# Consolidated Financial Report for the Fiscal Year Ended March 31, 2018

May 10, 2018


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President and Representative Director
Security code: 4208 (shares listed on First Section of Tokyo Stock Exchange and Fukuoka Stock Exchange)
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(Amounts rounded to the nearest million yen)

## 1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2018

(From April 1, 2017 to March 31, 2018)

### (1) Consolidated Operating Results

(% indicates the rate of increase / decrease to the same period of previous year)

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | |
|---|---|---|---|---|---|---|---|---|
| April 2017 – March 2018 | 695,574 | 12.8% | 50,250 | 43.7% | 50,728 | 52.1% | 31,680 | 31.0% |
| April 2016 – March 2017 | 616,563 | -3.9% | 34,960 | -15.6% | 33,348 | -15.8% | 24,185 | 26.6% |

(Note) Comprehensive Income: From April 1, 2017 to March 31, 2018: 39,218 Million Yen (48.7%)
From April 1, 2016 to March 31, 2017: 26,377 Million Yen (384.4%)

| | Net income per share (Yen) | Diluted net income per share (Yen) | Return on equity (%) | Ordinary profit to total assets (%) | Operating profit to net sales (%) |
|---|---|---|---|---|---|
| April 2017 – March 2018 | 301.65 | 300.63 | 10.5 | 7.0 | 7.2 |
| April 2016 – March 2017 | 228.50 | 227.78 | 8.7 | 4.8 | 5.7 |

(Reference) Share of profit of entities accounted for using equity method: From April 1, 2017 to March 31, 2018: 3,612 Million Yen
From April 1, 2016 to March 31, 2017: 2,021 Million Yen

(Note) The Company has consolidated its shares in the proportion of 10 common shares to one common share, effective as of October 1, 2017. Net income per share and diluted net income per share have been calculated assuming that such consolidation was carried out at the beginning of the previous consolidated fiscal year.

### (2) Consolidated Financial Position

| | Total assets | Net assets | Shareholders' equity ratio (%) | Shareholders' equity per share (Yen) |
|---|---|---|---|---|
| March 31, 2018 | 743,129 | 336,861 | 42.4 | 3,002.86 |
| March 31, 2017 | 709,379 | 310,401 | 40.4 | 2,707.61 |

(Reference) Shareholders' equity: As of March 31, 2018: 315,352 Million Yen
As of March 31, 2017: 286,599 Million Yen

[Shareholders' equity = Net assets – Share acquisition rights – Non-controlling interests]

(Note) The Company has consolidated its shares in the proportion of 10 common shares to one common share, effective as of October 1, 2017. Shareholders' equity per share has been calculated assuming that such consolidation was carried out at the beginning of the previous consolidated fiscal year.

### (3) Consolidated Cash Flows

| | Cash flows from operating activities | Cash flows from investing activities | Cash flows from financing activities | Cash and cash equivalents at end of period |
|---|---|---|---|---|
| April 2017 – March 2018 | 73,386 | -33,978 | -28,559 | 48,529 |
| April 2016 – March 2017 | 53,418 | -40,829 | -17,686 | 35,806 |

## 2. Cash Dividends

| | Cash dividends per share (Yen) | | | | | Total dividends paid (Annual) | Dividend payout ratio (Consolidated) (%) | Dividend on net assets ratio (Consolidated) (%) |
|---|---|---|---|---|---|---|---|---|
| | First quarter | Second quarter | Third quarter | Year end | Annual | | | |
| April 2016 – March 2017 | - | 0.00 | - | 6.00 | 6.00 | 6,362 | 26.3 | 2.3 |
| April 2017 – March 2018 | - | 0.00 | - | 75.00 | 75.00 | 7,893 | 24.9 | 2.6 |
| April 2018 – March 2019 (Forecast) | - | 0.00 | - | 75.00 | 75.00 | | 25.8 | |

(Note) The Company has consolidated its shares in the proportion of 10 common shares to one common share, effective as of October 1, 2017. The year-end dividends based on the calculation taking into account the share consolidation for the fiscal years ended March 31, 2017 is as follows:

Cash dividends per share (year end): 60.00 yen

## 3. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2019

(From April 1, 2018 to March 31, 2019)

(% indicates the rate of increase / decrease to the same period of previous year)

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | | Net income per share(Yen) |
|---|---|---|---|---|---|---|---|---|---|
| April 2018 – September 2018 | 350,000 | 7.0% | 16,000 | -29.3% | 18,000 | -24.1% | 12,000 | -24.0% | 114.27 |
| April 2018 – March 2019 | 740,000 | 6.4% | 44,000 | -12.4% | 45,500 | -10.3% | 30,500 | -3.7% | 290.43 |

## 4. Number of Shares Outstanding (common stock)

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| Numbers of shares outstanding at period end | 106,200,107 | 106,200,107 |
| Numbers of shares of treasury stock at period end | 1,182,884 | 350,656 |

| | April 2017 – March 2018 | April 2016 – March 2017 |
|---|---|---|
| Weighted-average number of shares outstanding during period | 105,021,888 | 105,842,096 |

(Note) The Company has consolidated its shares in the proportion of 10 common shares to one common share, effective as of October 1, 2017. Numbers of shares outstanding at period end, numbers of shares of treasury stock at period end and weighted-average number of shares outstanding during period have been calculated assuming that such consolidation was carried out at the beginning of the previous consolidated fiscal year.

(Rreference) Overview of Non-Consolidated Financial Results

Non-Consolidated Financial Results for the Fiscal Year Ended March 31, 2018

(From April 1, 2017 to March 31, 2018)

(1) Non-Consolidated Operating Results (% indicates the rate of increase / decrease to the same period of previous year)

| | Net sales | | Operating profit | | Ordinary profit | | Net income | |
|---|---|---|---|---|---|---|---|---|
| April 2017 – March 2018 | 315,241 | 13.4% | 19,983 | 39.2% | 26,043 | 54.6% | 16,886 | 20.9% |
| April 2016 – March 2017 | 277,959 | -7.9% | 14,356 | -44.5% | 16,850 | -39.2% | 13,968 | 19.1% |

| | Net income per share (Yen) | Diluted net income per share (Yen) |
|---|---|---|
| April 2017 – March 2018 | 160.46 | 159.92 |
| April 2016 – March 2017 | 131.73 | 131.32 |

(Note) The Company has consolidated its shares in the proportion of 10 common shares to one common share, effective as of October 1, 2017. Net income per share and diluted net income per share have been calculated assuming that such consolidation was carried out at the beginning of the previous consolidated fiscal year.

