

Consolidated Financial Report for the Fiscal Year Ended March 31, 2019

May 14, 2019

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 Security code: 4208 (shares listed on First Section of Tokyo
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(Amounts rounded to the nearest million yen)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2019

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

(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 2018 – March 2019	730,157	5.0%	44,551	(11.3)%	47,853	(5.7)%	32,499	2.6%
April 2017 – March 2018	695,574	12.8%	50,250	43.7%	50,728	52.1%	31,680	31.0%

(Note) Comprehensive Income: From April 1, 2018 to March 31, 2019: 32,031 Million Yen (18.3%)
 From April 1, 2017 to March 31, 2018: 39,218 Million Yen (48.7%)

	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 2018 – March 2019	312.36	311.36	10.1	6.5	6.1
April 2017 – March 2018	301.65	300.63	10.5	7.0	7.2

(Reference) Share of profit of entities accounted for using equity method: From April 1, 2018 to March 31, 2019: 4,914 Million Yen
 From April 1, 2017 to March 31, 2018: 3,612 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, 2019	740,286	354,552	44.5	3,261.23
March 31, 2018	742,445	336,861	42.5	3,002.86

(Reference) Shareholders' equity: As of March 31, 2019: 329,520 Million Yen
 As of March 31, 2018: 315,352 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 2018 – March 2019	50,462	(42,663)	(24,034)	32,295
April 2017 – March 2018	73,386	(33,978)	(28,559)	48,529

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 2017 – March 2018	-	0.00	-	75.00	75.00	7,893	24.9	2.6
April 2018 – March 2019	-	0.00	-	80.00	80.00	8,101	25.6	2.6
April 2019 – March 2020 (Forecast)	-	45.00	-	45.00	90.00		29.3	

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2020

(From April 1, 2019 to March 31, 2020)

(% 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 2019 – September 2019	370,000	6.2%	19,000	26.3%	19,000	1.6%	12,000	(2.8)%	118.76
April 2019 – March 2020	760,000	4.1%	47,000	5.5%	47,000	(1.8)%	31,000	(4.6)%	306.80

(Notes)

(1) Changes in significant subsidiaries during the fiscal year ended March 31, 2019: No

(Note) This item indicates whether there were changes in significant subsidiaries affecting the scope of consolidation.

(2) Changes in accounting policies applied, changes in accounting estimates and retrospective restatement

Changes in accounting policies applied due to revisions of accounting standards: No

Changes in accounting policies other than the above: No

Changes in accounting estimates: No

Retrospective restatement: No

(3) Number of shares outstanding (common stock)

	March 31, 2019	March 31, 2018
Numbers of shares outstanding at period end	106,200,107	106,200,107
Numbers of shares of treasury stock at period end	5,158,424	1,182,884

	April 2018 – March 2019	April 2017 – March 2018
Weighted-average number of shares outstanding during period	104,042,390	105,021,888

(Note) The Company has consolidated its shares in the proportion of 10 common shares to one common share, effective as of October 1, 2017. 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.

(Reference) Overview of Non-Consolidated Financial Results

1. Non-Consolidated Financial Results for the Fiscal Year Ended March 31, 2019

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

(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 2018 – March 2019	312,464	(0.9)%	10,878	(45.6)%	20,243	(22.3)%	15,871	(6.0)%
April 2017 – March 2018	315,241	13.4%	19,983	39.2%	26,043	54.6%	16,886	20.9%

	Net income per share (Yen)	Diluted net income per share (Yen)
April 2018 – March 2019	152.22	151.73
April 2017 – March 2018	160.46	159.92

(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, 2019	466,880	175,795	37.5	1,729.92
March 31, 2018	488,725	178,756	36.4	1,692.10

(Reference) Shareholders' equity: As of March 31, 2019: 175,169 Million Yen

As of March 31, 2018: 178,084 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.

(Information regarding review procedures)

The financial information contained in this report is not subject to review procedures by independent auditors.

(Cautionary statement on forward-looking statements)

The performance forecast and other forward-looking statements contained in this material have been prepared on the basis of information available at this point and certain assumptions which are judged to be rational. It may be substantially different from the actual performance because of various factors such as economic conditions in key markets, supply and demand of products, the prices of raw material and fuel, interest rates, and exchange rates.

