

## Consolidated Financial Report for the Fiscal Year Ending March 31, 2012

## Ube Industries, Ltd.

## 1. Consolidated Companies

Fiscal period	Fiscal year ended Mar. 31, 2011	Fiscal year ended Mar. 31, 2012	Change
Number of companies			
Consolidated companies	66	67	1
Companies using equity method accounting	24	25	1
Total	90	92	2

2. Consolidated Business Results for the Fiscal Year Ending March 31, 2012  
(April 1, 2011 to March 31, 2012)

## (1) Results of Operations

(Billions of Yen – except per share data)

	Fiscal year ended Mar. 31, 2011	Fiscal year ended Mar. 31, 2012	Change
Net sales	616.0	638.6	22.5
Operating income	44.3	46.0	1.6
Net interest expenses	-3.7	-3.1	0.5
Equity in earnings of affiliates	1.6	0.8	-0.7
Other non-operating income	-3.1	-2.9	0.2
Ordinary income	39.1	40.8	1.7
Extraordinary income	2.0	2.7	0.6
Extraordinary losses	-12.4	-5.9	6.4
Net income	17.2	22.9	5.7
Net income per share	17.18 Yen	22.85 Yen	5.67 Yen
Dividend per share	5.0 Yen	5.0 Yen	0.0 Yen

## Presupposition conditions

Exchange rate (Yen per US\$)	85.7	79.1	-6.6
Naphtha price (Yen/kl)	47,500	55,000	7,500
Australian coal price (Yen/ton)	10,287	11,360	1,073

## Net Sales by Segment

(Billions of Yen)

	Fiscal year ended Mar. 31, 2011	Fiscal year ended Mar. 31, 2012	Change	Comments
Chemicals & Plastics	204.5	231.0	26.5	- Increase in sales prices, etc.
Specialty Chemicals & Products	68.7	64.3	-4.4	- Decrease in sales prices, etc.
Pharmaceutical	8.8	11.1	2.3	- Increase in sales volume, etc.
Cement & Construction Materials	200.4	209.1	8.6	- Increase in sales volume of cement, ready-mixed concrete, and increase in income of recycling of wastes, etc.
Machinery & Metal Products	83.4	72.5	-10.8	- Withdrawal from aluminum wheel business, etc.
Energy & Environment	59.1	62.5	3.3	- Increase in selling prices of coal and sold electric power, etc.
Other	26.8	25.9	-0.9	
Adjustment	-35.9	-38.0	-2.1	
Total	616.0	638.6	22.5	

## Operating Income by Segment

(Billions of Yen)

	Fiscal year ended Mar. 31, 2011	Fiscal year ended Mar. 31, 2012	Change	Comments
Chemicals & Plastics	20.0	22.9	2.9	- Increase in spread between selling prices and costs of raw materials for caprolactam, etc.
Specialty Chemicals & Products	8.7	5.4	-3.2	- Decrease in sales prices, etc.
Pharmaceutical	2.3	3.7	1.4	- Increase in sales volume, etc.
Cement & Construction Materials	8.0	8.6	0.5	- Increase in sales volume of cement, ready-mixed concrete, etc.
Machinery & Metal Products	1.7	3.0	1.3	- Withdrawal from aluminum wheel business, increase in shipment of molding machines, etc.
Energy & Environment	4.0	3.3	-0.6	- Decrease in handling volume of coal, etc.
Other	1.1	1.0	0.0	
Adjustment	-1.6	-2.3	-0.6	- Increase in administration and general expense, etc.
<b>Total</b>	<b>44.3</b>	<b>46.0</b>	<b>1.6</b>	

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.

