May 12, 2015

Summary of Consolidated Financial Report for The Fiscal Year Ended March 31, 2015

Ube Industries, Ltd.

1. Consolidated Companies

Fiscal period / Number of companies	Previous FY ended March 31, 2014	Current FY ended March 31, 2015	Change
Consolidated companies	65	71	6
Companies using equity method accounting	24	24	0
Total	89	95	6

2. Consolidated Business Results for the Fiscal Year Ended March 31, 2015 (April 1, 2014 to March 31, 2015)

(1) Results of Operations

(Billions of Yen – except per share data)

	Previous FY ended March 31, 2014	Current FY ended March 31, 2015	Change
Net sales	650.5	641.7	-8.7
Operating income	24.4	24.1	-0.2
Net interest expenses	-2.0	-1.4	0.6
Equity in earnings of affiliates	-0.0	1.5	1.5
Other non-operating income	-3.6	-1.0	2.5
Ordinary income	18.6	23.2	4.5
Extraordinary income	3.1	5.1	2.0
Extraordinary losses	-2.1	* -9.8	-7.7
Net income	12.6	14.6	2.0

* Loss related to liquidation of a subsidiary, etc.

Net income per share	12.16 Yen	13.85 Yen	1.69 Yen
Dividend per share	5.0 Yen	5.0 Yen	0.0 Yen

Environmental Factors

Exchange rate (Yen/US$)	100.2 Yen	109.9 Yen	9.7 Yen
Naphtha price (Yen/kl)	67,300 Yen	63,400 Yen	-3,900 Yen
Australian coal price (Yen/ton)	11,117 Yen	9,981 Yen	-1,136 Yen

Net Sales by Segment (Billions of Yen)

	Previous FY ended March 31, 2014	Current FY ended March 31, 2015	Change	Comments
Chemicals & Plastics	230.5	215.4	-15.1	- Decrease in sales volume, due to ceased production of caprolactam at Sakai Factory, decrease in sales price of caprolactam, etc
Specialty Chemicals & Products	63.1	63.2	0.1	
Pharmaceutical	9.7	7.8	-1.8	- Decrease in sales volume, etc.
Cement & Construction Materials	223.5	222.4	-1.0	- Decrease in sales volume of ready-mixed concrete, etc.
Machinery & Metal Products	75.5	78.9	3.4	- Increase in shipments of industrial machines, etc.
Energy & Environment	59.0	66.7	7.6	- Increase in volume of selling electricity, thanks to resumption of IPP power plant, increase in sales volume of salable coal, etc.
Other	28.8	33.2	4.4	- Increase in sales volume of overseas subsidiaries, etc.
Adjustment	-39.8	-46.1	-6.3	
Total	650.5	641.7	-8.7	

Operating Income by Segment (Billions of Yen)

	Previous FY ended March 31, 2014	Current FY ended March 31, 2015	Change	Comments
Chemicals & Plastics	0.8	1.1	0.3	- Reduction of cost as a result of ceased production of caprolactam at Sakai Factory. Decrease in spread between selling prices and costs of raw materials for caprolactam, etc.
Specialty Chemicals & Products	-0.4	-2.2	-1.8	- Decrease in sales price of battery materials, etc.
Pharmaceutical	1.6	0.9	-0.7	- Decrease in sales volume, etc.
Cement & Construction Materials	15.5	17.0	1.5	- Rise in sales price of exported cement and limestone related materials, etc
Machinery & Metal Products	4.4	4.3	-0.1	
Energy & Environment	1.9	2.8	0.8	- Increase in volume of selling electricity, thanks to resumption of IPP power plant.
Other	1.0	1.2	0.2	
Adjustment	-0.6	-1.0	-0.3	
Total	24.4	24.1	-0.2	

Note: Adjustment of operating income is calculated by totaling the company-wide cost excluding allocation to each segment and the tradeoff of businesses among segments.