4. Qualitative Information on Operating Results

(1) Overview of Operating Results

Overview

During the current term, net sales of the Company Group increased, thanks to price normalization resulted from rises in raw material and fuel prices of the products represented by chemical products, as well as sales increases mainly in the Cement & Construction Materials Segment products and machines backed by the continued strong demand in the Japanese market. On the other hand, operating profit of the Company Group was affected by a price rise of coal, the periodic inspection of the ammonia product factory and a price decline in the synthetic rubber market. Non-operating income increased, mainly because of business integration of equity-method affiliates.

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

Item	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
April 2018 – March 2019 ①	730.1	44.5	47.8	32.4
April 2017 – March 2018 ②	695.5	50.2	50.7	31.6
Difference ① - ②	34.5	(5.6)	(2.8)	0.8
Percentage change	5.0%	(11.3)%	(5.7)%	2.6%

Overview by Segment

Segment	April 2018 – March 2019 ①	April 2017 – March 2018 ②	Difference ① – ②	Percentage change
Chemicals	314.9	305.4	9.5	3.1%
Pharmaceutical	10.1	10.2	(0.0)	(0.8)
Cement & Construction Materials	250.2	238.8	11.3	4.8%
Machinery	97.2	90.1	7.1	7.9%
Energy & Environment	75.8	71.3	4.4	6.3%
Others	4.9	4.7	0.1	2.9%
Adjustment	(23.2)	(25.2)	1.9	—
Total	730.1	695.5	34.5	5.0%

Segment	April 2018 – March 2019 ①	April 2017 – March 2018 ②	Difference ① – ②	Percentage change
Chemicals	23.7	28.9	(5.2)	(18.0)%
Pharmaceutical	0.8	2.1	(1.2)	(59.4)%
Cement & Construction Materials	11.8	12.3	(0.4)	(3.6)%
Machinery	5.4	5.5	(0.1)	(1.8)%
Energy & Environment	2.5	2.3	0.2	9.1%
Others	0.8	0.8	(0.0)	(7.8)%
Adjustment	(0.7)	(1.9)	1.1	—
Total	44.5	50.2	(5.6)	(11.3)%

Chemicals – Increases in net sales and decrease in operating profit

■ Nylon, Caprolactam and Industrial Chemicals Businesses

The Caprolactam Business recorded a sales increase, thanks to price normalization of the products to offset the continued excessive supply capacity in the China market.

The Nylon Business recorded a sales increase, thanks to a sales volume increase resulted from a rise in production capacity in Spain.

The Industrial Chemicals Business recorded a sales decrease, due to decreases in production and shipment of the products as the result of the once-every-two-year inspection in the ammonia product factory and the subsequent production problems at the factory.

Net sales increased, but operating profit decreased in the Nylon, Caprolactam and Industrial Chemicals Businesses as a whole, due to implementation of periodic inspection of the ammonia product factory.

■ The Synthetic Rubber Business recorded an increase in net sales and a decrease in operating profit, because sales volume of the products mainly used for tires increased while product prices fell despite rises of raw material prices in the first half of the fiscal year under review.

■ Battery Materials and Fine Chemicals Businesses

In the Battery Materials Business, sales volume increased, because production capacity of separators increased, thanks to an increase in demand mainly for the products mounted on automobiles, but net sales as a whole declined mainly due to restructuring of the electrolyte business in China.

The Fine Chemicals Business recorded a sales increase, thanks to rises in overall sales prices.

The Battery Materials and Fine Chemicals Businesses was strong as a whole, but was affected by the organizational restructuring. As the result, net sales decreased and operating profit increased.

■ Polyimide and Functional Products Businesses

The Polyimide Business recorded an increase in net sales, because increases in sales volume of the films mainly used on circuit boards remained stable and of varnish used for organic EL panels.

The Polyimide and Functional Products Businesses continued to be strong as a whole and recorded increases both in net sales and operating profit.

Pharmaceutical – Decreases in both net sales and operating profit

■ The Pharmaceutical Business recorded an increase in net sales and a decrease in operating profit, because sales volume of the drugs manufactured under contract increased while the royalty revenues declined.