## (2) Financial Condition

(Billions of Yen)

<b>Assets</b>	Fiscal year ended Mar. 31, 2011	Fiscal year ended Mar. 31, 2012	Change
Cash and deposits	49.7	33.2	-16.4
Accounts receivable	134.9	150.1	15.1
Inventories	73.2	81.2	8.0
Property, plant and equipment	313.9	313.9	0.0
Intangible fixed assets	4.9	4.9	0.0
Investments and other assets	84.9	81.6	-3.3
<b>Total assets</b>	<b>661.5</b>	<b>664.9</b>	<b>3.4</b>

<b>Liabilities</b>	Fiscal year ended Mar. 31, 2011	Fiscal year ended Mar. 31, 2012	Change
Notes and accounts payable-trade	89.1	88.8	-0.3
Interest-bearing debt	260.5	253.9	-6.6
(Net debt) *1	(211.0)	(220.8)	(9.8)
Other liabilities	100.2	97.7	-2.5
<b>Net assets</b>	<b>211.4</b>	<b>224.4</b>	<b>12.9</b>
(Shareholders' Equity)	(200.9)	(218.8)	(17.9)
(Accumulated Other Comprehensive Income)	(-13.9)	(-19.3)	(-5.4)
(Share subscription rights and Minority interests)	(24.3)	(24.8)	(0.4)
<b>Total liabilities and Net assets</b>	<b>661.5</b>	<b>664.9</b>	<b>3.4</b>

\*1 Net debt: Interest-bearing debt – Cash and cash equivalents

### (3)Cash Flows

	(Billions of Yen)	(Billions of Yen)
	Fiscal year ended Mar. 31, 2012	(Ref.) Fiscal year ended Mar. 31, 2011
Cash flows from operating activities	40.6 *1	67.0
Cash flows from investing activities	-43.5 *2	-28.6
Cash flows from financing activities	-12.6	-25.0
(Interest-bearing debt)	(-6.6)	(-20.2)
(Dividend paid and Other)	(-6.0)	(-4.7)
Cash and cash equivalents at end of period	33.1	49.5

*1 Net income before taxes	37.5 billion Yen
Depreciation and amortization	32.9 billion Yen
Increase or decrease in working capital	-23.5 billion Yen, etc
*2 Acquisition of tangible/ intangible fixed assets	-42.4 billion Yen, etc

### (4)Qualitative Information

#### Qualitative Information for Operating Results

##### Chemicals & Plastics Segment

After seeing price rising supported by booming demand in the Asia market, market condition of caprolactam, which is used to synthesize polyamide, turned to be weak in the early fall due to concern about downturn in economy, but the spread between selling prices and cost of raw materials/fuels increased substantially, from the viewpoint of the full-year performance, compared to the previous year. Sales of polybutadiene rubber (synthetic rubber) hovered at a steady level, as the concerned damage of the Great East Japan Earthquake and the Thai floods was not so serious in terms of raw material procurement and demand from the automobile industry. Sales of polyamide resins were strong, thanks to operation start of the newly opened facility in Thailand. Sales of industrial chemicals were also steady.

As a result, consolidated segment sales increased by 26.5 billion yen, compared to the same period in the previous year, to 231.0 billion yen, while consolidated operating income increased by 2.9 billion yen to 22.9 billion yen.

##### Specialty Chemicals & Products Segment

Sales of electrolyte and separators for lithium-ion batteries hovered at a steady level, and those of ceramic products were also steady, thanks to the continued firm demand for the products used for bearings and cutting tools. On the other hand, Shipments of many products including polyimide in this segment were weak due to sluggish demand in the field of electronics and information materials such as flat-screen displays, and prices of those products also decreased. In addition, fine chemical products were affected by sluggish demand in the Asia markets and appreciation of yen.

As a result, consolidated segment sales decreased by 4.4 billion yen, compared to the same period in the previous year, to 64.3 billion yen, while consolidated operating income decreased by 3.2 billion yen to 5.4 billion yen.

##### Pharmaceutical Segment

Sales of pharmaceutical active ingredients and intermediates hovered at a steady level, especially ones used for antiallergic drug, blood-pressure-lowering drug and antiplatelet agent discovered by UBE. The royalty revenues of those products also increased.

As a result, consolidated segment sales increased by 2.3 billion yen, compared to the same period in the previous year, to 11.1 billion yen, while consolidated operating income increased by 1.4 billion yen to 3.7 billion yen.