(2) Non-Consolidated Financial Position

| | Total assets | Net assets | Shareholders' equity ratio (%) | Shareholders' equity per share (Yen) |
|---|---|---|---|---|
| March 31, 2018 | 491,575 | 178,756 | 36.2 | 1,692.10 |
| March 31, 2017 | 475,329 | 169,958 | 35.6 | 1,597.02 |

(Reference) Shareholders' equity: As of March 31, 2018: 178,084 Million Yen

As of March 31, 2017: 169,335 Million Yen

[Shareholders' equity = Net assets – Share acquisition rights – Non-controlling interests]

(Note) The Company has consolidated its shares in the proportion of 10 common shares to one common share, effective as of October 1, 2017. Shareholders' equity per share has been calculated assuming that such consolidation was carried out at the beginning of the previous consolidated fiscal year.

## 5. Qualitative Information on Operating Results

(1) Overview of Operating Results

Overview

During the current term, the price rise of raw materials and fuels had an affect on overall business performance of the Company Group: in particular, the Construction Material Business was heavily affected by the coal price that remained high. On the other hand, the Company Group posted increases in both net sales and operating profit as a whole, thanks to a significant business improvement in the Chemicals Segment where periodic inspection of the domestic ammonia product factory was not performed and the continued strong demand contributed to improvement in the market condition for the chemicals products as well as sales expansion of functional chemical products. In addition, both consolidated ordinary profit and profit attributable to owners of parent reached the record high in Company Group's history.

The Company Group reports its consolidated results during the current term as follows:

(Billions of yen)

| Item | Net sales | Operating profit | Ordinary profit | Profit attributable to owners of parent |
|---|---|---|---|---|
| April 2017 – March 2018 ① | 695.5 | 50.2 | 50.7 | 31.6 |
| April 2016 – March 2017 ② | 616.5 | 34.9 | 33.3 | 24.1 |
| Difference ① - ② | 79.0 | 15.2 | 17.3 | 7.4 |
| Percentage change | 12.8% | 43.7% | 52.1% | 31.0% |

Overview by Segment

Net sales (Billions of yen)

| Segment | April 2017 – March 2018 ① | April 2016 – March 2017 ② | Difference ① － ② | Percentage change |
|---|---|---|---|---|
| Chemicals | 305.4 | 258.3 | 47.0 | 18.2% |
| Pharmaceutical | 10.2 | 10.9 | -0.7 | -6.9% |
| Cement & Construction Materials | 238.8 | 227.2 | 11.6 | 5.1% |
| Machinery | 90.1 | 71.6 | 18.4 | 25.8% |
| Energy & Environment | 71.3 | 59.7 | 11.5 | 19.4% |
| Others | 4.7 | 12.5 | -7.7 | -61.7% |
| Adjustment | -25.2 | -23.9 | -1.2 | － |
| Total | 695.5 | 616.5 | 79.0 | 12.8% |

Operating profit (Billions of yen)

| Segment | April 2017 – March 2018 ① | April 2016 – March 2017 ② | Difference ① － ② | Percentage change |
|---|---|---|---|---|
| Chemicals | 28.9 | 9.6 | 19.3 | 200.0% |
| Pharmaceutical | 2.1 | 2.4 | -0.3 | -15.6% |
| Cement & Construction Materials | 12.3 | 16.2 | -3.9 | -24.1% |
| Machinery | 5.5 | 3.6 | 1.8 | 50.1% |
| Energy & Environment | 2.3 | 2.8 | -0.5 | -17.7% |
| Others | 0.8 | 0.7 | 0.1 | 15.6% |
| Adjustment | -1.9 | -0.7 | -1.1 | － |
| Total | 50.2 | 34.9 | 15.2 | 43.7% |

Chemicals Segment – Increases in both net sales and operating profit

■ Nylon, Caprolactam and Industrial Chemicals Businesses

The Caprolactam Business recorded a sales increase, thanks to a rise in the sale prices backed by the tighten supply-demand balance mainly after implementation of the environmental regulation in China.

The Nylon Business recorded a sales increase, because of a rise in the sale prices backed by price rises of raw materials such as caprolactam, as well as a steady increase in shipment of the products represented by the ones used for food wrap films.

The Industrial Chemicals Business recorded a sales increase, thanks to increase in production and shipment for the reason that there were no regular maintenance of the ammonia product factory in Japan and backed by strong demand.

■ The Synthetic Rubber Business recorded a sales increase, because the sales prices rose supported by price rises of raw materials such as butadiene; and shipment of the products was steady as a whole, represented by the products used for tires in the Japanese market.

■ Battery Materials and Fine Chemicals Businesses

The Battery Materials Business recorded a sales increase, thanks to a sales volume increase mainly supported by demand expansion of the products mounted on automobiles.

The Fine Chemicals Business recorded a sales increase, thanks to an increase in a sales volume as a whole.

■ Polyimide and Functional Products Businesses

The Polyimide Business recorded a sales increase, because of a sales volume increase in films mainly used on circuit boards.

Pharmaceutical – Decreases in both net sales and operating profit

■ While sales volumes of both drugs developed by UBE and those manufactured under contract were at the same level with the same period of the previous fiscal year, a sales of the Pharmaceutical Business decreased as a whole, due to a fall in the royalty revenues.

Construction Materials – Increases in net sales and decrease in operating profit

■ The Cement and Ready-Mixed Concrete Business recorded a sales increase, thanks to strong business performance of the Ready-Mixed Concrete Business that offset the demand in the Japan market that remained at the same level of the previous years. On the other hand, the business was affected by a price rise of coal.

■ The Calcia, Magnesia and Construction Materials Businesses recorded a sales increase, because of the price revision.

Machinery – Increases in both net sales and operating profit

■ The Molding and Industrial Machines Business recorded a sales increase, thanks to strong product sales and addition of a new consolidated subsidiary in January 2017.

■ The Steel Products Business recorded a sales increase, because of a price rise of steel billets supported by an increase in prices of scrap, the raw material for steel.

Energy & Environment – Increases in net sales and decrease in operating profit

■ The Coal Business saw increases in a sales volume of coal as well as a volume of coal dealing at UBE's Coal Center (a coal storage facility), and its sales also increased, due to rises of sales prices backed by strong coal market.

■ Although power generation output remained at the almost same level with the same period of the previous fiscal year, the Power Producer Business recorded a sales increase, thanks to rises of sales prices backed by good condition of the coal market. During the current term, the periodic biyearly repair of the IPP power plant took place.

Others – Decreases in net sales and increase in operating profit

(2) Overview of Financial Condition

Total assets increased by 33.7 billion yen to 743.1 billion yen, because cash and deposits, notes and accounts receivable, inventories which include commercial products and manufactured goods increased respectively by 12.4 billion yen, 4.8 billion yen and 8.1 billion yen.

Total liabilities increased by 7.2 billion yen to 406.2 billion yen. While interest-bearing debt decreased by 14.9 billion yen, notes and accounts payable-trade and accounts payable - other increased respectively 12.1 billion yen and 7.7 billion yen.