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

■ The Cement and Ready-Mixed Concrete Business recorded a net sales increase, because the sales volume remained strong. On the other hand, the business was affected by a price rise of coal.

■ The Calcia and Magnesia Business recorded an increase in net sales, thanks to sales volume increases and sales price rises of the products represented by the magnesia products.

■ Net sales increased, but operating profit decreased in the Cement & Construction Materials Segment as a whole, due to strong impact of a price rise of coal.

Machinery – Increases in net sales and decrease in operating profit

■ The Molding and Industrial Machines Business recorded an increase in net sales, because sales of the products remained strong.

■ The Steel Products Business recorded a sales increase, thanks to sales price normalization under the situation where prices of secondary materials and electricity remained high.

■ The Machinery Segment recorded an increase in net sales and a decrease in operating profit, because the Segment as a whole was significantly affected by raw material prices and construction expenses that remained at high levels.

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

■ The Coal Business recorded a net sales increase, thanks to rises of sales prices backed by favorable condition of coal market.

■ The Power Business recorded a sales increase, thanks to an increase in volume of selling electricity for the reason that the once-every-two-year inspection of the IPP power plant did not take place.

■ Both net sales and operating profit increased in the Energy & Environment Segment as a whole, mainly for the reason that the once-every-two-year inspection of the IPP power plant did not take place.

Others – Increases in net sales and decrease in operating profit

(2) Overview of Financial Condition

Total assets decreased by 2.1 billion yen to 740.2 billion yen. While notes and accounts receivable and inventories which include commercial products and manufactured goods increased respectively by 8.8 billion yen and 5.8 billion yen, cash and deposits decreased by 16.1 billion yen.

Total liabilities decreased by 19.8 billion yen to 385.7 billion yen, because interest-bearing debt, and accounts payable - other decreased respectively by 8.2 billion yen and 5.0 billion yen.

Net assets increased by 17.6 billion yen to 354.5 billion yen, irrespective of a decrease by 9.8 billion yen due to an increase in treasury shares. While retained earnings decreased by 7.8 billion yen for the reason of payment of dividends, profit attributable to owners of parent increased by 32.4 billion yen.

(3) Overview of cash flow

Net cash provided by operating activities totaled 50.4 billion yen, which was mainly comprised of profit before income taxes for the year of 44.6 billion yen, depreciation and amortization of 36.4 billion yen, which is a non-fund entry, expenditure due to increases and decreases of working capital (which is the total amount of increases and decreases in trade receivables, inventories and trade payables) of 16.6 billion yen, and income taxes paid of 12.7 billion yen.

Net cash used in investment activities totaled 42.6 billion yen, which was mainly comprised of purchase of property, plant and equipment and intangible assets of 42.7 billion yen.

Net cash used in financing activities totaled 24.0 billion yen, which was mainly comprised of increase and decrease of interest-bearing debt of 9.1 billion yen, payment of dividends of 8.5 billion yen and buy back of shares of 10.0 billion yen.

The balance of interest-bearing debt at the end of the term decreased by 8.2 billion yen compared to the end of the previous term to 187.2 billion yen.

The balance of cash and cash equivalents at the end of the term decreased by 16.2 billion yen compared to the end of the previous term to 32.2 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 *Change & Challenge 2018* in which the current term is positioned as the final 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 80 yen per share for the fiscal year under review.

For the next term, we plan to pay annual dividends of 90 yen per share, including interim dividends of 45 yen per share.

(5) Forecast for the next Fiscal Year (April 1, 2019 to March 31, 2020)

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 45,600 yen per 1kl and 13,750 per ton, from April 1, 2019 through March 31, 2020, we forecast the earnings as follows.

