	-6.1	-2.8
Extraordinary items	-7.1	-2.0		5.1	
Income before tax and minority interest	36.0	35.0	38.3	-1.0	2.3
Tax and minority interest	-13.9	-14.0		-0.1	
Net income	22.0	21.0	23.0	-1.0	1.0

*1 Not accounting for changes in depreciation method

Management Indices

-FY07 Consolidated Forecasts-

Item	Unit	FY06 Actual	FY07 forecast		Variance	
				*3		*3
Net D/E Ratio*1	Times	1.7	1.6	-	-0.1	-
Equity Ratio	%	24.1	25.6	-	1.5	-
Operating Margin	%	7.1	6.7	7.2	-0.4	0.1
Return on Assets (ROA)*2	%	7.0	6.5	-	-0.5	-
Return on Equity (ROE)	%	13.7	11.7	-	-2.0	-

*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

Appendix

- **FY06 Non-Consolidated Results**
- **FY07 Non-Consolidated Forecasts**
- **Major Subsidiaries**
- **Capital Expenditure(Consolidated)**
- **R&D expenses (Consolidated)**

Sales and Operating Income by Segment -FY06 Non-Consolidated Results-

(Billion Yen)

Segments	Sales			Operating Income		
	FY05	FY06	Variance	FY05	FY06	Variance
Chemicals & Plastics	102.8	117.0	14.1	6.3	5.8	-0.4
Specialty Chemicals & Products	55.1	54.7	-0.4	8.8	8.6	-0.1
Cement & Construction Materials	63.4	67.0	3.6	4.9	6.2	1.2
Machinery & Metal Products	16.1	18.9	2.7	-1.0	-0.9	0.0
Energy & Environment	37.7	38.2	0.5	1.9	2.4	0.5
Others	0.4	0.3	0.0	0.2	0.2	0.0
Total	275.8	296.4	20.6	21.4	22.5	1.1

Operating Income – Net Income -FY06 Non-Consolidated Results-

(Billion Yen)

Item		FY05	FY06	Variance
Operating income		21.4	22.5	1.1
Non operating items	Net interest expense	-1.8	-1.1	0.7
	Others	-0.8	-0.9	-0.1
	Total	-2.7	-2.0	0.6
Ordinary income		18.6	20.4	1.8
Net extraordinary income/loss		-5.4	-8.6	-3.1
Corporation Tax, etc		-5.1	-5.6	-0.5
Net income		8.0	6.1	-1.8

Major B/S Items

-FY06 Non-Consolidated Results-

(Billion Yen)

Items		End of FY05	End of FY06	Variance
Assets	Current assets	123.0	134.2	11.2
	Fixed assets	339.0	330.0	-9.0
	Total	462.0	464.2	2.2
Liabilities	Debt	244.7	229.3	-15.4
	(Net debt)	(239.2)	(224.1)	(-15.0)
	Other liabilities	89.3	107.6	18.2
	Total	334.1	336.9	2.8
Net Assets		127.9	127.3	-0.6
Liabilities & Net assets		462.0	464.2	2.2

Sales and Operating Income by Segment -FY07 Non-Consolidated Forecasts-

(Billion Yen)

Segments	Sales			Operating Income				
	FY06	FY07	Variance	FY06	FY07		Variance	
						*1		*1
Chemicals & Plastics	117.0	121.3	4.3	5.8	4.3	5.3	-1.5	-0.5
Specialty Chemicals & Products	54.7	62.6	7.9	8.6	10.5	10.9	1.9	2.3
Cement & Construction Materials	67.0	67.7	0.7	6.2	5.6	6.4	-0.6	0.2
Machinery & Metal Products	18.9	20.7	1.8	-0.9	-1.1	-0.9	-0.2	0.0
Energy & Environment	38.2	42.4	4.2	2.4	2.4	2.5	0.0	0.1
Others	0.3	0.3	0.0	0.2	0.3	0.3	0.1	0.1
Total	296.4	315.0	18.6	22.5	22.0	24.4	-0.5	1.9

*1 Not accounting for changes in depreciation method

Operating Income – Net Income -FY07 Non-Consolidated Forecasts-

(Billion Yen)

Item	FY05	FY06		Variance	
			*1		*1
Operating income	22.5	22.0	24.4	-0.5	1.9
Non operating items	Net interest expense	-1.1	-2.5	-1.4	
	Others	-0.9	-1.0	-0.1	
	Total	-2.0	-3.5	-1.5	
Ordinary income	20.4	18.5	20.9	-1.9	0.5
Net extraordinary income/loss	-8.6	-0.5		8.1	
Corporation Tax, etc	-5.6	-6.5		-0.9	
Net income	6.1	11.5	12.9	5.4	6.8

