

November 9, 2007

**Summary of Consolidated Financial Report for the First Half of the Fiscal Year Ending March 31, 2008**

**Ube Industries, Ltd.**

**Consolidated Business Results for the First Half of the Fiscal Year Ending March 31, 2008  
(April 1 to September 30, 2007)**

**1. Consolidated Companies**

Fiscal period	Previous fiscal year ended March 31, 2006	Current first half ended September 30, 2007	Variance
Number of companies			
Consolidated companies	68	73	5
Companies using equity method accounting	32	29	-3
Total	100	102	2

**2. Consolidated Results for the First Half Ended September 30, 2007**

**(1) Results of Operations**

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

	Previous first half ended September 30, 2006	Current first half ended September 30, 2007		Variance	
			*1		*1
Net sales	310.6	335.0		24.3	
Operating income	17.8	22.2	23.7	4.4	5.8
Net interest expense	-2.9	-2.9		0.0	
Equity in income of affiliates	0.5	0.3		0.2	
Other non-operating income	1.2	-0.9		-2.2 *2	
Ordinary income	16.8	18.6	20.1	1.8	3.3
Extraordinary income	0.5	0.7		0.1	
Extraordinary losses	-6.0 *3	-4.3		1.6	
Income before Income tax and minority interest	11.2	14.9	16.4	3.6	5.1
Net income / loss	8.9	7.8	8.6	-1.1	-0.2

Net income per share	8.86 yen	7.75 yen	-1.11 yen
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\*1 Not accounting for changes in depreciation method

\*2 Currency losses: -1.1 billion yen

\*3 Details of extraordinary losses (-4.3 billion yen) for the current first half (ended September 30, 2007)

Loss on Impairment of fixed assets:-3.0 billion yen

Other losses: -1.2 billion yen

**Presupposition conditions**

Exchange rate (yen per US\$)	115.4	119.3	3.9
Naphtha price (yen/kl)	51,300	58,700	7,400
Australian coal price (yen/ton)	8,540	9,842	1,302

## Net Sales by Segment

(Billions of yen - rounded down)

	Previous first half ended September 30, 2006	Current first half ended September 30, 2007	Variance		Comments
Chemicals & plastics	98.3	112.7	14.4		- Increase in spread between selling prices and cost of raw materials for caprolactam
Specialty chemicals & products	42.8	45.6	2.7		- Increase in sales volume of pharmaceutical active ingredients and intermediates, etc.
Cement & construction materials	99.6	99.7	0.1		
Machinery & metal products	53.8	54.2	0.4		
Energy & environment	14.0	20.7	6.7		- Increase in volume of coal sales and coal selling prices, etc.
Other	1.9	1.8	-0.1		
Total	310.6	335.0	24.3		

## Operating Income by Segment:

(Billions of yen - rounded down)

	Previous first half ended September 30, 2006	Current first half ended September 30, 2007		Variance		Comments
			*1		*1	
Chemicals & Plastics	4.7	6.9	7.4	2.1	2.6	- Increase in spread between selling prices and cost of raw materials for caprolactam - Increase in selling prices for ammonium sulfate (as a by-product of caprolactam), etc.
Specialty chemicals & products	5.0	6.2	6.4	1.1	1.3	- Increase in sales volume of pharmaceutical active ingredients and intermediates, etc.
Cement & construction materials	3.8	4.2	4.8	0.3	1.0	- Rise in energy costs - Increase in revenue from waste processing - Increase in net sales of inorganic specialty products, etc.
Machinery & metal products	2.6	2.7	2.8	0.0	0.1	
Energy & environment	1.1	1.8	1.8	0.6	0.6	- Increase in volume of coal storage by contract, etc.
Other	0.3	0.3	0.3	0.0	0.0	
Total	17.8	22.2	23.7	4.4	5.8	

\*1 Not accounting for changes in depreciation method

## (2) Financial Condition

(Billions of yen - rounded down)

<b>Assets</b>	Previous fiscal year ended March 31, 2007	Current first half ended September 30, 2007	Variance
Cash and cash equivalents	21.6	27.2	5.5
Receivables	161.5	151.6	-9.9
Inventories	79.1	90.7	11.6
Property, plant and equipment	359.8	364.8	4.9
Intangible fixed assets	4.0	4.1	0.1
Investment securities	43.2	39.7	-3.5
Deferred tax assets	13.5	14.2	0.6
Other assets	31.6	31.0	-0.5
<b>Total assets</b>	<b>714.8</b>	<b>723.7</b>	<b>8.8</b>

<b>Liabilities and Net assets</b>	Previous fiscal year ended March 31, 2007	Current first half ended September 30, 2007	Variance
Notes and accounts payable-trade	104.3	103.7	-0.5
Interest-bearing liabilities	320.0	320.4	0.4
Other liabilities	95.3	94.2	-1.0
<b>Net assets</b>	<b>195.1</b>	<b>205.2</b>	<b>10.0</b>
(Stockholders' equity)	158.0	161.2	3.1
(Valuation and currency conversion differences)	14.5	20.6	6.1
(Share acquisition rights)	0.0	0.1	0.0
(Minority interests)	22.5	23.2	0.7
<b>Total liabilities and Net assets</b>	<b>714.8</b>	<b>723.7</b>	<b>8.8</b>

## (3) Cash Flows

	Current first half ended September 30, 2007	(Ref.) Previous first half ended September 30, 2006
Cash flows from operating activities	27.7 *1	23.0
Cash flows from investing activities	-14.2 *2	-11.2
Cash flows from financing activities	-10.2	-12.1
(Interest-bearing liabilities)	-5.8	-8.7
(Dividend, etc)	-4.4	-3.3
Cash and cash equivalents at end of period	26.8	20.7

\*1 Pre-tax midterm net income: 14.9 billion yen  
 Depreciation and amortization: 16.8 billion yen  
 Corporate tax, etc.: - 8.1 billion yen, etc.