(Billions of yen)

Item	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
April 2019 – March 2020 ①	760.0	47.0	47.0	31.0
April 2018 – March 2019 ②	730.1	44.5	47.8	32.4
Difference ① - ②	29.9	2.5	(0.8)	(1.4)
Percentage change	4.1%	5.5%	(1.8)%	(4.6)%

Overview by Segment

Net sales (Billions of yen)

Segment	April 2019 – March 2020 ①	April 2018 – March 2019 ②	Difference ① – ②	Percentage change
Chemicals	345.0	324.2	20.8	6.4%
Cement & Construction Materials	330.0	321.0	9.0	2.8%
Machinery	100.0	97.2	2.8	2.8%
Others	5.0	4.9	0.1	1.3%
Adjustment	(20.0)	(17.3)	(2.7)	—
Total	760.0	730.1	29.9	4.1%

Operating profit (Billions of yen)

Segment	April 2019 – March 2020 ①	April 2018 – March 2019 ②	Difference ① – ②	Percentage change
Chemicals	26.5	24.6	1.9	7.7%
Cement & Construction Materials	15.0	14.4	0.6	3.5%
Machinery	6.0	5.4	0.6	10.9%
Others	0.7	0.8	(0.1)	(12.9)%
Adjustment	(1.2)	(0.7)	(0.5)	—
Total	47.0	44.5	2.5	5.5%

(Note) i) In the fiscal year ending March 31, 2020, we have integrated the Pharmaceutical Segment into the Chemicals Segment, and the Energy & Environment Segment into the Cement & Construction Materials Segment. Following the above integration, the amounts reported for the fiscal year ended March 31, 2019 are modified according to the new segmentation for fair comparison.

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

5. Management policy

(1) Basic policy for management of the Company

Founded over 120 years ago on the principles of “coexistence and mutual prosperity” and “from finite mining to infinite industry,” UBE and its Group companies have continued to embrace these founding principles, expanding the scope of their businesses while tackling new technologies and continually transforming ourselves, in order to keep up with the changing times and structural changes in industry.

In addition, in order to define clearly its mission and right course of its actions as a company that creates new value for society and meets ever-diversifying and complex needs, UBE has newly developed its corporate philosophy and management principles as a basis for its business efforts in April 2019.

UBE Corporate Philosophy

Pursue technology and embrace innovation to create value for the future and contribute to social progress

UBE Management Principles

Ethics

Be highly ethical, comply with laws and regulations, and respect social norms

Safety and Security

Work to conserve the global environment and practice safe, secure manufacturing

Quality

Deliver quality that earns the trust of customers and society

People

Respect individuality and diversity, and build healthy and comfortable workplaces

Based on the philosophy and principles that serve as a basis for its business efforts, UBE and its Group companies will pursue their business activities globally, in order to create new value for the future. The UBE Group will further expand its activities relating to environmental, social, and corporate governance (ESG), aiming to enhance its corporate value.

In addition, we will make efforts to co-exist with and contribute to all stakeholders including shareholders, customers, business partners, employees and local communities, as well as the global environment, by continuing to create value for them as a corporate entity.

(2) Target business indicator

(3) Medium-and long-term business strategy

We will announce the above two items with our new midterm management plan at a later date.

(4) Challenges that the Company should address

(Challenges relating to quality assurance)

We profoundly regret the improprieties in quality checks conducted by our group company and discovered in the fiscal year ended March 31, 2017. Following the discovery of such improprieties, we implemented the measures to prevent the re-occurrence and have made efforts to strengthen and enhance the foundation of our business operation by improving awareness of employees, changing the organizational culture, restructuring our system and organization and validating our existing system. We will continue to conduct the activities to ensure that our quality assurance system is securely operated, improved and optimized, and will continue to enhance our corporate governance across the Company Group and strengthen the quality assurance structure further.

In addition, we announced, on March 19, 2019, that foreign metals might have been mixed into the ammonium bicarbonate products that we had manufactured and marketed, and asked our customers to stop using the said product and return them to us. We have already implemented the measures to renovate the facilities and improve the testing equipment. We will take all the possible actions to prevent the re-occurrence and to maintain and enhance quality of our products.

(Challenges relating to sustainable growth)

Considering the expected changes in the business environment as both “challenges that the Company should address” and “new opportunities for our growth”, we will make efforts to achieve another growth mainly in the Chemical Segment. To achieve this goal, we have transformed the business structure consisting of 3 companies and 2 business units to the structure consisting of 3 companies for consolidation, so that independent business operation and prompt decision making can be facilitated. In addition, we will expand our manufacturing and sales bases globally to respond to growth of the overseas markets.

We will also continue to create the technology and products that will contribute to reduction in greenhouse gas (GHG) emission and environmental loading as the measures to contribute to resolution of the global environment problems, and will disclose the information about the above actions.

