

May 11, 2006

Consolidated Financial Report for the Fiscal Year Ended March 31, 2006

Ube Industries, Ltd.

**1. Consolidated Business Results for Fiscal Year Ended March 31, 2006
(April 1, 2005 to March 31, 2006)**

(1) Results of Operations

(Billions of yen – except per share data)

| | Fiscal year ended March 31, 2006 | Fiscal year ended March 31, 2005 | Variance |
|--------------------------------|-------------------------------------|-------------------------------------|----------|
| Net sales | 595.3 | 562.7 | 32.6 |
| Operating income | 42.1 | 32.3 | 9.8 |
| Net interest expense | -6.2 | -7.5 | 1.3 |
| Equity in income of affiliates | 1.1 | 1.2 | -0.1 |
| Other non-operating income | -3.8 | -2.3 | -1.4 |
| Ordinary income | 33.2 | 23.6 | 9.6 |
| Extraordinary income | 0.7 | 2.2 | -1.5 |
| Extraordinary losses | -7.3 | -15.0 | 7.7 |
| Net income | 16.0 | 9.2 | 6.7 |

| | | | |
|----------------------|-----------|-----------|----------|
| Net income per share | 16.83 yen | 10.07 yen | 6.76 yen |
|----------------------|-----------|-----------|----------|

Net Sales by Segment

(Billions of yen)

| | Fiscal year ended March 31, 2006 | Fiscal year ended March 31, 2005 | Variance | Comments |
|---------------------------------|-------------------------------------|-------------------------------------|----------|---|
| Chemicals & Plastics | 175.8 | 164.9 | 10.9 | - Increase in sales price of caprolactam, synthetic rubber, and nylon resin - Transfer of polyethylene business to Ube-Maruzen Polyethylene Co., Ltd. (Oct. 2004) |
| Specialty chemicals & products | 89.2 | 83.0 | 6.2 | - Increase in sales volume of specialty products |
| Cement & construction materials | 192.4 | 175.7 | 16.6 | - Accounting change from deduction of industrial waste processing expense to sales calculation - Increase in sales of cement, ready-mix concrete, and quicklime related products |
| Machinery & metal products | 102.4 | 109.7 | -7.3 | - Dissolution of US aluminum wheel manufacturing subsidiary (Mar. 2005) - Transfer of Shin Kasado Dockyard to Imabari Shipbuilding (Apr. 2005) - Increase in sales of die casting machines and injection molding machines |
| Energy & environment | 31.4 | 25.4 | 6.0 | - Increase in sales price of coal |
| Other | 3.8 | 3.6 | 0.1 | |
| Total | 595.3 | 562.7 | 32.6 | |

Operating Income by Segment

(Billions of yen)

| | Fiscal year ended March 31, 2006 | Fiscal year ended March 31, 2005 | Variance | Comments |
|------------------------------------|-------------------------------------|-------------------------------------|----------|---|
| Chemicals & Plastics | 14.9 | 10.8 | 4.1 | - Improvement in spread (between raw material and product prices) |
| Specialty chemicals & products | 10.9 | 10.6 | 0.3 | - Increase in sales volume of specialty products - Sales price drop for specialty products - Increase in fixed costs |
| Cement & construction materials | 9.7 | 9.6 | 0.1 | - Increase in price of fuel - Increased use of industrial waste - Increase in sales price and sales volume |
| Machinery & metal products | 3.7 | -1.7 | 5.4 | - Improvement in profit/loss for North American aluminum wheel operations - Increased sales of die casting machines and injection molding machines - Improvement in industrial machinery profitability |
| Energy & environment | 2.3 | 2.3 | 0 | |
| Other | 0.5 | 0.6 | 0 | |
| Total | 42.1 | 32.3 | 9.8 | |

(2) Financial Condition

(Billions of yen)

| Assets | Fiscal year ended March 31, 2006 | Fiscal year ended March 31, 2005 | Variance |
|-------------------------------|-------------------------------------|-------------------------------------|----------|
| Cash and cash equivalents | 20.6 | 34.4 | -13.7 |
| Account receivable | 147.8 | 135.6 | 12.1 |
| Inventories | 81.4 | 79.9 | 1.5 |
| Property, plant and equipment | 357.5 | 360.7 | -3.2 |
| Intangible fixed assets | 4.8 | 5.5 | -0.7 |
| Investment securities | 52.4 | 42.9 | 9.5 |
| Deferred tax assets | 11.4 | 17.2 | -5.8 |
| Loans | 2.7 | 2.8 | -0.1 |
| Investments and other assets | 21.5 | 27.2 | -5.7 |
| Total assets | 700.4 | 706.6 | -6.2 |

| Liabilities | Fiscal year ended March 31, 2006 | Fiscal year ended March 31, 2005 | Variance |
|----------------------------------|-------------------------------------|-------------------------------------|----------|
| Notes and accounts payable-trade | 97.0 | 91.3 | 5.6 |
| Interest-bearing liabilities | 341.9 | 397.9 | -56.0 |
| Other liabilities | 93.0 | 91.2 | 1.7 |
| Minority interests | 18.6 | 17.6 | 0.9 |
| Stockholders' equity | 149.7 | 108.3 | 41.3 |
| Common stock | 58.3 | 48.5 | 9.8 |
| Additional paid-in capital | 28.2 | 18.4 | 9.8 |
| Retained earnings | 52.7 | 38.5 | 14.1 |
| Other | 10.3 | 2.7 | 7.5 |
| Total liabilities | 700.4 | 706.6 | -6.2 |