Net assets increased by 26.4 billion yen to 336.8 billion yen. While retained earnings decreased by 6.3 billion yen for the reason of payment of dividends, current net income attributable to shareholders of the parent company increased by 31.6 billion yen.

(3) Overview of cash flow

Net cash provided by operating activities totaled 73.3 billion yen, which was mainly comprised of profit before income taxes for the year of 45.0 billion yen, depreciation and amortization of 35.3 billion yen, which is a non-fund entry, and income taxes paid of 9.2 billion yen.

Net cash used in investment activities totaled 33.9 billion yen, which was mainly comprised of purchase of property, plant and equipment and intangible assets of 33.7 billion yen.

Net cash used in financing activities totaled 28.5 billion yen, which was mainly comprised of increase and decrease of interest-bearing debt of 15.5 billion yen, payment of dividends of 6.6 billion yen and buy back of shares of 5.0 billion yen.

The balance of interest-bearing debt at the end of the term decreased by 14.9 billion yen compared to the end of the previous term to 195.5 billion yen.

The balance of cash and cash equivalents at the end of the term increased by 12.7billion yen compared to the end of the previous term to 48.5 billion yen.

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

We have a basic policy to pay the dividends corresponding to the business performance and buy back of shares in a flexible manner, but it is also important for us to accumulate sufficient internal reserves to strengthen our financial standings and expand our business further. Considering the above policy in a comprehensive manner, we develop the proposal for the stock dividends to be resolved at the general meeting of shareholders. In the midterm management plan in which the current term is positioned as the second year, we set a basic policy target of a consolidated total return ratio of 30% or more of current consolidated profit attributable to owners of parent. Now, we plan to pay the year-end dividends of 75 yen per share for the fiscal year under review.

For the next term, we plan to the year-end dividends of 75 yen per share, setting out to achieve a dividend increase steadily in conjunction with improvement of our business performance.

(5) Forecast for the next Fiscal Year (April 1, 2018 to March 31, 2019)

On the assumption that the dollar-yen exchange rate would hover at a level of 110yen /dollar and the prices of domestic product naphtha and Australian coal would be respectively around 44,800 yen per 1kl and 12,320 per ton, from April 1, 2018 through March 31, 2019, we forecast the earnings as follows.

As measures for the discovered improprieties in quality checks for our low-density polyethylene products at the Chiba Petrochemical Factory, we have set up an investigation committee comprising of an independent lawyer having no relationship with the Company Group and the outside directors, in order to expand the investigation and review even to our group companies. Currently, we have not found any matter to affect our forecast for the earnings in the next term, but if any matter to be disclosed arises in the future, we will announce such matter in an appropriate manner.

(Billions of yen)

| Item | Net sales | Operating profit | Ordinary profit | Profit attributable to owners of parent |
|---|---|---|---|---|
| April 2018 – March 2019 ① | 740.0 | 44.0 | 45.5 | 30.5 |
| April 2017 – March 2018 ② | 695.5 | 50.2 | 50.7 | 31.6 |
| Difference ① - ② | 44.5 | -6.2 | -5.2 | -1.1 |
| Percentage change | 6.4% | -12.4% | -10.3% | -3.7% |

Overview by Segment

Net sales (Billions of yen)

| Segment | April 2018 – March 2019 ① | April 2017 – March 2018 ② | Difference ① － ② | Percentage change |
|---|---|---|---|---|
| Chemicals | 320.0 | 305.4 | 14.6 | 4.8% |
| Pharmaceutical | 10.0 | 10.2 | -0.2 | -2.0% |
| Cement & Construction Materials | 250.0 | 238.8 | 11.2 | 4.7% |
| Machinery | 100.0 | 90.1 | 9.9 | 11.0% |
| Energy & Environment | 80.0 | 71.3 | 8.7 | 12.2% |
| Others | 5.0 | 4.7 | 0.3 | 6.4% |
| Adjustment | -25.0 | -25.2 | 0.2 | － |
| Total | 740.0 | 695.5 | 44.5 | 6.4% |

Operating profit (Billions of yen)

| Segment | April 2018 – March 2019 ① | April 2017 – March 2018 ② | Difference ① － ② | Percentage change |
|---|---|---|---|---|
| Chemicals | 22.5 | 28.9 | -6.4 | -22.1% |
| Pharmaceutical | 0.5 | 2.1 | -1.6 | -76.2% |
| Cement & Construction Materials | 12.5 | 12.3 | 0.2 | 1.6% |
| Machinery | 6.0 | 5.5 | 0.5 | 9.1% |
| Energy & Environment | 2.5 | 2.3 | 0.2 | 8.7% |
| Others | 1.0 | 0.8 | 0.2 | 25.0% |
| Adjustment | -1.0 | -1.9 | 0.9 | － |
| Total | 44.0 | 50.2 | -6.2 | -12.4% |

(Note) Adjustment includes corporate expenses (general expenses that are not distributed to each reportable segment) and internal transactions between the segments.

6. Management policy

(1) Basic policy for management of the Company

Based on our business principles “coexistence and mutual prosperity" and "from finite mining to infinite industry" and in order to share the value of the Company Group among employees and to indicate the direction we are moving forward clearly and externally, we have set the following Group Vision: “Wings of technology and spirit of innovation. That's our DNA driving our global success. The UBE Group will embrace a frontier spirit in seeking to achieve coexistence with the global community driven by the limitless possibilities of technology, while continuing to create value for the next generation through manufacturing.”

The UBE Group was founded over 100 years ago in the Ube region as a coal mining operation, and has since continued to transform itself as times and industry change. During that time, there have been two constant values running through the history of the UBE Group: we express such values by the two key words “technology” and “innovation.”

The Company Group will only make further efforts to enhance disclosure information about environment, society and corporate governance (ESG information). In addition, embracing the pioneering spirit held in our founding principles, we will commit to co-exist with all stakeholders including shareholders, customers, business partners, employees and communities, and will co-exist with the global environment, by continuing to create value as a corporate entity.

(2) Target business indicator

In the midterm management plan “Change & Challenge 2018” in which the current term is positioned as the second year, the Company Group set the following numeric targets:

< Key Figures >

| | Target for FY 2018 |
|---|---|
| Operating profit | 50.0 billions of yen |
| Ordinary profit | 49.0 billions of yen |

< Key Indicators >

| | Target for FY 2018 |
|---|---|
| Return on sales - ROS | 6.5% or above |
| Return on equity – ROE | 9.0% or above |

(3) Medium- and long-term business strategy

①Strengthen the Business Foundation to Enable Sustainable Growth

- ◆ The Ube Group will focus on profit margin at each business divisions and improve profitability of existing products through painstaking cost reduction.
- ◆ Under the business strategy emphasizing consolidated cash flow, the Ube Group will carry out investment to support growth while ensuring that we will also reap the fruits of investment projects.
- ◆ The Ube Group will improve the ability to respond quickly to changes in the global business environment by expanding the network of business offices overseas and deepening coordination among Group companies in Japan and overseas.
- ◆ For the revitalization and further growth of the chemicals segment, the Ube Group will aim to achieve the recovery of the segment’s operating income to ¥20 billion or more before the end of the final year of the new medium-term management plan to reach the starting point of the next growth stage.