6. 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.

7. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Assets		
Current assets		
Cash and deposits	49,059	32,903
Notes and accounts receivable - trade	162,739	171,611
Merchandise and finished goods	40,390	42,585
Work in process	20,084	22,611
Raw materials and supplies	30,455	31,568
Other	14,726	15,020
Allowance for doubtful accounts	(577)	(599)
Total current assets	316,876	315,699
Non-current assets		
Property, plant and equipment		
Buildings and structures	272,819	278,005
Accumulated depreciation and impairment loss	(187,756)	(189,905)
Buildings and structures, net	85,063	88,100
Machinery, equipment and vehicles	664,135	667,722
Accumulated depreciation and impairment loss	(520,356)	(524,387)
Machinery, equipment and vehicles, net	143,779	143,335
Land	81,260	80,510
Leased assets	2,859	3,226
Accumulated depreciation and impairment loss	(1,384)	(1,700)
Leased assets, net	1,475	1,526
Construction in progress	14,514	10,038
Other	42,369	42,930
Accumulated depreciation and impairment loss	(34,198)	(35,123)
Other, net	8,171	7,807
Total property, plant and equipment	334,262	331,316
Intangible assets		
Leased assets	46	35
Goodwill	—	643
Other	4,960	6,428
Total intangible assets	5,006	7,106
Investments and other assets		
Investment securities	54,804	55,567
Long-term loans receivable	227	255
Retirement benefit asset	8,195	6,620
Deferred tax assets	12,358	12,151
Other	11,167	12,037
Allowance for doubtful accounts	(606)	(628)
Total investments and other assets	86,145	86,002
Total non-current assets	425,413	424,424
Deferred assets		
Bond issuance cost	156	163
Total deferred assets	156	163
Total assets	742,445	740,286

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	104,532	102,223
Short-term loans payable	69,802	51,371
Current portion of bonds	10,010	10,000
Lease obligations	523	515
Accounts payable - other	34,601	29,554
Income taxes payable	6,027	4,106
Provision for bonuses	7,245	7,163
Provision for loss on order received	543	457
Other	19,815	20,674
Total current liabilities	253,098	226,063
Non-current liabilities		
Bonds payable	50,000	50,000
Long-term loans payable	64,121	74,275
Lease obligations	1,089	1,138
Deferred tax liabilities	1,794	1,964
Provision for retirement benefits for directors (and other officers)	627	595
Provision for special repairs	2,697	1,532
Provision for loss on business restructuring	1,214	600
Retirement benefit liability	6,897	7,011
Negative goodwill	647	—
Asset retirement obligations	1,695	1,884
Other	21,705	20,672
Total non-current liabilities	152,486	159,671
Total liabilities	405,584	385,734
Net assets		
Shareholders' equity		
Capital stock	58,435	58,435
Capital surplus	38,291	40,355
Retained earnings	211,065	235,671
Treasury shares	(2,958)	(12,798)
Total shareholders' equity	304,833	321,663
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,691	4,217
Deferred gains or losses on hedges	(6)	(5)
Foreign currency translation adjustment	6,415	6,075
Remeasurements of defined benefit plans	(1,581)	(2,430)
Total accumulated other comprehensive income	10,519	7,857
Share acquisition rights	672	626
Non-controlling interests	20,837	24,406
Total net assets	336,861	354,552
Total liabilities and net assets	742,445	740,286

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

• Consolidated Statements of Income

(Millions of yen)