##### Cement & Construction Materials Segment

Sales of cement, ready-mixed concrete and building materials increased, thanks to signs of recovery in the indices such condominium and housing construction and capital investments as well as signs of increase in so-called reconstruction demand after the Great East Japan Earthquake. Our cement manufacturing facilities continued to be in full operation by taking in booming overseas demand in spite of impact of rise in energy cost. In addition, recycling of various types of waste for use as raw materials/fuel was also expanded. Sales of calcia and magnesia products were weak as a whole. In particular, sales of calcia products were affected by various factors such as slump in raw steel production.

As a result, consolidated segment sales increased by 8.6 billion yen, compared to the same period in the previous year, to 209.1 billion yen, while consolidated operating income increased by 0.5 billion yen to 8.6 billion yen.

### Machinery & Metal Products Segment

Shipment and received orders of molding machines mainly to the automobile industries increased, especially new models targeting the emerging countries, while both received orders and shipments of industrial machines such as vertical mills and conveyers decreased. Profitability of both molding machines and industrial machines were still in a harsh condition, due to appreciation of yen and severe competition with overseas and domestic manufacturers, but the profitability improved to some extent by effects of cost-cutting and rationalizing efforts. Shipment of steel products continued to be steady, but was affected by appreciation of yen.

As a result, consolidated segment sales decreased by 10.8 billion yen, compared to the same period in the previous year, to 72.5 billion yen partly due to the withdrawal from the aluminum wheel business decided in March of last year, while consolidated operating income increased by 1.3 billion yen to 3.0 billion yen.

### Energy & Environment Segment

In the coal business, although demand for both salable coals and the coals stored mainly for electricity industry at UBE's Coal Center were steady, volume of handled coals were lower than that in the previous year, due to shortage of handling capacity at the Coal Center. Power producer business were steady in spite of rise of fuel coal prices, thanks to price rise of sold electric power.

As a result, consolidated segment sales increased by 3.3 billion yen, compared to the same period in the previous year, to 62.5 billion yen, while consolidated operating income decreased by 0.6 billion yen to 3.3 billion yen.

### Other

Consolidated segment sales of other businesses decreased by 0.9 billion yen to 25.9 billion yen, while consolidated operating income decreased by 95.0 million yen to 1.0 billion yen.

## **Qualitative Information for Financial Condition**

Total assets increased by 3.4 billion yen to 664.9 billion yen. Although cash on hand and in banks decreased by 16.4 billion yen, current assets increased by 2.7 billion yen thanks to increase of 15.1 billion yen in notes and accounts receivable, and by increased of 8.0 billion yen in inventories, which includes commercial products, manufactured goods, raw materials and stored goods.

Total liabilities decreased by 9.5 billion yen to 440.5 billion yen mainly because of a decrease of 6.6 billion yen in interest-bearing debt.

Net assets increased by 12.9 billion yen to 224.4 billion yen. There was a 17.9 billion yen increase in retained earnings resulted from net profit of this year, while foreign currency translation adjustments decreased by 5.7 billion yen.

## **3. Consolidated Earnings Forecast for the Year Ending March 31, 2013 ( April 1, 2012 to March 31, 2013)**

Seeing the current economic climate, we expect that our business environment would remain unpredictable and severe. Economic growth in the emerging countries expected to continue, but the growth rate may slow down. Economy in the developed countries is forecasted to recover to some extent, but concerns about the downward swing affected by the financial crisis in Europe cannot be dispelled completely. In addition, Japan's domestic economy still has uncertain factors such as raw material prices and currency exchange rate and it is concerned that the supply restriction of electricity and the aftermath of the nuclear hazard may affect the economy, although it is expected that so-called reconstruction / restoration demand may be seen. Considering the present economic condition and on the assumption that the dollar-yen exchange rate hovers at 80 yen /dollar and the price of domestic product naphtha at 54,800 yen per 1kl from April 2012 through March 2013, we forecast the earnings as follows.