(2) Address and be Part of the Solution for Resource, Energy, and Global Environmental Issues

- ◆ The Ube Group actively pursues initiatives for realizing a sustainable society. In particular, the Ube Group will promote a reduction in greenhouse gas through the reduction of energy consumption and the expansion of waste recycling throughout our supply chain, while ensuring overall profitability. It will also promote the creation and expansion of technologies and products to contribute to, among others, the reduction in environmental load.

(4) Challenges that the Company should address

(About improprieties in quality checks)

On February 23, 2018, the Company Group announced that it had failed to conduct part of the stipulated quality testing of the low-density polyethylene that it had undertook manufacturing on behalf of Ube-Maruzen Polyethylene Co Ltd., its affiliated company.

Immediately after the discovery of the improprieties, we implemented corrective measures and apologized to the customer; currently we have continued to explain that there would be no problem in the quality of the products for understanding of the customer.

In addition, we set up a task force for the measurement, as well as an investigation committee comprising of an independent lawyer not having relationship with the Company Group and the outside directors, in order to expand the investigation even to our group companies. Through these efforts, we will proceed the investigation into the cause of the improprieties and validation of the recurrence prevention measure developed by the in-company task force.

Taking this matter seriously, we will strengthen its quality control systems and internal audits and make full efforts for thorough investigation of the cause and prevention of recurrence, so that such matter cannot occur.

(About midterm management plan)

Through this midterm management plan, we will increase the values provided to our customers and enhance profitability of each segment by cutting cost thoroughly and deepening coordination among Group companies in Japan and overseas. In particular, we focus on strengthening the measures against the severe business environment in the Construction Material Segment. On the other hand, we will work for further enhancement in profitability in the Chemical Segment, where some signs of recovery of business performance just in sight, so that we will be able to execute the plans for business expansion and our growth.

Further, the Company Group will promote the activities for fair business operation and social responsibility, in order to live together with society based on our business principles “coexistence and mutual prosperity," and to deepen the relationship with not only shareholders and financial market, but also our customers, business partners, employees and local communities.

7. Basic policy on adoption of accounting standard

Considering comparability of consolidated financial statements in terms of the covered periods and respective companies, the Company Group has a policy to prepare consolidated financial statement based on the Japanese accounting standard.

In regard to adoption of the international accounting standard, we will make appropriate response with consideration to internal and external circumstances at the time.

## 6. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

| | As of March 31, 2017 | As of March 31, 2018 |
|---|---|---|
| Assets | | |
| Current assets | | |
| Cash and deposits | 36,634 | 49,059 |
| Notes and accounts receivable - trade | 157,845 | 162,739 |
| Merchandise and finished goods | 35,922 | 40,390 |
| Work in process | 19,587 | 20,084 |
| Raw materials and supplies | 27,293 | 30,455 |
| Deferred tax assets | 6,834 | 6,524 |
| Other | 11,449 | 14,726 |
| Allowance for doubtful accounts | -523 | -577 |
| Total current assets | 295,041 | 323,400 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 265,505 | 272,819 |
| Accumulated depreciation and impairment loss | -182,726 | -187,756 |
| Buildings and structures, net | 82,779 | 85,063 |
| Machinery, equipment and vehicles | 637,817 | 664,135 |
| Accumulated depreciation and impairment loss | -502,083 | -520,356 |
| Machinery, equipment and vehicles, net | 135,734 | 143,779 |
| Land | 84,100 | 81,260 |
| Leased assets | 3,206 | 2,859 |
| Accumulated depreciation and impairment loss | -1,538 | -1,384 |
| Leased assets, net | 1,668 | 1,475 |
| Construction in progress | 19,715 | 14,514 |
| Other | 40,112 | 42,369 |
| Accumulated depreciation and impairment loss | -32,665 | -34,198 |
| Other, net | 7,447 | 8,171 |
| Total property, plant and equipment | 331,443 | 334,262 |
| Intangible assets | | |
| Leased assets | 6 | 46 |
| Other | 5,365 | 4,960 |
| Total intangible assets | 5,371 | 5,006 |
| Investments and other assets | | |
| Investment securities | 51,615 | 54,804 |
| Long-term loans receivable | 326 | 227 |
| Net defined benefit asset | 7,806 | 8,195 |
| Deferred tax assets | 7,521 | 6,518 |
| Other | 10,809 | 11,167 |
| Allowance for doubtful accounts | -665 | -606 |
| Total investments and other assets | 77,412 | 80,305 |
| Total non-current assets | 414,226 | 419,573 |
| Deferred assets | | |
| Bond issuance cost | 112 | 156 |
| Total deferred assets | 112 | 156 |
| Total assets | 709,379 | 743,129 |

(Millions of yen)

| | As of March 31, 2017 | As of March 31, 2018 |
|---|---|---|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 92,342 | 104,532 |
| Short-term loans payable | 65,931 | 69,802 |
| Commercial papers | 10,000 | — |
| Current portion of bonds | 15,020 | 10,010 |
| Lease obligations | 559 | 523 |
| Accounts payable - other | 26,813 | 34,601 |
| Income taxes payable | 4,546 | 6,027 |
| Provision for bonuses | 6,944 | 7,245 |
| Provision for loss on order received | 465 | 543 |
| Other | 23,208 | 19,815 |
| Total current liabilities | 245,828 | 253,098 |
| Non-current liabilities | | |
| Bonds payable | 40,010 | 50,000 |
| Long-term loans payable | 77,655 | 64,121 |
| Lease obligations | 1,289 | 1,089 |
| Deferred tax liabilities | 2,271 | 2,478 |
| Provision for directors' retirement benefits | 727 | 627 |
| Provision for special repairs | 1,428 | 2,697 |
| Provision for loss on business restructuring | 199 | 1,214 |
| Net defined benefit liability | 6,850 | 6,897 |
| Negative goodwill | 808 | 647 |
| Asset retirement obligations | 1,666 | 1,695 |
| Other | 20,247 | 21,705 |
| Total non-current liabilities | 153,150 | 153,170 |
| Total liabilities | 398,978 | 406,268 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 58,435 | 58,435 |
| Capital surplus | 38,091 | 38,291 |
| Retained earnings | 185,747 | 211,065 |
| Treasury shares | -726 | -2,958 |
| Total shareholders' equity | 281,547 | 304,833 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 4,893 | 5,691 |
| Deferred gains or losses on hedges | 11 | -6 |
| Foreign currency translation adjustment | 2,378 | 6,415 |
| Remeasurements of defined benefit plans | -2,230 | -1,581 |
| Total accumulated other comprehensive income | 5,052 | 10,519 |
| Share acquisition rights | 623 | 672 |
| Non-controlling interests | 23,179 | 20,837 |
| Total net assets | 310,401 | 336,861 |
| Total liabilities and net assets | 709,379 | 743,129 |