	April 1, 2017 – March 31, 2018	April 1, 2018 – March 31, 2019
Net sales	695,574	730,157
Cost of sales	560,100	600,301
Gross profit	135,474	129,856
Selling, general and administrative expenses	85,224	85,305
Operating profit	50,250	44,551
Non-operating income		
Interest income	226	271
Dividend income	1,038	1,768
Rent income	1,113	1,038
Amortization of negative goodwill	134	133
Share of profit of entities accounted for using equity method	3,612	4,914
Foreign exchange gains	55	910
Other	1,509	2,341
Total non-operating income	7,687	11,375
Non-operating expenses		
Interest expenses	1,408	1,083
Rent expenses	527	591
Other	5,274	6,399
Total non-operating expenses	7,209	8,073
Ordinary profit	50,728	47,853
Extraordinary income		
Gain on sales of non-current assets	142	79
Gain on sales of investment securities	11	19
Subsidy income	591	763
Total extraordinary income	744	861
Extraordinary losses		
Loss on disposal of non-current assets	2,174	2,190
Impairment loss	3,667	882
Loss on valuation of investment securities	163	964
Provision for loss over investment cost of subsidiaries and affiliates	468	–
Total extraordinary losses	6,472	4,036
Profit before income taxes	45,000	44,678
Income taxes - current	10,899	9,105
Income taxes - deferred	964	1,313
Total income taxes	11,863	10,418
Profit	33,137	34,260
Profit attributable to non-controlling interests	1,457	1,761
Profit attributable to owners of parent	31,680	32,499

• Consolidated Statements of Comprehensive Income

(Millions of yen)

	April 1, 2017 – March 31, 2018	April 1, 2018 – March 31, 2019
Profit	33,137	34,260
Other comprehensive income		
Valuation difference on available-for-sale securities	823	(1,454)
Deferred gains or losses on hedges	(17)	1
Foreign currency translation adjustment	4,571	311
Remeasurements of defined benefit plans, net of tax	641	(821)
Share of other comprehensive income of entities accounted for using equity method	63	(266)
Total other comprehensive income	6,081	(2,229)
Comprehensive income	39,218	32,031
Comprehensive income attributable to owners of parent	37,147	29,837
Comprehensive income attributable to non-controlling interests	2,071	2,194

(3) Consolidated Statements of Changes in Net Assets

· 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

• For the fiscal year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)

(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	38,291	211,065	(2,958)	304,833
Changes during the year					
Cash dividends			(7,893)		(7,893)
Profit attributable to owners of parent			32,499		32,499
Purchase of treasury stock				(10,009)	(10,009)
Disposal of treasury stock		(16)		169	153
Purchase of shares of consolidated subsidiaries		2,080			2,080
Net changes of items other than shareholders' equity					
Total changes during the year	—	2,064	24,606	(9,840)	16,830
Balance at the end of the year	58,435	40,355	235,671	(12,798)	321,663

(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	5,691	(6)	6,415	(1,581)	10,519	672	20,837	336,861
Changes during the year								
Cash dividends								(7,893)
Profit attributable to owners of parent								32,499
Purchase of treasury stock								(10,009)
Disposal of treasury stock								153
Purchase of shares of consolidated subsidiaries								2,080
Net changes of items other than shareholders' equity	(1,474)	1	(340)	(849)	(2,662)	(46)	3,569	861
Total changes during the year	(1,474)	1	(340)	(849)	(2,662)	(46)	3,569	17,691
Balance at the end of the year	4,217	(5)	6,075	(2,430)	7,857	626	24,406	354,552

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	April 1, 2017 – March 31, 2018	April 1, 2018 – March 31, 2019
Cash flows from operating activities		
Profit before income taxes	45,000	44,678
Depreciation and amortization	35,353	36,420
Impairment loss	3,667	882
Loss on retirement of non-current assets	761	1,989
Amortization of negative goodwill	(134)	(133)
Interest and dividend income	(1,264)	(2,039)
Interest expenses	1,408	1,083
Foreign exchange losses (gains)	(115)	8
Share of loss (profit) of entities accounted for using equity method	(3,612)	(4,914)
Loss (gain) on sales of investment securities	(11)	(19)
Loss (gain) on valuation of investment securities	163	964
Provision for loss over investment cost of subsidiaries and affiliates	468	—
Loss (gain) on sales of non-current assets	(42)	(33)
Subsidy income	(591)	(763)
Increase (decrease) in allowance for doubtful accounts	(14)	57
Increase(decrease) in defined benefit asset and liability	(363)	1,685
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(93)	(33)
Decrease (increase) in notes and accounts receivable - trade	(1,978)	(9,159)
Decrease (increase) in inventories	(6,803)	(5,590)
Increase (decrease) in notes and accounts payable - trade	6,500	(1,937)
Other, net	1,620	(2,819)
Subtotal	79,920	60,327
Interest and dividend income received	3,532	3,229
Interest expenses paid	(1,430)	(1,164)
Proceeds from subsidy income	606	853
Income taxes paid	(9,242)	(12,783)
Net cash provided by (used in) operating activities	73,386	50,462
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(33,769)	(42,763)
Proceeds from sales of property, plant and equipment	866	2,205
Purchase of investment securities	(245)	(122)
Proceeds from sales of investment securities	21	5
Purchase of shares of subsidiaries and associates	(1,391)	(501)
Proceeds from sales of shares of subsidiaries and associates	111	43
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(1,395)
Decrease (increase) in short-term loans receivable	259	54
Payments of long-term loans receivable	(10)	(44)
Collection of long-term loans receivable	69	48
Other, net	111	(193)
Net cash provided by (used in) investing activities	(33,978)	(42,663)