(3) Cash Flows

(Billions of yen)

| | Fiscal year ended March 31, 2006 | (Ref.)Fiscal year ended March 31, 2005 |
|--|-------------------------------------|---|
| Cash flows from operating activities | 51.8 | 29.7 |
| Cash flows from investing activities | -22.5 | -26.0 |
| Cash flows from financing activities | -42.9 | 1.1 |
| (Interest-bearing liabilities) | (-60.7) | (1.3) |
| (Stock issue) | (19.6) | — |
| (Other) | (-1.7) | (-0.1) |
| Cash and cash equivalents at end of period | 20.0 | 33.4 |

2. Consolidated Earnings Forecast for the Year Ending March 31, 2007 (April 1, 2006 to March 31, 2007)

(Billions of yen – except per share data)

| | Fiscal year ending March 31, 2007 (forecast) | Fiscal year ended March 31, 2006 | Variance |
|----------------------|---|-------------------------------------|----------|
| Net sales | 615.0 | 595.3 | 19.7 |
| Operating income | 41.0 | 42.1 | -1.1 |
| Ordinary income | 32.0 | 33.2 | -1.2 |
| Extraordinary losses | -1.5 | -6.6 | 5.1 |
| Net income | 18.0 | 16.0 | 2.0 |
| Net income per share | 17.89 yen | 16.83 yen | 1.06 yen |

Net Sales by Segment

(Billions of yen)

| | Fiscal year ending March 31, 2007 | Fiscal year ended March 31, 2006 | Variance | Comments |
|---------------------------------|--------------------------------------|-------------------------------------|----------|--|
| Chemicals & Plastics | 187.7 | 175.8 | 11.9 | - Increase in sales volume of nylon resin, caprolactam, and synthetic rubber |
| Specialty chemicals & products | 92.5 | 89.2 | 3.3 | - Increase in sales volume of specialty products |
| Cement & construction materials | 194.9 | 192.4 | 2.5 | - Increase in sales volume of quicklime related products - Increase in sales of recycled material |
| Machinery & metal products | 106.3 | 102.4 | 3.9 | - Increase in sales of industrial machinery - Increase in sales of aluminum wheels |
| Energy & environment | 29.9 | 31.4 | -1.5 | - Decrease in sales volume of coal |
| Other | 3.7 | 3.8 | -0.1 | |
| Total | 615.0 | 595.3 | 19.7 | |

Operating Income by Segment

(Billions of yen)

| | Fiscal year ending March 31, 2007 | Fiscal year ended March 31, 2006 | Variance | Comments |
|------------------------------------|--------------------------------------|-------------------------------------|----------|--|
| Chemicals & Plastics | 12.2 | 14.9 | -2.7 | - Decrease in spread (between raw material and product prices) |
| Specialty chemicals & products | 12.7 | 10.9 | 1.8 | - Increase in sales volume of specialty products |
| Cement & construction materials | 9.8 | 9.7 | 0 | - Increase in industrial waste processing volume - Increase in price of fuel |
| Machinery & metal products | 3.4 | 3.7 | -0.3 | - Decrease in spread on steelmaking products |
| Energy & environment | 2.3 | 2.3 | 0 | |
| Other | 0.6 | 0.5 | 0.1 | |
| Total | 41.0 | 42.1 | -1.1 | |

(Reference) Consolidated Key Indicators

(Billions of yen - except where noted)

| | Fiscal year ending March 31, 2007 (forecast) | Fiscal year ended March 31, 2006 | Fiscal year ended March 31, 2005 |
|--|---|-------------------------------------|-------------------------------------|
| Capital investment | 31.0 | 24.7 | 25.2 |
| Depreciation and amortization | 31.0 | 30.8 | 30.9 |
| Research and development expenses | 12.8 | 12.4 | 11.4 |
| Adjusted operating income *1 | 42.7 | 44.9 | 34.3 |
| Interest-bearing liabilities | 326.0 | 341.9 | 397.9 |
| Net interest-bearing liabilities | 306.0 | 321.8 | 364.5 |
| Stockholders' equity | 163.0 | 149.7 | 108.3 |
| Total assets | 700.0 | 700.4 | 706.6 |
| Net D/E ratio (times) | 1.9 | 2.1 | 3.4 |
| Ratio of operating income to net sales (%) | 6.7 | 7.1 | 5.7 |
| Return on assets – ROA (%) *2 | 6.1 | 6.4 | 4.9 |
| Number of employees | 10,940 | 10,673 | 11,074 |

*1 Operating income + interest and dividend income + equity in income of affiliates

*2 Adjusted operating income / total assets