(2) Consolidated Statements of Income / Consolidated Statements of Comprehensive Income

・Consolidated Statements of Income

(Millions of yen)

| | April 1, 2016 – March 31, 2017 | April 1, 2017 – March 31, 2018 |
|---|---|---|
| Net sales | 616,563 | 695,574 |
| Cost of sales | 500,642 | 560,100 |
| Gross profit | 115,921 | 135,474 |
| Selling, general and administrative expenses | 80,961 | 85,224 |
| Operating profit | 34,960 | 50,250 |
| Non-operating income | | |
| Interest income | 201 | 226 |
| Dividend income | 692 | 1,038 |
| Rent income | 1,220 | 1,113 |
| Amortization of negative goodwill | 138 | 134 |
| Share of profit of entities accounted for using equity method | 2,021 | 3,612 |
| Foreign exchange gains | — | 55 |
| Other | 1,855 | 1,509 |
| Total non-operating income | 6,127 | 7,687 |
| Non-operating expenses | | |
| Interest expenses | 1,597 | 1,408 |
| Rent expenses | 646 | 527 |
| Foreign exchange losses | 183 | — |
| Other | 5,313 | 5,274 |
| Total non-operating expenses | 7,739 | 7,209 |
| Ordinary profit | 33,348 | 50,728 |
| Extraordinary income | | |
| Gain on sales of non-current assets | 240 | 142 |
| Gain on sales of investment securities | — | 11 |
| Subsidy income | 724 | 591 |
| Gain on bargain purchase | 1,611 | — |
| Total extraordinary income | 2,575 | 744 |
| Extraordinary losses | | |
| Loss on disposal of non-current assets | 2,404 | 2,174 |
| Impairment loss | 586 | 3,667 |
| Loss on valuation of investment securities | — | 163 |
| Provision for loss over investment cost of subsidiaries and affiliates | — | 468 |
| Total extraordinary losses | 2,990 | 6,472 |
| Profit before income taxes | 32,933 | 45,000 |
| Income taxes - current | 7,989 | 10,899 |
| Income taxes - deferred | 394 | 964 |
| Total income taxes | 8,383 | 11,863 |
| Profit | 24,550 | 33,137 |
| Profit attributable to non-controlling interests | 365 | 1,457 |
| Profit attributable to owners of parent | 24,185 | 31,680 |

・Consolidated Statements of Comprehensive Income

(Millions of yen)

| | April 1, 2016 – March 31, 2017 | April 1, 2017 – March 31, 2018 |
|---|---|---|
| Profit | 24,550 | 33,137 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 1,337 | 823 |
| Deferred gains or losses on hedges | 24 | -17 |
| Foreign currency translation adjustment | -605 | 4,571 |
| Remeasurements of defined benefit plans, net of tax | 1,248 | 641 |
| Share of other comprehensive income of entities accounted for using equity method | -177 | 63 |
| Total other comprehensive income | 1,827 | 6,081 |
| Comprehensive income | 26,377 | 39,218 |
| Comprehensive income attributable to owners of parent | 25,707 | 37,147 |
| Comprehensive income attributable to non-controlling interests | 670 | 2,071 |

(3) Consolidated Statements of Changes in Net Assets

・For the fiscal year ended March 31, 2017 (From April 1, 2016 to March 31, 2017)

(Millions of yen)

| | Shareholders' Equity | | | | |
|---|---|---|---|---|---|
| | Capital stock | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at the beginning of the year | 58,435 | 38,536 | 166,862 | -801 | 263,032 |
| Changes during the year | | | | | |
| Cash dividends | | | -5,300 | | -5,300 |
| Profit attributable to owners of parent | | | 24,185 | | 24,185 |
| Purchase of treasury stock | | | | -63 | -63 |
| Disposal of treasury stock | | -18 | | 138 | 120 |
| Purchase of shares of consolidated subsidiaries | | -427 | | | -427 |
| Net changes of items other than shareholders' equity | | | | | |
| Total changes during the year | — | -445 | 18,885 | 75 | 18,515 |
| Balance at the end of the year | 58,435 | 38,091 | 185,747 | -726 | 281,547 |

(Millions of yen)

| | Accumulated Other Comprehensive Income | | | | | Share acquisition rights | Non-controlling interests | Total net assets |
|---|---|---|---|---|---|---|---|---|
| | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | | | |
| Balance at the beginning of the year | 3,514 | -13 | 3,674 | -3,645 | 3,530 | 597 | 22,463 | 289,622 |
| Changes during the year | | | | | | | | |
| Cash dividends | | | | | | | | -5,300 |
| Profit attributable to owners of parent | | | | | | | | 24,185 |
| Purchase of treasury stock | | | | | | | | -63 |
| Disposal of treasury stock | | | | | | | | 120 |
| Purchase of shares of consolidated subsidiaries | | | | | | | | -427 |
| Net changes of items other than shareholders' equity | 1,379 | 24 | -1,296 | 1,415 | 1,522 | 26 | 716 | 2,264 |
| Total changes during the year | 1,379 | 24 | -1,296 | 1,415 | 1,522 | 26 | 716 | 20,779 |
| Balance at the end of the year | 4,893 | 11 | 2,378 | -2,230 | 5,052 | 623 | 23,179 | 310,401 |

・For the fiscal year ended March 31, 2018 (From April 1, 2017 to March 31, 2018)

(Millions of yen)

| | Shareholders' Equity | | | | |
|---|---|---|---|---|---|
| | Capital stock | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at the beginning of the year | 58,435 | 38,091 | 185,747 | -726 | 281,547 |
| Changes during the year | | | | | |
| Cash dividends | | | -6,362 | | -6,362 |
| Profit attributable to owners of parent | | | 31,680 | | 31,680 |
| Purchase of treasury stock | | | | -5,042 | -5,042 |
| Disposal of treasury stock | | 127 | | 2,810 | 2,937 |
| Purchase of shares of consolidated subsidiaries | | 73 | | | 73 |
| Net changes of items other than shareholders' equity | | | | | |
| Total changes during the year | — | 200 | 25,318 | -2,232 | 23,286 |
| Balance at the end of the year | 58,435 | 38,291 | 211,065 | -2,958 | 304,833 |