*1 Not accounting for changes in depreciation method

Major Subsidiaries

—FY06 Results—

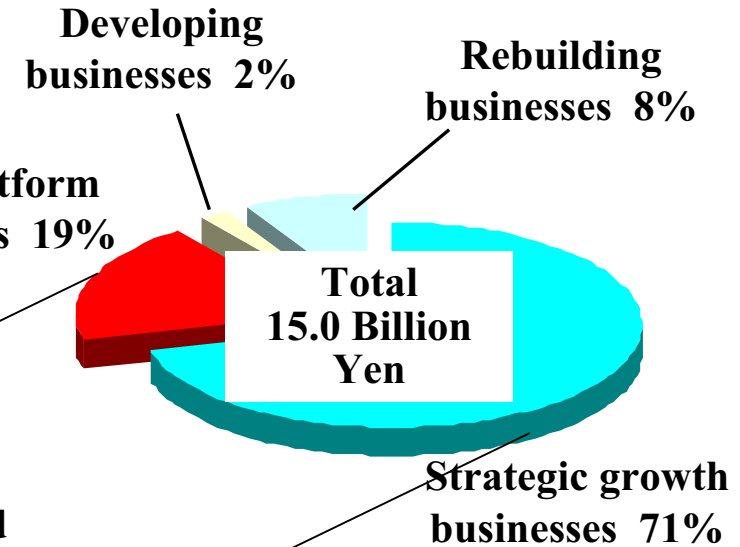
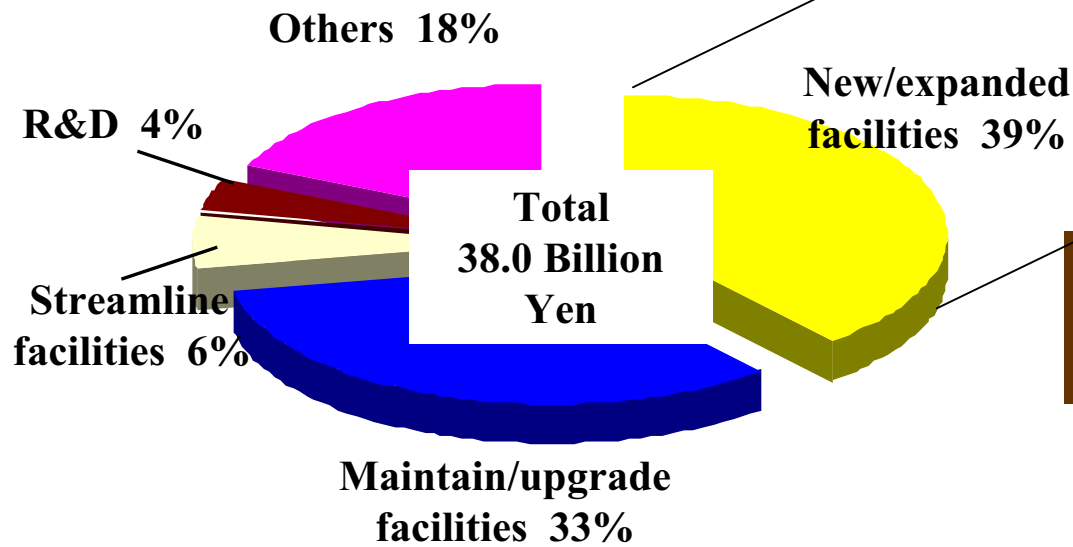
41

		(Billion Yen)		
Company name		Business	Sales FY06	OP income variance
Chemicals & Plastics	Thai Caprolactam Public Co., Ltd.	Manufacture and sales of caprolactam	40.3	↓
	Ube Chemical Europe,S.A.	Manufacture and sales of caprolactam	30.0	↓
	Thai Synthetic Rubbers Co.,Ltd.	Manufacture and sales of polybutadiene	15.5	↓
	Ube Ammonia Industry, Ltd.	Manufacture and sales of ammonia	12.1	↑
	Ube Film, Ltd.	Manufacture and sales of plastic-film products	11.1	→
	Ube Engineering Plastics,S.A.	Manufacture and sales of polyamide resin	10.1	↑
Specialty Chemicals & Products	Ube-Nitto Kasei Co., Ltd.	Manufacture and sales of electronics & IT materials, FRP, industrial materials and fiber-reinforced plastics.	16.6	↓
Cement & Construction Materials	Ube Construction Materials Sales Co., Ltd.	Sales of construction materials	48.1	→
	Ube Material Industries, Ltd.	Manufacture and sales of seawater magnesia, magnesium hydroxide, quicklime, slaked lime, and others.	37.0	↑
	Kanto Ube Concrete Ind., Ltd.	Manufacture and sales of ready-mixed concrete	15.2	→
	Ube Shipping & Logistics, Ltd.	Domestic shipping, harbor transportation, shipping-agent services and customs clearing.	13.6	→
Machinery & Metal Products	Ube Machinery Corporation, Ltd.	Manufacture and sales of industrial machinery and bridges	40.5	↑
	Ube Steel Co., Ltd.	Manufacture and sales of cast iron, steel products and rolled steel billets.	21.8	↑
	Ube Techno Eng. Co., Ltd.	Service and maintenance of industrial machinery and equipment.	12.3	↑
	Ube Automotive North America (Sarnia)	Manufacture and sales of aluminum automobile wheels in North America.	11.9	↓
Energy & Environment	Ube C&A Co., Ltd.	Sales of imported steaming coal from Australia, etc	12.2	↓