(2) Financial Condition

(Billions of Yen)

Assets	Previous FY ended March 31, 2014	Current FY ended March 31, 2015	Change
Cash and deposits	30.5	38.1	7.5
Accounts receivable	153.1	144.9	-8.2
Inventories	82.4	78.4	-3.9
Property, plant and equipment	332.4	347.4	15.0
Intangible fixed assets	5.2	5.3	0.1
Investment securities	45.7	48.4	2.7
Defferd tax assets	16.2	15.1	-1.1
Other assets	34.9	33.7	-1.2
Total assets	700.7	711.5	10.8

Liabilities	Previous FY ended March 31, 2014	Current FY ended March 31, 2015	Change
Notes and accounts payable-trade	89.2	83.8	-5.3
Interest-bearing debt	245.8	239.7	-6.0
Other liabilities	100.3	98.3	-1.9
Net assets	265.3	289.6	24.2
(Shareholders' Equity)	(238.2)	(249.3)	(11.1)
(Accumulated Other Comprehensive Income)	(3.4)	(13.9)	(10.4)
(Share subscription rights and Minority interests)	(23.6)	(26.2)	(2.6)
Total liabilities and Net assets	700.7	711.5	10.8

(Billions of Yen) (Billions of Yen)

Cash Flows	Fiscal year ended March 31, 2015	(Ref.) Fiscal year ended March 31, 2014
Cash flows from operating activities	62.1 *1	37.0
Cash flows from investing activities	-42.4 *2	-40.7
Cash flows from financing activities	-13.9	-7.4
(Interest-bearing debt)	(-8.1)	(-1.4)
(Dividend paid and Other)	(-5.7) *3	(-6.0)
Cash and cash equivalents at end of period	36.9	30.0

*1 Net income before taxes 18.4 billion Yen
Depreciation and amortization 33.5 billion Yen
Decrease in working capital 8.4 billion Yen , etc

*2 Acquisition of tangible/ intangible fixed assets -41.9 billion Yen, etc
*3 Dividend paid -5.4 billion Yen, etc

3. Consolidated Business Forecast for the Fiscal Year Ending March 31, 2016 (April 1, 2015 to March 31, 2016)

(Billions of Yen – except per share data)

	Fiscal Year ended March 31, 2015	Fiscal Year ending March 31, 2016(forecast)	Change
Net sales	641.7	685.0	43.3
Operating income	24.1	36.0	11.9
Ordinary income	23.2	32.0	8.8
Extraordinary income (losses), net	-4.7	-7.0	-2.3
Profit attributable to owners of parent	14.6	17.0	2.4
Net income per share	13.85 Yen	16.07 Yen	2.22 Yen
Dividend per share	5.0 Yen	5.0 Yen	0.0 Yen

Business Conditions

Exchange rate (yen per US$)	109.9 Yen	120.0 Yen	10.1 yen
Naphtha price (yen/kl)	63,400 Yen	52,000 Yen	-11,400 yen
Australian coal price (yen/ton)	9,981 Yen	9,266 Yen	-715 yen

Net Sales by Segment

	Fiscal Year ended March 31, 2015	Fiscal Year ending March 31, 2016 (forecast)	Change	Comments
Chemicals	280.1	292.0	11.9	- Increase in sales volume of synthetic rubber, polyimide products, materials for batteries, and fine chemical products, etc.
Pharmaceutical	7.8	9.5	1.7	- Increase in sales volume and license revenue, etc.
Cement & Construction Materials	222.4	242.0	19.6	- Due to the impact of establishment of a new consolidated subsidiary, etc.
Machinery & Metal Products	78.9	83.5	4.6	- Increase in shipment of molding machine and industrial machine, etc
Energy & Environment	66.7	72.5	5.8	- Increase in volume of selling electricity of IPP power plant, etc
Other	17.3	14.0	-3.3	- Decrease in sales volume of overseas subsidiaries, etc.
Adjustment	-31.7	-28.5	3.2	
Total	641.7	685.0	43.3	