We forecast that the consolidated sales will increase to 678.0 billion yen, thanks to sales increase resulted by the sales volume increase in the Chemical & Plastics, and Speciality Chemicals & Products segments. The consolidated operating income is forecasted to increase to 47.0 billion yen, a level slightly higher than the result of this year, thanks to profit increase resulted by the sales volume increase in Speciality Chemicals & Products segments, and Sement & Construction material segments, in spite of forecasted profit decrease in Chemicals & Plastics segment due to reduction of spread between selling price and costs of raw materials/fuel for caprolactam. The consolidate ordinary income is forecasted to be 41.0 billion yen, and that the consolidated current net income to be 23.0 billion yen.

(Billions of Yen – except per share data)

	Fiscal Year ended Mar. 31, 2012	Fiscal Year ending Mar. 31, 2013(forecast)	Change
Net sales	638.6	678.0	39.4
Operating income	46.0	47.0	1.0
Ordinary income	40.8	41.0	0.2
Extraordinary income (losses), net	-3.2	-3.0	0.2
Net income	22.9	23.0	0.1
Net income per share	22.85 Yen	22.88 Yen	0.3 Yen
Dividend per share	5.0 Yen	5.0 Yen	0.0 Yen

## Business Conditions

Exchange rate (yen per US\$)	79.1 Yen	80.0 Yen	0.9 yen
Naphtha price (yen/kl)	55,000 Yen	54,800 Yen	-200 yen
Australian coal price (yen/ton)	11,360 Yen	10,565 Yen	-795 yen

## Net Sales by Segment

	Fiscal Year ended Mar. 31, 2012	Fiscal Year ending Mar. 31, 2013	Change	Comments
Chemicals & Plastics	231.0	258.0	27.0	- Increase in sales volume, etc.
Specialty Chemicals & Products	64.3	78.0	13.7	- Increase in sales volume, etc.
Pharmaceutical	11.1	12.5	1.4	- Increase in sales volume, etc.
Cement & Construction Materials	209.1	205.0	-4.1	- Decrease in sales volume of ready-mixed concrete, etc.
Machinery & Metal Products	72.5	78.5	6.0	- Increase in shipment of Industrial / molding machines, etc.
Energy & Environment	62.5	64.5	2.0	- Increase in handling volume of coal, and increase in selling price of sold electric power, etc.
Other	25.9	23.5	-2.4	
Adjustment	-38.0	-42.0	-4.0	
Total	638.6	678.0	39.4	

## Operating Income by Segment

	Fiscal Year ended Mar. 31, 2012	Fiscal Year ending Mar. 31, 2013	Change	Comments
Chemicals & Plastics	22.9	18.5	-4.4	- Decrease in spread between selling prices and costs of raw materials for caprolactam
Specialty Chemicals & Products	5.4	9.0	3.6	- Increase in sales volume, etc.
Pharmaceutical	3.7	4.0	0.3	- Increase in sales volume, etc.
Cement & Construction Materials	8.6	9.5	0.9	- Increase in sales volume of cement, and increase in income of recycling of wastes, etc.
Machinery & Metal Products	3.0	3.5	0.5	- Increase in shipment of Industrial / molding machines, etc.
Energy & Environment	3.3	4.0	0.7	- Increase in selling prices of sold electric power, etc.
Other	1.0	1.0	0.0	
Adjustment	-2.3	-2.5	-0.2	
Total	46.0	47.0	1.0	

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.

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

	Fiscal Year ended Mar. 31, 2011	Fiscal Year ended Mar. 31, 2012	Fiscal Year ending Mar. 31, 2013 (forecast)
Capital investment	35.3	44.4	38.0
Depreciation and amortization	33.1	32.9	32.5
Research and development expenses	13.7	13.7	14.5
Adjusted operating income *1	47.0	47.9	48.5
Interest-bearing debt	260.5	253.9	253.0
Net debt *2	211.0	220.8	219.0
Equity capital*3	187.0	199.4	220.0
Total assets	661.5	664.9	685.0
Net D/E ratio (times)	1.1	1.1	1.0
Equity ratio (%)	28.3	30.0	32.1
Return on sales (%)	7.2	7.2	6.9
Return on assets - ROA (%) *4	7.2	7.2	7.2
Return on equity – ROE (%)	9.4	11.9	11.0
Number of employees	11,026	11,081	11,450

\*1 Adjusted 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

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

\*4 ROA: Adjusted operating income / Average total assets