\*2 Tangible / intangible fixed asset acquisition: -15.4 billion yen  
 Sale of tangible fixed assets : 1.3 billion yen, etc.

### 3. Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2008 (April 1, 2007 to March 31, 2008)

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

	Previous fiscal year ended March 31, 2007	Current fiscal year ending March 31, 2008		Variance	
			*1		*1
Net sales	655.6	701.0		45.4	
Operating income	46.8	51.0	54.3	4.2	7.5
Ordinary income	43.1	43.0	46.3	-0.1	3.2
Extraordinary income/losses	-7.1	-4.0		3.1	
Net income / loss	22.0	22.0	24.0	0.0	2.0

Net income per share	21.88yen	21.86 yen	-0.02 yen
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\*1 Not accounting for changes in depreciation method

#### Presupposition conditions

Exchange rate (yen per US\$)	117.0	117.2	0.2
Naphtha price (yen/kl)	50,000	60,300	10,300
Australian coal price (yen/ton)	8,658	10,900	2,242

#### Net Sales by Segment

(Billions of yen)

	Previous fiscal year ended March 31, 2007	Current fiscal year ending March 31, 2008	Variance	Comments
Chemicals & Plastics	210.4	230.5	20.1	- Increase in selling prices, etc.
Specialty chemicals & products	88.3	96.0	7.7	- Increase in sales volume, etc.
Cement & construction materials	207.8	208.5	0.7	
Machinery & metal products	114.2	120.0	5.8	- Increase in selling prices and sales volume of steelmaking products, etc.
Energy & environment	30.9	42.5	11.6	- Increase in volume of coal sales and selling prices, etc.
Other	3.8	3.5	-0.3	
Total	655.6	701.0	45.4	

**Operating Income by Segment**

(Billions of yen)

	Previous fiscal year ended March 31, 2007	Current fiscal year ending March 31, 2008		Variance		Comments
			*1		*1	
Chemicals & Plastics	13.7	15.1	16.3	1.4	2.6	<ul style="list-style-type: none"> <li>- Increase in spread between selling prices and cost of raw materials for caprolactam</li> <li>- Increase in selling prices for ammonium sulfate (as a by-product of caprolactam), etc.</li> </ul>
Specialty chemicals & products	11.5	14.1	14.5	2.6	3.0	<ul style="list-style-type: none"> <li>- Increase in sales volume of pharmaceutical active ingredients and intermediates, etc.</li> </ul>
Cement & construction materials	12.4	11.4	12.7	-1.0	0.3	<ul style="list-style-type: none"> <li>- Rise in energy costs</li> <li>- Increase in net sales of inorganic specialty products</li> <li>- Increase in revenue from iwaste processing, etc.</li> </ul>
Machinery & metal products	5.5	6.3	6.6	0.8	1.1	<ul style="list-style-type: none"> <li>- Cost reductions for North American aluminum wheel business, etc.</li> </ul>
Energy & environment	2.7	3.5	3.6	0.8	0.9	<ul style="list-style-type: none"> <li>- Increase in volume of coal storage by contract, etc.</li> </ul>
Other	0.7	0.6	0.6	-0.1	-0.1	
Total	46.8	51.0	54.3	4.2	7.5	

\*1 Not accounting for changes in depreciation method

**(Reference) Consolidated Key Indicators**

(Billions of yen – except where noted)

	Previous first half ended September 30, 2006	Current first half ended September 30, 2007		Current fiscal year ending March 31, 2008 (forecast)		Previous fiscal year ended March 31, 2007
			*1		*1	
Capital investment	14.1	14.1		38.0		31.9
Depreciation and amortization	14.9	16.8	15.1	34.0	30.7	30.9
Research and development expenses	6.2	6.6		14.0		13.0
Adjusted operating income *2	19.2	23.5	25.0	53.0	56.3	49.8
Interest-bearing liabilities	333.7	320.4		307.0		320.0
Net interest-bearing liabilities *3	312.9	293.5		283.0		298.7
Equity capital*4	156.3	181.8		191.0		172.5
Total assets	708.5	723.7		720.0		714.8
Net D/E ratio (times)	2.0	1.6		1.5		1.7
Equity ratio(%)	22.1	25.1		26.5		24.1
Ratio of operating income to net sales (%)	5.7	6.6	7.1	7.3	7.7	7.1
Return on assets - ROA (%) *5	5.5	6.5		7.4		7.0
Return on equity – ROE (%)	11.6	8.8		12.1		13.7
Number of employees	10,941	11,280		11,200		10,833

\*1 Not accounting for changes in depreciation method

\*2 Adjusted operating income: Operating income + interest and dividend income + equity in profit of unconsolidated subsidiaries and affiliated companies

\*3 Net Interest-bearing liabilities: Interest-bearing liabilities – cash and cash equivalents

\*4 Equity capital: Net assets – Share acquisition rights – minority interest

\*5 ROA: Adjusted operating income / total assets