(Millions of yen)

| | Accumulated Other Comprehensive Income | | | | | Share acquisition rights | Non-controlling interests | Total net assets |
|---|---|---|---|---|---|---|---|---|
| | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | | | |
| Balance at the beginning of the year | 4,893 | 11 | 2,378 | -2,230 | 5,052 | 623 | 23,179 | 310,401 |
| Changes during the year | | | | | | | | |
| Cash dividends | | | | | | | | -6,362 |
| Profit attributable to owners of parent | | | | | | | | 31,680 |
| Purchase of treasury stock | | | | | | | | -5,042 |
| Disposal of treasury stock | | | | | | | | 2,937 |
| Purchase of shares of consolidated subsidiaries | | | | | | | | 73 |
| Net changes of items other than shareholders' equity | 798 | -17 | 4,037 | 649 | 5,467 | 49 | -2,342 | 3,174 |
| Total changes during the year | 798 | -17 | 4,037 | 649 | 5,467 | 49 | -2,342 | 26,460 |
| Balance at the end of the year | 5,691 | -6 | 6,415 | -1,581 | 10,519 | 672 | 20,837 | 336,861 |

(4) Consolidated Statements of Cash Flows

(Millions of yen)

| | April 1, 2016 – March 31, 2017 | April 1, 2017 – March 31, 2018 |
|---|---|---|
| Cash flows from operating activities | | |
| Profit before income taxes | 32,933 | 45,000 |
| Depreciation and amortization | 34,490 | 35,353 |
| Impairment loss | 586 | 3,667 |
| Loss on retirement of non-current assets | 896 | 761 |
| Amortization of negative goodwill | -138 | -134 |
| Gain on bargain purchase | -1,611 | — |
| Interest and dividend income | -893 | -1,264 |
| Interest expenses | 1,597 | 1,408 |
| Foreign exchange losses (gains) | -136 | -115 |
| Share of loss (profit) of entities accounted for using equity method | -2,021 | -3,612 |
| Loss (gain) on sales of investment securities | — | -11 |
| Loss (gain) on valuation of investment securities | — | 163 |
| Provision for loss over investment cost of subsidiaries and affiliates | — | 468 |
| Loss (gain) on sales of non-current assets | -142 | -42 |
| Subsidy income | -724 | -591 |
| Increase (decrease) in allowance for doubtful accounts | 28 | -14 |
| Increase(decrease) in defined benefit asset and liability | -686 | -363 |
| Increase (decrease) in provision for directors' retirement benefits | -74 | -93 |
| Decrease (increase) in notes and accounts receivable - trade | -19,026 | -1,978 |
| Decrease (increase) in inventories | -6,743 | -6,803 |
| Increase (decrease) in notes and accounts payable - trade | 16,961 | 6,500 |
| Other, net | 7,503 | 1,620 |
| Subtotal | 62,800 | 79,920 |
| Interest and dividend income received | 1,736 | 3,532 |
| Interest expenses paid | -1,615 | -1,430 |
| Proceeds from subsidy income | 724 | 606 |
| Income taxes paid | -10,227 | -9,242 |
| Net cash provided by (used in) operating activities | 53,418 | 73,386 |

(Millions of yen)

| | April 1, 2016 – March 31, 2017 | April 1, 2017 – March 31, 2018 |
|---|---|---|
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment and intangible assets | -41,867 | -33,769 |
| Proceeds from sales of property, plant and equipment | 488 | 866 |
| Purchase of investment securities | -448 | -245 |
| Proceeds from sales of investment securities | 132 | 21 |
| Purchase of shares of subsidiaries and associates | -595 | -1,391 |
| Proceeds from sales of shares of subsidiaries and associates | 56 | 111 |
| Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation | 309 | — |
| Decrease (increase) in short-term loans receivable | 47 | 259 |
| Payments of long-term loans receivable | -38 | -10 |
| Collection of long-term loans receivable | 48 | 69 |
| Other, net | 1,039 | 111 |
| Net cash provided by (used in) investing activities | -40,829 | -33,978 |
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term loans payable | -15,046 | -5,345 |
| Increase (decrease) in commercial papers | 10,000 | -10,000 |
| Proceeds from long-term loans payable | 20,562 | 15,887 |
| Repayments of long-term loans payable | -21,306 | -20,313 |
| Proceeds from issuance of bonds | 9,950 | 19,908 |
| Redemption of bonds | -15,020 | -15,020 |
| Purchase of treasury shares | -63 | -5,042 |
| Proceeds from share issuance to non-controlling shareholders | 465 | — |
| Cash dividends paid | -5,287 | -6,347 |
| Dividends paid to non-controlling interests | -354 | -308 |
| Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation | -884 | -1,201 |
| Other, net | -703 | -778 |
| Net cash provided by (used in) financing activities | -17,686 | -28,559 |
| Effect of exchange rate change on cash and cash equivalents | -285 | 607 |
| Net increase (decrease) in cash and cash equivalents | -5,382 | 11,456 |
| Cash and cash equivalents at beginning of period | 41,188 | 35,806 |
| Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation | — | 1,267 |
| Cash and cash equivalents at end of period | 35,806 | 48,529 |

(5) Notes to Quarterly Consolidated Financial Statements

(Note to events and conditions which indicate there could be substantial doubt about going concern assumption)

None.

**7.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 six reportable segments, Chemicals, Pharmaceutical, Cement & Construction Materials, Machinery, Energy & Environment, and Other.

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

| Reportable segment | Main products and services |
|---|---|
| Chemicals | Polyamide (Nylon) resin, Caprolactam, Industrial chemicals, Polybutadiene (Synthetic rubber), Battery materials, Fine Chemicals, Polyimide and Specialty products, etc. |
| Pharmaceutical | Pharmaceuticals (APIs and intermediates) |
| Cement & Construction Materials | Cement, Ready-mixed Concrete, Limestone, Building Materials, Calcia and Magnesia, Specialty inorganic materials and Resource recycling, etc. |
| Machinery | Molding Machinery, Industrial Machinery (Conveyers, Crushers, Pulverizers), Bridges and Steel Structures and 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 | Purchase and sales, leasing and control of real estate |

(2) Calculation method of net sales, income or loss, assets, liabilities and other items by the reportable segment

The accounting method applied for the reportable segments is subject to the account policy adopted for preparation of consolidated financial statement.

Reportable segment profit consists of figures based on operating profit.

Intersegment sales or transfers are based on market prices.