Operating Income by Segment

	Fiscal Year ended March 31, 2015	Fiscal Year ending March 31, 2016 (forecast)	Change	Comments
Chemicals	-0.9	9.5	10.4	- Improvement of raw material cost such as ammonium, increase in sales volume of polyimide and fine chemical products, etc.
Pharmacetutical	0.9	1.5	0.6	- Increase in license revenue, etc.
Cement & Construction Materials	17.0	17.5	0.5	- Increase in income of recycling of wastes and improvement of energy cost, etc.
Machinery & Metal Products	4.3	5.0	0.7	-Increase in shipment of molding machine and industrial machine, etc
Energy & Environment	2.8	3.0	0.2	
Other	1.1	1.0	-0.1	
Adjustment	-1.1	-1.5	-0.4	
Total	24.1	36.0	11.9	

Note:
Adjustment of operating income is calculated by totaling the company-wide cost, excluding allocation to each segment and the tradeoff of inter-segment trades.

The former Chemicals & Plastics segment and Specialty Chemicals & Products segment are included in the Chemicals segment as of April 1, 2015. Results for the year ended March 31, 2014 have been restated accordingly to allow comparison.

4. Analysis of Operating Results and Financial Condition

(1) Analysis of Operating Results

①Operating results for the current term

Overview

During the current term, while the U.S economy continued recovery and the European economy showed some signs of bottoming out, the pace of economic growth turned out to be modest in China and other Asian countries; as a whole, the world economy seemed to lack momentum. On the other hand, although individual spending was still weak mainly because of impact of the increase in the consumption tax, the overall Japanese economy, which was underpinned by effects of various economic policies implemented by the Japanese government, continued to be on the course of modest recovery, and signs of improvement were seen in the private sector.

Under such circumstances, the Company Group has engaged in activities to solve the various operational tasks and to respond to changes in structural business environments in a speedy manner based on the basic policies of “Change & Challenge – For Further Growth”<link>, the three-year midterm management plan adopted in FY 2013. However, the environment surrounding our chemicals-related business remains severe, although sales of non-chemical segments such as the Cement & Construction Materials Segment has continued to expand steadily.

The overall conditions of the Group by segment are as follows.

Chemicals & Plastics Segment

Shipment of polyamide resins remained strong, because of a steady increase in sales of the products used for food wrap films. Shipment of industrial chemicals represented by ammonia products also remained steady, but shipment of caprolactam, which is used as a raw material of synthetic polyamide (nylon), was affected by various negative factors, such as continued sluggish market conditions, especially in the China market where supply was excessive; full-scale maintenance conducted once in several years in our Thai and Spain factories; and price hike of auxiliary materials such as ammonia. On the other hand, improvement effect has been seen as we expected after production ceasing of caprolactam at Sakai Factory at the end of March 2014. Shipment of polybutadiene rubber (synthetic rubber) was strong, as well.

Specialty Chemicals & Products Segment

Looking at the business performance of the products used for lithium-ion batteries, shipment of both electrolyte and separators continued to increase, but the business of both products was greatly affected by drop of the prices. Shipment of fine chemical products, polyimide films and separation membranes was on a gradual recovery trend, but the business of polyimide films was affected by an increase in fixed costs and other cost due to operation start of new facilities.

Pharmaceutical Segment

Among the drugs developed by UBE, shipment of the source materials for hypotensive agents was at the same level with the previous fiscal year, but that of the materials for both antiallergic drugs and antiplatelet agents was sluggish, because distributors' inventories of these products were on adjustment phase. Shipment of active ingredients and intermediates for drugs manufactured under contract was weak.

Cement & Construction Materials Segment

Shipment of cement, ready-mixed concrete and building materials to the domestic market decreased from the previous fiscal year, mainly due to delay in commencement of construction resulted from labor shortage at construction sites. On the other hand, export of cement remained strong as a whole, because strong demand in the overseas markets represented by the Southeast Asian countries supported growth in sales of the product, and because performance of the recycle business of various types of waste also continued to be strong. Sales of calcia and magnesia products continued to be steady, especially in the business with the steel industry.