(Millions of yen)

	April 1, 2017 – March 31, 2018	April 1, 2018 – March 31, 2019
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(5,345)	(9,335)
Increase (decrease) in commercial papers	(10,000)	—
Proceeds from long-term loans payable	15,887	28,836
Repayments of long-term loans payable	(20,313)	(28,043)
Proceeds from issuance of bonds	19,908	9,955
Redemption of bonds	(15,020)	(10,010)
Purchase of treasury shares	(5,042)	(10,009)
Proceeds from share issuance to non-controlling shareholders	—	4,200
Cash dividends paid	(6,347)	(7,876)
Dividends paid to non-controlling interests	(308)	(667)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(1,201)	(431)
Other, net	(778)	(654)
Net cash provided by (used in) financing activities	(28,559)	(24,034)
Effect of exchange rate change on cash and cash equivalents	607	1
Net increase (decrease) in cash and cash equivalents	11,456	(16,234)
Cash and cash equivalents at beginning of period	35,806	48,529
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	1,267	—
Cash and cash equivalents at end of period	48,529	32,295

(5) Notes to Consolidated Financial Statements

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

None.

(Changes in presentation)

(Adoption of the “Partial Amendment to ‘Accounting Standard for Tax Effect Accounting’”)

The Company Group has adopted the ‘Partial Amendment to Accounting Standard for Tax Effect Accounting’ (Accounting Standards Board of Japan Statement No. 28 issued on February 16, 2018) from the beginning of the consolidated period under review. Accordingly, deferred tax assets are presented in the section of investments and other assets, and deferred tax liabilities are presented in the section of non-current liabilities.

As the result, “deferred tax assets” under “current assets” decreased by 6,524 million yen and “deferred tax assets” under “investments and other assets” increased by 5,840 million yen in the consolidated balance sheet for the previous fiscal year. In addition, “deferred tax liabilities” under “non-current liabilities” decreased by 684 million yen.

Please take note that because deferred tax assets and deferred tax liabilities imposed on the same taxable entity were offset in this Consolidated Financial Report, total assets after the said modification decreased by 684 million yen.

(Segment Information)

1. 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, 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	346,339	12,419	225,153	78,359	52,109	13,143	727,522	14,923	742,445
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) 14,923 million yen for adjustment for Segment assets includes (45,348) million yen for the emission of credits between the Segments and 60,271 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.

For the Fiscal Year Ended March 31, 2019 (April 1, 2018 to March 31, 2019)

(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	313,226	10,008	244,132	95,808	63,433	3,470	730,157	—	730,157
Internal sales or transfers	1,758	41	6,118	1,456	12,420	1,465	23,258	(23,258)	—
Total	314,984	10,129	250,250	97,264	75,853	4,935	753,415	(23,258)	730,157
Segment profit (operating profit)	23,751	885	11,893	5,410	2,565	804	45,278	(727)	44,551
Assets	343,981	12,954	237,304	78,871	51,892	13,101	738,103	2,183	740,286
Other items									
Depreciation and amortization (Note 3)	20,293	895	9,332	1,761	3,030	282	35,593	827	36,420
Investment in equity- method affiliates	23,178	—	9,329	—	1,237	1,174	34,918	—	34,918
Increase in property, plant and equipment and intangible assets (Note 4)	14,889	636	20,564	1,923	2,566	160	40,738	1,003	41,741

(Note 1) Adjustments are applied to the followings:

- i) (727) million yen for adjustment for Segment profit includes (38) million yen for the elimination of transaction between the Segments and (689) 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) 2,183 million yen for adjustment for Segment assets includes (44,919) million yen for the emission of credits between the Segments and (47,102) million yen for company-wide assets that are not attributed to each reported Segment.
- iii) 827 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) 1,003 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.

