Annual Report 2013
Year ended March 31, 2013

Change & Challenge

Driving Growth

UBE

UBE INDUSTRIES,LTD.

Contents

Forward-Looking Statements

This annual report contains forward-looking statements regarding UBE's plans, outlook, strategies and results for the future. All forward-looking statements are based on judgments derived from information available to the Company at the time of publication.

Certain risks and uncertainties could cause the UBE Group's actual results to differ materially from any projections presented in this report. These risks and uncertainties include, but are not limited to, the economic circumstances surrounding the Company's business, competitive pressures, related laws and regulations, product development programs and changes in exchange rates.

Fiscal years are years ended March 31 of the following calendar year: for example, fiscal 2012 in the text is the year ended March 31, 2013.

The UBE Group Is Innovative, Entrepreneurial and Socially Responsible

Ube Industries, Ltd. ("UBE" or "the Company") and its consolidated subsidiaries (collectively, "the UBE Group") have consistently embraced innovation since the Company's beginnings as an entrepreneurial venture to develop the coal fields of Ube, Yamaguchi Prefecture in 1897. Since then, we have steadily expanded the value we create by developing new businesses to meet emerging needs. Today, we continue to challenge ourselves to creatively apply technology to develop and prosper together with our stakeholders.

A Tradition of Growing with Stakeholders through Innovation

1897 Okinoyama Coal Mines is established as anonymous partnership, capitalized at ¥45,000.

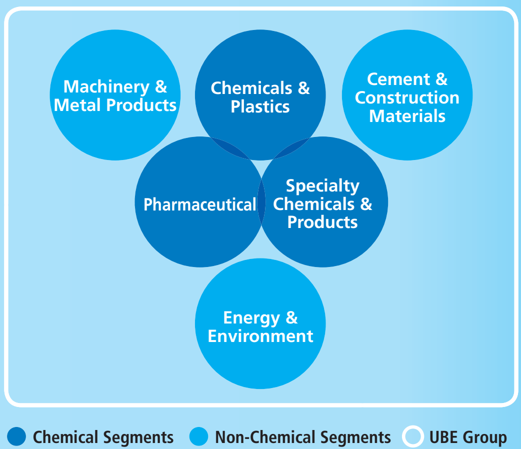
1914 Shinkawa Iron Works is established as anonymous partnership, capitalized at ¥100,000. UBE's machinery business started with the manufacture of machinery for coal mining.

1923 Ube Cement Production, Ltd. is established, capitalized at ¥3.5 million. We entered the cement business, using coal for fuel and the abundant nearby limestone as raw material.

1933 Ube Nitrogen Industry, Ltd. is established, capitalized at ¥5.0 million. We expanded into the chemical field of synthesizing ammonia by pyrolysis of coal, used in the manufacture of ammonium sulfate.

1942 Ube Industries, Ltd. is established through consolidation of the four companies above, capitalized at ¥69.6 million.

Since 1942, UBE has used its entrepreneurialism and commitment to innovation to build a synergistic portfolio of businesses ranging from energy, petrochemicals and plastics to pharmaceuticals and sophisticated materials for semiconductors and electronics. We are also emerging as a leader in innovating to protect the environment.



The UBE Group Vision was set as described below based on the principles of "coexistence and mutual prosperity" and "from finite mining to infinite industry" at the time of the foundation of the company.

"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."

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 have changed. During that time, technology and innovation have been two constant values running through the history of the UBE Group.

Our business activities center around production that is backed by technical ingenuity, combined with the ability to grasp modern needs and rise to challenges without fearing change. The reach of the UBE Group today extends across the globe, yet we continue to hold true to the same common values that are embedded in our very DNA.

The Group Vision describes our ongoing commitment to embrace the pioneering spirit held in our founding principles. It also describes our commitment to co-exist with all stakeholders – including shareholders, customers, business partners, employees, and communities – and co-exist with the global environment, by continuing to create value as a corporate entity.

Our history and our vision are the basis for our previous management plan, Stage Up 2012 – New Challenges, and for Change & Challenge – Driving Growth, our new medium-term management plan for the three-year period ending in March 2016. Cooperating with stakeholders to achieve mutual benefit, UBE Group employees will change their methods and approaches by breaking with convention with the will to succeed in energetically taking on new challenges with the objective of further increasing the UBE Group's corporate value.