Machinery & Metal Products Segment

Shipment of industrial machinery such as vertical mills and conveyors increased, thanks to investment in new equipment and replacement of old machines in Japan. Shipment of molding machines mainly used in the automobile industry remained strong thanks to new production enhancement projects implemented by Japanese user companies in the emerging countries and the U.S., but sales of the products had a negative impact caused by orders of which profitability was relatively low. Business performance of machinery services of those products remained at a steady level. Shipment of steel products was also steady.

Energy & Environment Segment

In the call business, sales volume of salable coal remained strong, but volume of coal dealing at UBE's Coal Center (a coal storage facility) decreased from the previous fiscal year. In the power producer business, while UBE's privately-owned power plant was affected by the periodic inspection, the IPP power plant was released from the impact of the maintenance cost increase resulted from the periodic inspection in the previous fiscal year. Restoration of the IPP power plant progressed without any problem and transmission of the rated power was resumed in October 2014.

Please take note that in April 2015, we changed the management structure of the chemicals-related business and consolidated the Chemicals & Plastics and Specialty Chemicals & Products Segments into the newly-established Chemicals Segment.

For the above reason, the explanation of the overall conditions of the Group by segment will be given on the basis of the newly-classified 6 Segments consisting of the Chemicals, Pharmaceutical, Cement & Construction Materials, Machinery & Metal Products, Energy & Environment and Other.

②Main measures implemented in the current term

Chemicals & Plastics Segment

◆The nylon-based materials that were jointly developed with Toyota Motor Corporation for use in hydrogen tank liners of fuel-cell vehicles were mounted on "MIRAI," the new fuel-cell vehicle launched by Toyota. (December 2014)

◆Ube Industries, Ltd established its Mexican company "UBE Mexico S.de R.L. de C.V." (January 2015)

◆Production capacity of Nylon 6 at Ube Engineering Plastics, S.A., UBE's subsidiary in Spain, expanded from 2 ton a year to 3 tons a year. (February 2015)

◆"LOTTE UBE Synthetic Rubber SDN. BHD.," a joint venture established with Lotte Chemical Corporation and other local companies in Johor, Malaysia, in March 2013, opened a manufacturing plant of synthetic rubber. The plant is now in trial operation.

Specialty Chemicals & Products Segment

◆The second production facility of separators for lithium-ion rechargeable batteries started operation at the Sakai Factory. (December 2014)

◆Ube Industries, Ltd. acquired majority ownership of Advanced Electrolyte Technologies LLC, an overseas joint venture that was established to manufacture electrolyte for lithium-ion rechargeable batteries in Michigan, U.S., and that Ube and The Dow Chemical Company respectively had had a 50% stake. (December 2014)

Pharmaceutical Segment

◆ Ube Industries, Ltd. launched sales of antiplatelet agent "Effient™" in the domestic market. (May 2014)

◆ Ube Industries, Ltd. filed application for an additional indication of "Talion® (agent for treatment of allergic disorders) " as a treatment for pediatric patients. (June 2014)

Cement and Construction Materials Segment

◆Ube's "1 Day Pave," a concrete pavement product enabling early reopen of the traffic, was used at a public works site for the first time. (June 2014)

◆Ube Board Co., Ltd., a company that had engaged in manufacturing and sales of construction materials, was dissolved. (March 2015)

Machinery and Metal Products Segment

◆ Ube Industries, Ltd. established its Mexican company "UBE Machinery Mexico S.A. de C.V." (April 2014)

Energy and Environment Segment

◆Ube Industries, Ltd began business operation of US Power Co., Ltd., an operation company of solar power generator jointly established with Showa Shell Sekiyu K.K. (July 2014)

◆The IPP power plant resumed transmission of the rated power for the first time since the suspension of operation in May 2013. (October 2014)

③ Forecast for the next Fiscal Year (April 1, 2015 to March 31, 2016)

Looking into future economic conditions, Japanese economy is expected to continue to be on a track to recovery, but there is concern about downside risks resulting from uncertainty about the future of economy of the emerging countries represented by China, shifts in economic and financial policies of the U.S. and European countries, and fluctuation of raw material/fuel prices. Therefore, our business environment would remain uncertain.