(3) Information concerning Net Sales and Operating Profit by Reportable Business Segment

For the Fiscal Year Ended March 31, 2017 (April 1, 2016 to March 31, 2017) (Millions of yen)

| | Reported segment | | | | | | | Adjustment (note 1) | Amount recorded in consolidated statements of income (note 2) |
|---|---|---|---|---|---|---|---|---|---|
| | Chemicals | Pharma-ceuticals | Cement & Construction Materials | Machinery | Energy & Environment | Others | Total | | |
| Net sales | | | | | | | | | |
| External sales | 254,963 | 10,975 | 221,432 | 69,289 | 49,477 | 10,427 | 616,563 | — | 616,563 |
| Internal sales or transfers | 3,401 | — | 5,804 | 2,379 | 10,305 | 2,093 | 23,982 | -23,982 | — |
| Total | 258,364 | 10,975 | 227,236 | 71,668 | 59,782 | 12,520 | 640,545 | -23,982 | 616,563 |
| Segment profit (operating profit) | 9,657 | 2,496 | 16,264 | 3,671 | 2,855 | 754 | 35,697 | -737 | 34,960 |
| Assets | 324,232 | 12,915 | 219,126 | 75,121 | 48,613 | 14,824 | 694,831 | 14,548 | 709,379 |
| Other items | | | | | | | | | |
| Depreciation and amortization (Note 3) | 18,873 | 838 | 8,831 | 1,455 | 2,855 | 649 | 33,471 | 1,019 | 34,490 |
| Investment in equity-method affiliates | 19,323 | — | 8,778 | — | 1,219 | 1,903 | 31,223 | — | 31,223 |
| Increase in property, plant and equipment and intangible assets (Note 4) | 28,282 | 375 | 9,884 | 1,959 | 1,438 | 904 | 42,842 | 1,225 | 44,067 |

(Note 1) Adjustments are applied to the followings:
- i ) -737 million yen for adjustment for Segment profit includes -135 million yen for the elimination of transaction between the Segments and -602 million yen for company-wide cost that is not allocated to each reported Segment. Company-wide cost consists mainly of administration and general expense that is not attributed to each reported Segment.
- ii ) 14,548 million yen for adjustment for Segment assets includes -45,067 million yen for the emission of credits between the Segments and 59,615 million yen for company-wide assets that are not attributed to each reported Segment.
- iii ) 1,019 million yen for adjustment for depreciation and amortization consists of depreciation and amortization of company-wide assets that is not attributed to each reported Segment.
- iv ) 1,225 million yen for adjustment for the increase in property, plant and equipment and intangible assets consists of a company-wide assets increase that is not attributed to each reported Segment.

(Note 2) Segment profit is adjusted with operating profit recorded in the consolidated financial statement.
(Note 3) Depreciation and amortization includes amortization of long-term prepaid expenses.
(Note 4) The increase in property, plant and equipment and intangible assets includes increases in long-term prepaid expenses.

For the Fiscal Year Ended March 31, 2018 (April 1, 2017 to March 31, 2018) (Millions of yen)

| | Reported segment | | | | | | | Adjustment (note 1) | Amount recorded in consolidated statements of income (note 2) |
|---|---|---|---|---|---|---|---|---|---|
| | Chemicals | Pharma-ceuticals | Cement & Construction Materials | Machinery | Energy & Environment | Others | Total | | |
| Net sales | | | | | | | | | |
| External sales | 303,653 | 10,173 | 232,167 | 88,418 | 57,636 | 3,527 | 695,574 | — | 695,574 |
| Internal sales or transfers | 1,779 | 40 | 6,687 | 1,722 | 13,725 | 1,270 | 25,223 | -25,223 | — |
| Total | 305,432 | 10,213 | 238,854 | 90,140 | 71,361 | 4,797 | 720,797 | -25,223 | 695,574 |
| Segment profit (operating profit) | 28,974 | 2,107 | 12,340 | 5,511 | 2,350 | 872 | 52,154 | -1,904 | 50,250 |
| Assets | 346,603 | 12,419 | 225,250 | 78,670 | 52,109 | 13,143 | 728,194 | 14,935 | 743,129 |
| Other items | | | | | | | | | |
| Depreciation and amortization (Note 3) | 19,969 | 880 | 8,889 | 1,700 | 2,834 | 271 | 34,543 | 810 | 35,353 |
| Investment in equity-method affiliates | 19,950 | — | 9,391 | — | 1,239 | 1,075 | 31,655 | — | 31,655 |
| Increase in property, plant and equipment and intangible assets (Note 4) | 20,350 | 566 | 10,755 | 2,710 | 4,683 | 211 | 39,275 | 1,061 | 40,336 |

(Note 1) Adjustments are applied to the followings:
- i ) -1,904 million yen for adjustment for Segment profit includes -147 million yen for the elimination of transaction between the Segments and -1,757 million yen for company-wide cost that is not allocated to each reported Segment. Company-wide cost consists mainly of administration and general expense that is not attributed to each reported Segment.
- ii ) 14,935 million yen for adjustment for Segment assets includes -45,348 million yen for the emission of credits between the Segments and 60,283 million yen for company-wide assets that are not attributed to each reported Segment.
- iii ) 810 million yen for adjustment for depreciation and amortization consists of depreciation and amortization of company-wide assets that is not attributed to each reported Segment.

iv ) 1,061 million yen for adjustment for the increase in property, plant and equipment and intangible assets consists of a company-wide assets increase that is not attributed to each reported Segment.

(Note 2) Segment profit is adjusted with operating profit recorded in the consolidated financial statement.

(Note 3) Depreciation and amortization includes amortization of long-term prepaid expenses.

(Note 4) The increase in property, plant and equipment and intangible assets includes increases in long-term prepaid expenses.

(4) Related Information

For the Fiscal Year Ended March 31, 2017 (April 1, 2016 to March 31, 2017)

①Information by product and service

This information is omitted, because the same information are provided in the Segment information section.

②Information by region

i ) Net sales

(Millions of yen)

| Japan | Asia | Europe | Others | Total |
|---|---|---|---|---|
| 440,584 | 113,837 | 32,881 | 29,261 | 616,563 |

ii ) Tangible assets

(Millions of yen)

| Japan | Thailand | Other asia | Europe | Others | Total |
|---|---|---|---|---|---|
| 263,106 | 49,700 | 1,065 | 16,622 | 950 | 331,443 |

③Information by major customer

This information is omitted, because net sales to certain external customers account for less than 10% of net sales in consolidated income statement.

For the Fiscal Year Ended March 31, 2018 (April 1, 2017 to March 31, 2018)

①Information by product and service

This information is omitted, because the same information are provided in the Segment information section.

②Information by region

i ) Net sales

(Millions of yen)

| Japan | Asia | Europe | Others | Total |
|---|---|---|---|---|
| 484,481 | 135,071 | 40,338 | 35,684 | 695,574 |

ii ) Tangible assets

(Millions of yen)

| Japan | Thailand | Other asia | Europe | Others | Total |
|---|---|---|---|---|---|
| 264,888 | 48,518 | 755 | 19,696 | 405 | 334,262 |

③Information by major customer

This information is omitted, because net sales to certain external customers account for less than 10% of net sales in consolidated income statement.

