

November 15, 2005

**Summary of Consolidated Financial Report for the First Half of the Fiscal Year Ending March 31, 2006**

**Ube Industries, Ltd.**

**Consolidated Business Results for the First Half of the Fiscal Year Ending March 31, 2006  
(April 1 to September 30, 2005)**

**1. Consolidated Companies**

Fiscal period	Current first half ended September 30, 2005	Previous fiscal year ended March 31, 2005	Increase (decrease)
Number of companies			
Consolidated companies	69	70	-1
Companies using equity method accounting	36	36	0
Total	105	106	-1

**2. Consolidated Results for the First Half Ended September 30, 2005**

**(1) Results of Operations**

(Billions of yen - rounded down, except where noted)

	Current first half ended September 30, 2005	Previous first half ended September 30, 2004	Increase (decrease)
Net sales	280.7	272.3	8.4
Operating income	17.4	10.6	6.7
Net interest expense	-2.4	-3.5	1.1
Equity in income of affiliates	0.4	0.0	0.5
Other non-operating income	-1.0	-1.8	0.7
Ordinary income	14.3	5.1	9.1
Extraordinary income	0.3	0.7	-0.4
Extraordinary losses	-5.0*	-1.3	-3.6
Net income / loss	6.0	2.3	3.6

Net income per share	6.41 yen	2.66 yen	3.75 yen
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Exchange rate (yen per US\$)	109.5	109.9	0.4
Naphtha price (yen/kl)	38,000	30,300	7,700
Australian coal price (yen/ton)	8,377	7,638	739

\* Details of extraordinary losses (5 billion yen) for the current first half (ended September 30, 2005)

Loss on business restructuring:	-2.8 billion yen
Provision for doubtful receivables:	-0.5 billion yen
Other losses:	-1.6 billion yen

## Net Sales by Segment

(Billions of yen - rounded down)

	Current first half ended September 30, 2005	Previous first half ended September 30, 2004	Increase (decrease)	Comments
Chemicals & plastics	83.2	79.3	3.8	- Increase in sales price of caprolactam, synthetic rubber, and nylon resin - Transfer of polyethylene business to Ube-Maruzen Polyethylene Co., Ltd. (Oct. 2004), etc.
Specialty chemicals & products	42.7	41.6	1.0	- Increase in sales volume of pharmaceutical bulk compounds and intermediates
Cement & construction materials	93.0	85.5	7.5	- Accounting change from cost deduction of industrial waste processing income to sales calculation - Increase in sales of quick lime related products, etc.
Machinery & metal products	45.4	51.2	-5.8	- Dissolution of North American aluminum wheel manufacturing subsidiary (Mar. 2005) - Transfer of Shin Kasado Dockyard to Imabari Shipbuilding (Apr. 2005), etc.
Energy & environment	14.4	12.5	1.8	- Increase in sales price of coal, etc.
Other	1.8	1.8	0.0	
Total	280.7	272.3	8.4	

## Operating Income by Segment:

(Billions of yen - rounded down)

	Current first half ended September 30, 2005	Previous first half ended September 30, 2004	Increase (decrease)	
Chemicals & plastics	6.3	1.9	4.4	- Improvement in spread (between product prices and raw materials), etc.
Specialty chemicals & products	4.7	5.5	-0.7	- Increase in sales volume of pharmaceutical bulk compounds and intermediates - Sales price drop for specialty products - Increase in fixed costs, etc.
Cement & construction materials	3.9	3.4	0.5	- Increase in price of fuel - Increased use of industrial waste (cost reduction) - Increase in sales price and sales volume, etc.
Machinery & metal products	1.3	-1.3	2.6	- Improvement in profit/loss for North American aluminum wheel operations - Increased sales of injection molding machines - Increased sales volume for steelmaking products, etc.
Energy & environment	0.9	1.0	0.0	
Other	0.2	0.2	0.0	
Elimination	-0.2	-0.1	0.0	
Total	17.4	10.6	6.7	

## (2) Financial Condition

(Billions of yen - rounded down)

<b>Assets</b>	At end of current first half (as of September 30, 2005)	At end of previous fiscal year (as of March 31, 2005)	Increase (decrease)
Cash and cash equivalents	22.3	34.4	-12.0
Account receivable	136.1	135.6	0.5
Inventories	84.7	79.9	4.8
Property, plant and equipment	353.2	360.7	-7.5
Intangible fixed assets	5.0	5.5	-0.5
Investment securities	46.5	42.9	3.6
Deferred tax assets	16.8	17.2	-0.4
Loans	2.8	2.8	0.0
Other assets	21.3	27.2	-5.9
<b>Total assets</b>	<b>689.0</b>	<b>706.6</b>	<b>-17.6</b>

<b>Liabilities and Stockholders' equity</b>	At end of current first half (as of September 30, 2005)	At end of previous fiscal year (as of March 31, 2005)	Increase (decrease)
Notes and accounts payable-trade	92.2	91.3	0.8
Interest-bearing liabilities	374.1	397.9	-23.8
Other liabilities	90.8	91.2	-0.3
Minority interests	17.6	17.6	0.0
Stockholders' equity	114.0	108.3	5.7
Common stock	(48.5)	(48.5)	(0.0)
Additional paid-in capital	(18.4)	(18.4)	(0.0)
Retained earnings	(42.7)	(38.5)	(4.1)
Other	(4.3)	(2.7)	(1.5)
<b>Total liabilities and Stockholders' equity</b>	<b>689.0</b>	<b>706.6</b>	<b>-17.6</b>