2. Related Information

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

(1) Information by product and service

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

(2) Information by region

① Net sales

(Millions of yen)

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

(Note) The company classifies sales based on the location of the customer.

② Tangible assets

(Millions of yen)

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

(3) Information 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, 2019 (April 1, 2018 to March 31, 2019)

(1) Information by product and service

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

(2) Information by region

① Net sales

(Millions of yen)

Japan	Asia	Europe	Others	Total
513,021	133,914	46,909	36,313	730,157

(Note) The company classifies sales based on the location of the customer.

② Tangible assets

(Millions of yen)

Japan	Thailand	Other asia	Europe	Others	Total
265,274	45,582	674	19,031	755	331,316

(3) Information 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.

3. Information Concerning Impairment Loss of Fixed Assets by Reportable Segment

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

(Millions of yen)

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

Fiscal Year Ended March 31, 2019 (April 1, 2018 to March 31, 2019)

(Millions of yen)

	Chemicals	Pharmaceuticals	Cement & Construction Materials	Machinery	Energy & Environment	Others	Company wide / elimination	Total
Impairment loss	703	17	140	—	—	—	22	882

(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.

4. Information about amortization of goodwill and balance of unamortized goodwill by reportable segment
Fiscal Year Ended March 31, 2018 (April 1, 2017 to March 31, 2018)

(Millions of yen)

	Chemicals	Pharmaceuticals	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	Pharmaceuticals	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

Fiscal Year Ended March 31, 2019 (April 1, 2018 to March 31, 2019)

(Millions of yen)

	Chemicals	Pharmaceuticals	Cement & Construction Materials	Machinery	Energy & Environment	Others	Company wide / elimination	Total
Amortization of goodwill	113	—	34	—	—	—	—	147
Balance at the end of the term	1,873	—	33	—	—	—	—	1,906

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

(Millions of yen)

	Chemicals	Pharmaceuticals	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	999	—	243	—	—	21	—	1,263

5. Information concerning gain on negative goodwill by reportable segment

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

None.

Fiscal Year Ended March 31, 2019 (April 1, 2018 to March 31, 2019)

None.

(Information of per share)

	April 1, 2017 – March 31, 2018	April 1, 2018 – March 31, 2019
Shareholders' equity per share (Yen)	3,002.86	3,261.23
Net income per share (Yen)	301.65	312.36
Diluted net income per share (Yen)	300.63	311.36

(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:

	April 1, 2017 – March 31, 2018	April 1, 2018 – March 31, 2019
Net income per share		
Profit attributable to owners of parent (Millions of yen)	31,680	32,499
Profit not attributable to shareholders of common stock (Millions of yen)	—	—
Profit attributable to shareholders of common stock of parent (Millions of yen)	31,680	32,499
Weighted-average number of shares outstanding during period of common stock (Thousand shares)	105,021	104,042
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)	355	336
Share acquisition rights (Internal)	(355)	(336)
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 2017 – March 2018	April 2018 – March 2019	April 2019 – March 2020 (forecast)
Capital investment	40.3	41.7	50.0
Depreciation and amortization	35.3	36.4	37.0
Research and development expenses	13.2	12.1	14.0
Adjusted operating profit *1	55.1	51.5	51.5
Interest-bearing debt	195.5	187.2	190.0
Shareholders' equity *2	315.3	329.5	352.0
Total assets	742.4	740.2	780.0
D/E ratio (times)	0.62	0.57	0.54
Shareholders' equity ratio (%)	42.5	44.5	45.1
Return on sales - ROS (%) *3	7.2	6.1	6.2
Return on assets - ROA (%) *4	7.6	6.9	6.8
Return on equity - ROE (%) *5	10.5	10.1	9.1
Number of employees	10,799	11,010	11,200

*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: Operating profit / Net sales

*4 ROA: Adjusted operating profit / Average total assets

*5 ROE: Profit attributable to owners of parent / Average shareholders' equity