(5) Information Concerning Impairment Loss of Fixed Assets by Reportable Segment

Fiscal Year Ended March 31, 2017 (April 1, 2016 to March 31, 2017)

(Millions of yen)

| | Chemicals | Pharma-ceuticals | Cement & Construction Materials | Machinery | Energy & Environment | Others | Company wide / elimination | Total |
|---|---|---|---|---|---|---|---|---|
| Impairment loss | 375 | — | 2 | — | — | — | 209 | 586 |

(Note) The amount in the "Company wide / elimination" section consists of impairment losses relating to company-wide assets that are not attributed to each reported Segment.

Fiscal Year Ended March 31, 2018 (April 1, 2017 to March 31, 2018)

(Millions of yen)

| | Chemicals | Pharma-ceuticals | Cement & Construction Materials | Machinery | Energy & Environment | Others | Company wide / elimination | Total |
|---|---|---|---|---|---|---|---|---|
| Impairment loss | 2,520 | — | 1,100 | — | — | 47 | — | 3,667 |

(6) Information about amortization of goodwill and balance of unamortized goodwill by reportable segment】

Fiscal Year Ended March 31, 2017 (April 1, 2016 to March 31, 2017)

(Millions of yen)

| | Chemicals | Pharma-ceuticals | Cement & Construction Materials | Machinery | Energy & Environment | Others | Company wide / elimination | Total |
|---|---|---|---|---|---|---|---|---|
| Amortization of goodwill | 108 | — | 34 | — | — | — | — | 142 |
| Balance at the end of the term | 914 | — | 101 | — | — | — | — | 1,015 |

Amortization of negative goodwill and unamortized balances arising from business combinations, etc. before April 1, 2010 are as follows:

(Millions of yen)

| | Chemicals | Pharma-ceuticals | Cement & Construction Materials | Machinery | Energy & Environment | Others | Company wide / elimination | Total |
|---|---|---|---|---|---|---|---|---|
| Amortization of goodwill | 226 | — | 33 | — | — | 21 | — | 280 |
| Balance at the end of the term | 1,451 | — | 309 | — | — | 63 | — | 1,823 |

Fiscal Year Ended March 31, 2018 (April 1, 2017 to March 31, 2018)

(Millions of yen)

| | Chemicals | Pharma-ceuticals | Cement & Construction Materials | Machinery | Energy & Environment | Others | Company wide / elimination | Total |
|---|---|---|---|---|---|---|---|---|
| Amortization of goodwill | 112 | — | 34 | — | — | — | — | 146 |
| Balance at the end of the term | 829 | — | 67 | — | — | — | — | 896 |

Amortization of negative goodwill and unamortized balances arising from business combinations, etc. before April 1, 2010 are as follows:

(Millions of yen)

| | Chemicals | Pharma-ceuticals | Cement & Construction Materials | Machinery | Energy & Environment | Others | Company wide / elimination | Total |
|---|---|---|---|---|---|---|---|---|
| Amortization of goodwill | 226 | — | 33 | — | — | 21 | — | 280 |
| Balance at the end of the term | 1,225 | — | 276 | — | — | 42 | — | 1,543 |

(6) Information concerning gain on negative goodwill by reportable segment】

Fiscal Year Ended March 31, 2017 (April 1, 2016 to March 31, 2017)

Gain on negative goodwill of 1,611 million yen generated acquisition of shares of Mitsubishi Heavy Industries Plastic Technology Co., Ltd. (current U-MHI Platech Co., Ltd.) to convert it to our consolidated subsidiary was recorded in the Machinery Segment.

Fiscal Year Ended March 31, 2018 (April 1, 2017 to March 31, 2018)

None.

(Information of per share)

| | Fiscal Year Ended March 31, 2017 | Fiscal Year Ended March 31, 2018 |
|---|---|---|
| Shareholders' equity per share (Yen) | 2,707.61 | 3,002.86 |
| Net income per share (Yen) | 228.50 | 301.65 |
| Diluted net income per share (Yen) | 227.78 | 300.63 |

(Note 1) The Company has consolidated its shares in the proportion of 10 common shares to one common share, effective as of October 1, 2017. Shareholders' equity per share, net income per share and diluted net income per share have been calculated assuming that such consolidation was carried out at the beginning of the previous consolidated fiscal year.

(Note 2) Basis of calculation of net income per share and diluted net income per share is as follows:

| | Fiscal Year Ended March 31, 2017 | Fiscal Year Ended March 31, 2018 |
|---|---|---|
| Net income per share | | |
| Profit attributable to owners of parent (Millions of yen) | 24,185 | 31,680 |
| Profit not attributable to shareholders of common stock (Millions of yen) | — | — |
| Profit attributable to shareholders of common stock of parent (Millions of yen) | 24,185 | 31,680 |
| Weighted-average number of shares outstanding during period of common stock (Thousand shares) | 105,842 | 105,021 |
| | | |
| Diluted net income per share | | |
| Adjustments of profit attributable to owners of parent (Millions of yen) | — | — |
| Increase in the number of common shares (Thousand shares) | 332 | 355 |
| Share acquisition rights (Internal) | (332) | (355) |
| Descriptions of potentially dilutive common shares that were not included in the computation of diluted net income per share because of their anti-dilutive effect | — | |

(Material subsequent events)

None.

(Reference) Consolidated Key Indicators

| | April 2016 – March 2017 | April 2017 – March 2018 | April 2018 – March 2019 (forecast) |
|---|---|---|---|
| Capital investment | 44.0 | 40.3 | 40.0 |
| Depreciation and amortization | 34.4 | 35.3 | 37.0 |
| Research and development expenses | 13.6 | 13.2 | 14.0 |
| Adjusted operating profit *1 | 37.8 | 55.1 | 50.5 |
| Interest-bearing debt | 210.4 | 195.5 | 185.0 |
| Shareholders' equity *2 | 286.5 | 315.3 | 334.0 |
| Total assets | 790.3 | 743.1 | 750.0 |
| D/E ratio (times) | 0.73 | 0.62 | 0.55 |
| Shareholders' equity ratio (%) | 40.4 | 42.4 | 44.5 |
| Return on sales - ROS (%) *3 | 5.7 | 7.2 | 5.9 |
| Return on assets - ROA (%) *4 | 5.5 | 7.6 | 6.8 |
| Return on equity – ROE (%) | 8.7 | 10.5 | 9.4 |
| Number of employees | 10,928 | 10,799 | 11,000 |

*1 Adjusted operating profit: Operating profit + Interest and dividend income + Share of profit of entities accounted for using equity method

*2 Shareholders' equity: Net assets – Share acquisition rights – Non-controlling interests

*3 ROS: Opeating profit / Net sales

*4 ROA: Adjusted operating profit / Average total assets