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

Capital Expenditure for FY2007

By investment purpose



By Portfolio Segment in New/expanded facilities

Major Items for Capital Expenditure for FY2007

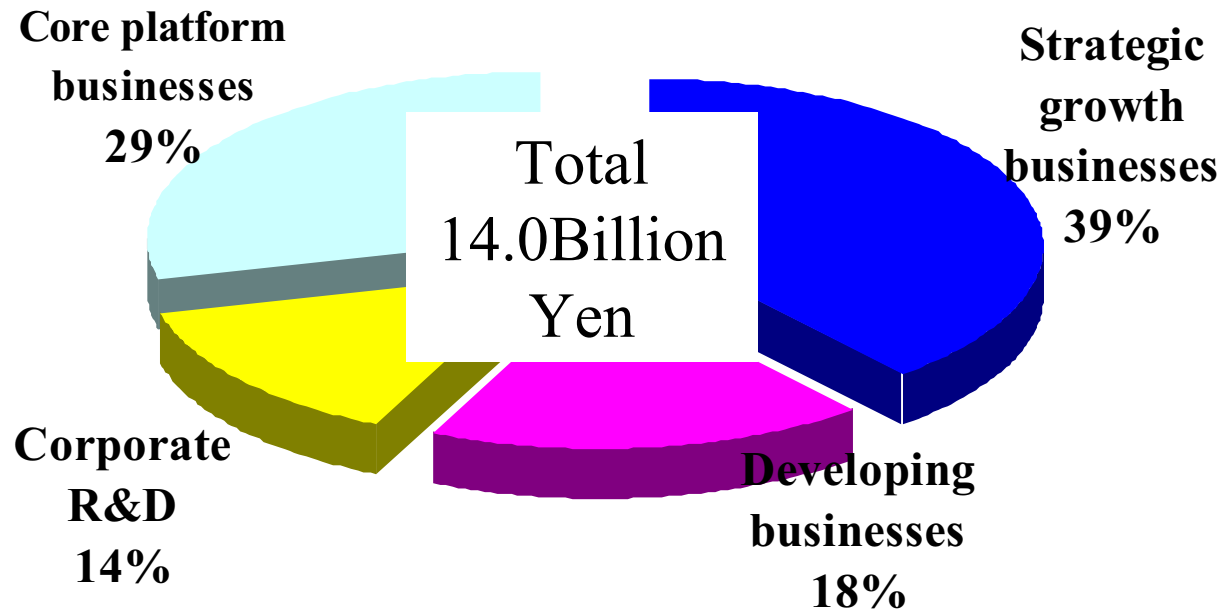
Segment	Item	Site	Construction Period
Chemicals & Plastics	Specialty rubbers(VCR) producton facilities	Thailand	Aug/06-Jul/07
	Establishment of a joint venture for polybutadiene rubbers production	Nangton, China	Sep/06-Dec/08
	Polyamide 6 polymerization plant expansion	Spain	Feb/05-Jan/07
	Polyamide 6 polymerization plant	Thailand	May/07-Sep/09
Specialty Chemicals & Products	No.9 polyimide film plant and related favilities	Ube/Japan	Apr/06-Oct/07
	No.10,11 polyimide film plant and related favilities	Sakai/Japan	Aug/06-Mar/09
	2nd spining expansion & 3rd fiber spining facilities for gas separation membranes	Ube,Sakai/Japan	Aug/06-Jan/08
Cement & Construction Materials	No.2 Fuel-purpose waste processing facilities for cement factory	Ube/Japan	Apr/06-Aug/07
	No.3 Fuel-purpose waste processing facilities for cement factory	Isa/Japan	Apr/07-Mar/09
Machinery & Metal Products	Plant improvement for large diameter aluminum wheels	Ube/Japan	Oct/06-May/08

R&D expenses for FY2007

(Billion Yen)

	FY05	FY06	FY07
R&D expenses	12.4	13.0	14.0

By Portfolio Segment





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.