Considering the present economic condition and on the assumption that the dollar-yen exchange rate hovers at 120 yen /dollar, and the prices of domestic product naphtha and Australian coal respectively at 52,000 yen per 1kl and 9,266 yen per ton from April 2015 through March 2016, we forecast the earnings as follows.

We expect that consolidated sales will increase to 685.0 billion yen thanks to revenue growth mainly resulting from an increase in sales volumes in the Chemicals Segment. Consolidated operating income is forecasted to increase in comparison with the result of this fiscal year to 36.0 billion yen because of earnings recovery in the Chemicals Segment. Consolidated ordinary income and current profit attributable to owners of the parent company are forecasted to increase respectively to 32.0 billion yen and 17.0 billion yen.

(2)Analysis of Financial Condition

① Situation with assets, liabilities, and net assets

Total assets increased by 10.8 billion yen to 711.5 billion yen, mainly because cash on hand and in banks, and tangible fixed assets increased respectively by 7.5 billion yen and 15.0 billion yen in spite of 8.2 billion yen decrease in notes and accounts receivable.

Total liabilities decreased by 13.4 billion yen to 421.9 billion yen, mainly because notes and accounts payable-trade, and interest-bearing debt decreased respectively by 5.3 billion yen and 6.0 billion yen.

Net assets increased by 24.2 billion yen to 289.6 billion yen, because retained earnings increased by 1.5 billion yen by impact of the change of the calculation method of retirement benefit obligations in addition to 14.6 billion yen increase resulted from net profit of this fiscal year in spite of a 5.2 billion yen decrease due to payment of dividends, and because both foreign currency translation adjustments and minority shareholders' equity increased respectively by 7.4 billion yen and 2.6 billion yen.

② Situation with cash flow

Net cash provided by operating activities totaled 62.1 billion yen mainly comprised of pretax net profit for the year of 18.4 billion yen, a reversing entry of 33.5 billion yen from depreciation and amortization, which is a non-fund entry, insurance proceeds received of 9.7 billion yen, and income taxes paid of 5.5 billion yen.

Net cash used in investment activities totaled 42.4 billion yen mainly comprised of purchase of property, plant and equipment and intangible assets of 41.9 billion yen, etc.

Net cash used in financing activities totaled 13.9 billion yen mainly comprised of proceeds from issuance of bonds of 19.9 billion yen, proceeds from long-term loans payable of 17.5 billion yen, repayment of long-term loans payable of 35.2 billion yen, decrease in commercial papers of 8.9 billion yen, and cash dividends paid of 5.2 billion yen.

Please take note that the balance of interest-bearing debt at the end of the term decreased by 6.0 billion yen compared to the end of the previous term to 239.7 billion yen.

The balance of cash and cash equivalents at the end of the term increased by 6.8 billion yen compared to the end of the previous term to 36.9 billion yen.

③ Forecast for the next Fiscal Year (April 1, 2015 to March 31, 2016)

The free cash flow for the next term (sum total of the net cash provided by operating activities and net cash used in investment activities) is expected to decrease compared with the current term as a result of increase (decrease) in working capital (sum total of increase (decrease) in accounts receivable, inventory assets and trade payables).

The term-end balance of the interest-bearing debt is expected to decrease by 17.7 billion yen compared with the end of this term to 222.0 billion yen.