## (3) Cash Flows

(Billions of yen - rounded down)

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities		Cash and cash equivalents at end of period	
			Interest-bearing liabilities	Other		
Current first half ended September 30, 2005	25.4*	-10.1**	-27.6	(-25.8)	(-1.8)	21.3
(Ref.) Previous first half ended September 30, 2004	14.3	-17.3	11.9	(12.1)	(-0.2)	37.5

\* Pre-tax midterm net income: 9.7 billion yen  
 Depreciation expense: 15.0 billion yen, etc.

\*\* Tangible / intangible fixed asset acquisition: -14.0 billion yen  
 Tangible / intangible fixed asset sell-off: 3.1 billion yen, etc.

### 3. Consolidated Earnings Forecast for the Year Ending March 31, 2006 (April 1, 2005 to March 31, 2006)

(Billions of yen - rounded down, except where noted)

	Current fiscal year ending March 31, 2006	Previous fiscal year ended March 31, 2005	Increase (decrease)
Net sales	586.0	562.7	23.3
Operating income	38.0	32.3	5.7
Ordinary income	29.0	23.6	5.4
Extraordinary losses	-5.5	-12.8	7.3
Net income	14.0	9.2	4.8

Net income per share	14.79 yen	10.07 yen	4.72 yen
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Exchange rate (yen per US\$)	109.7	107.6	2.1
Naphtha price (yen/kl)	42,200	32,100	10,100
Australian coal price (yen/ton)	8,392	7,371	1,021

#### Net Sales by Segment

(Billions of yen - rounded down)

	Current fiscal year ending March 31, 2006	Previous fiscal year ended March 31, 2005	Increase (decrease)	
Chemicals & plastics	175.5	164.9	10.6	- Increase in sales price of caprolactam, synthetic rubber, and nylon resin - Transfer of polyethylene operations to Ube-Maruzen Polyethylene Co., Ltd. (Oct. 2004), etc.
Specialty chemicals & products	89.0	83.0	6.0	- Increase in sales volume of specialty products, etc.
Cement & construction materials	189.5	175.7	13.8	- Accounting change from cost deduction of industrial waste processing income to sales calculation - Increase in sales of quick lime related products, etc.
Machinery & metal products	99.0	109.7	-10.7	- Dissolution of North American aluminum wheel manufacturing subsidiary (Mar. 2005) - Transfer of Shin Kasado Dockyard to Imabari Shipbuilding (April 2005), etc.
Energy & environment	29.5	25.4	4.1	- Increase in sales price of coal, etc.
Other	3.5	3.6	-0.1	
Total	586.0	562.7	23.3	

**Operating Income by Segment:**

(Billions of yen - rounded down)

	Current fiscal year ending March 31, 2006	Previous fiscal year ended March 31, 2005	Increase (decrease)	
Chemicals & plastics	12.9	10.8	2.1	- Improvement in spread (between product prices and raw materials), etc.
Specialty chemicals & products	10.1	10.6	-0.5	- Increase in sales volume combined with price drop for specialty products - Increase in fixed costs, etc.
Cement & construction materials	9.5	9.6	-0.1	- Increase in price of fuel - Increased use of industrial waste (cost reduction) - Increase in sales price and sales volume, etc.
Machinery & metal products	3.0	-1.7	4.7	- Improvement in profit/loss for North American aluminum wheel operations - Improvement in profitability for industrial machinery, etc.
Energy & environment	2.0	2.3	-0.3	- Decrease in coal in storage, etc.
Other	0.5	0.6	-0.1	
Total	38.0	32.3	5.7	

**(Reference) Consolidated Key Indicators**

(Billions of yen – except where noted)

	Current fiscal year ending March 31, 2006 (forecast)	Current first half ended September 30, 2005	Previous first half ended September 30, 2004	Previous fiscal year ended March 31, 2005
Capital investment	25.0	9.1	10.2	25.2
Depreciation and amortization	30.5	15.0	15.0	30.9
Research and development expenses	12.0	5.8	5.7	11.4
Adjusted operating income *	41.0	19.2	11.2	34.3
Interest-bearing liabilities	365.0	374.1	416.0	397.9
Net interest-bearing liabilities **	340.0	352.8	378.4	364.5
Stockholders' equity	120.0	114.0	93.0	108.3
Total assets	690.0	689.0	704.4	706.6
Net D/E ratio (times)	2.8	3.1	4.1	3.4
Ratio of operating income to net sales (%)	6.5	6.2	3.9	5.7
Return on assets - ROA (%) ***	5.9	5.5	3.2	4.9
Number of employees	10,870	11,055	11,440	11,074

\* Adjusted operating income: Operating income + interest and dividend income + equity in profit of unconsolidated subsidiaries and affiliated companies

\*\* Net Interest-bearing liabilities: Interest-bearing liabilities – cash and cash equivalents

\*\*\* ROA: Adjusted operating income / total assets