(3) Basic policy on profit-sharing and dividends for the current and the next term

The Group recognizes payment of dividends as an essential duty to its shareholders and settles paying dividends in proportion to its business results, as basic policy. At the same time, we believe that improving the Group's financial standing and ensuring sufficient amounts of retained profit are available for future business expansion are also essential tasks that need to be addressed to guarantee the

medium- and long-term profits for our shareholders, and we take both aspects into consideration when creating a corporate dividend proposal for deliberation by the General Meeting of Shareholders.

In the midterm management plan launched in the 2013 fiscal year, it was stipulated that dividends shall amount to at least 30% of the consolidated net income for the medium term, and in accordance with this policy we intend to pay 5 yen per share as the year-end dividend of the current fiscal year.

The Group plans to pay the same 5 yen per share as the year-end dividend of the next fiscal year, and intends to steadily increase the dividends following the improvements made with business results.

5. Segment information

(1)Summary of reportable segments

The reportable segments of UBE are defined as individual units, where separate financial information is available and which are subject to regular review by the Board of Directors of the Company to evaluate their results and decide the allocation of management resources.

UBE composed segments by product group based on business divisions, and had seven reportable segments, Chemicals & Plastics, Specialty Chemicals & Products, Pharmaceutical, Cement & Construction Materials, Machinery & Metal Products, Energy & Environment, and Other.

Main products and services of each reportable segment are as follows;

Reportable segment	Main products and services
Chemicals & Plastics	Caprolactam, Polyamide (Nylon) resin, Industrial chemicals, Polybutadiene (Synthetic rubber), etc.
Specialty Chemicals & Products	Specialty products（Polyimide, Battery materials, Semiconductor-related materials and Electronic Materials, Gas Separation Membranes, Ceramics), Fine Chemicals, etc
Pharmaceutical	Pharmaceuticals (Ube's products from R&D, Custom Manufacturing)
Cement & Construction Materials	Cement and Ready-mixed Concrete, Limestone, Building Materials, Calcia and Magnesia, Resource recycling
Machinery & Metal Products	Molding Machinery Molding Machines(Die-casting Machines, Injection Molding Machines, Extrusion Presses), Industrial Machinery(Crushers, Pulverizers, Conveyers), Bridges and Steel Structures, Steel Products, etc.
Energy & Environment	Import and sales of coal, operation of UBE's Coal Center (a coal storage facility), and electric power supply business including the independent power producer business (IPP)
Other	Development, purchase and sales, and leasing of real estate, and sales of the products manufactured by the Group to the overseas markets

In April 2015, we changed the management structure of the chemicals-related business and consolidated the Chemicals & Plastics and Specialty Chemicals & Products Segments into the newly-established Chemicals Segment.

(Reference)

Consolidated Key Indicators (Billions of yen – except where noted)

	Fiscal Year ended March 31, 2014	Fiscal Year ended March. 31, 2015	Fiscal Year ending March 31, 2016 (forecast)
Capital investment	36.3	42.5	38.0
Depreciation and amortization	32.4	33.5	36.5
Research and development expenses	13.9	13.8	14.5
Adjusted operating income *1	25.2	26.6	37.5
Interest-bearing debt	245.8	239.7	222.0
Net debt *2	215.7	202.7	195.0
Equity capital*3	241.7	263.3	275.0
Total assets	700.7	711.5	725.0
Net D/E ratio (times)	0.89	0.77	0.71
Equity ratio (%)	34.5	37.0	37.9
Return on sales (%)	3.8	3.8	5.3
Return on assets - ROA (%) *4	3.6	3.8	5.2
Return on equity – ROE (%)	5.5	5.8	6.3
Number of employees	11,225	10,702	10,900

*1Adjusted operating income: Operating income + Interest and dividend income + Equity in earnings of unconsolidated subsidiaries and affiliated companies

*2 Net debt: Interest-bearing debt – Cash and cash equivalents

*3Equity capital: Net assets – Share subscription rights – Minority interests

*4ROA: Adjusted operating income / Average total assets