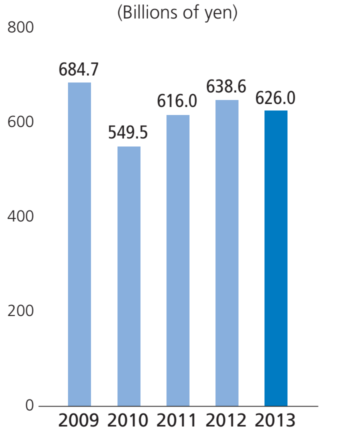
Consolidated Financial Highlights

Ube Industries, Ltd. and Consolidated Subsidiaries
For the years ended March 31, 2013, 2012 and 2011

	Millions of yen			% change	Thousands of U.S. dollars (Note 1)
	2013	2012	2011	**2013**/2012	**2013**
For the year:					
Net sales	**¥626,022**	¥638,653	¥616,062	(2.0)%	**$6,659,809**
Operating income	**29,962**	46,006	44,363	(34.9)	**318,745**
Income before income taxes and minority interests	**15,842**	37,595	28,747	(57.9)	**168,532**
Net income	**8,265**	22,969	17,267	(64.0)	**87,925**
Capital expenditures	**40,991**	44,423	35,334	(7.7)	**436,074**
Depreciation and amortization	**31,384**	32,984	33,128	(4.9)	**333,872**
Research and development costs	**14,017**	13,782	13,749	1.7	**149,117**
At year-end:					
Total assets	**685,884**	664,965	661,512	3.1	**7,296,638**
Total net assets	**250,753**	224,407	211,449	11.7	**2,667,585**
Equity capital (Note 2)	**215,509**	199,473	187,014	8.0	**2,292,648**
Interest-bearing debt	**246,656**	253,981	260,583	(2.9)	**2,624,000**
Net debt (Note 3)	**210,694**	220,874	211,061	(4.6)	**2,241,425**
Cash and cash equivalents	**35,962**	33,107	49,522	8.6	**382,574**
		Yen			U.S. dollars
Per share data:					
Net income, primary (Note 4)	**¥ 8.22**	¥ 22.85	¥ 17.18	(64.0)%	**$ 0.087**
Cash dividends applicable to the period	**5.00**	5.00	5.00	0.0	**0.053**
Net assets	**214.35**	198.41	186.02	8.0	**2.28**
Ratios:					
Operating margin (%)	**4.8**	7.2	7.2		
ROA (%) (Note 5)	**4.8**	7.2	7.2		
ROE (%)	**4.0**	11.9	9.4		
Net debt/equity ratio (times)	**1.0**	1.1	1.1		
Equity ratio (%)	**31.4**	30.0	28.3		
Number of employees at the end of the year	**11,090**	11,081	11,026	0.1%	

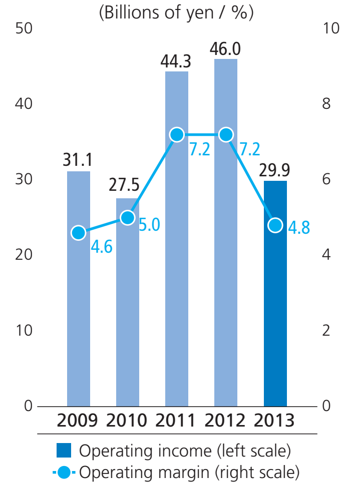
Notes: 1. U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥94=US$1, the approximate rate of exchange on March 29, 2013.
2. Equity capital = Net assets – Share subscription rights – Minority interests
3. Net debt = Interest-bearing debt – Cash and cash equivalents
4. Net income, primary, per share is computed based on the net income available for distribution to shareholders and the weighted average number of shares of common stock outstanding during each year.
5. ROA = (Operating income + Interest and dividend income + Equity in earnings of unconsolidated subsidiaries and affiliated companies) / Average total assets

Net Sales
(Billions of yen)



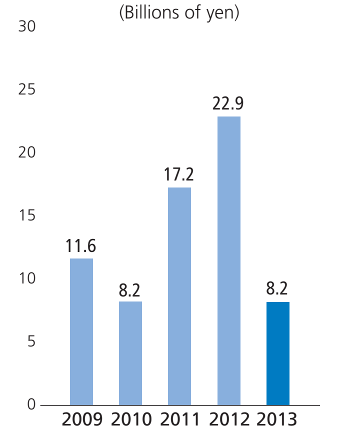
(Years to March 31)

Operating Income / Operating Margin
(Billions of yen / %)



(Years to March 31)

Net Income
(Billions of yen)



(Years to March 31)

To Our Stakeholders

During fiscal 2012, ended March 31, 2013, the U.S. economy continued to recover moderately. However, the uncertainties associated with the European financial crisis affected the global economy, and the pace of economic expansion moderated in China and other Asian countries. The global economy was increasingly perceived as slowing due to these and other factors. Meanwhile, the operating environment in Japan remained uncertain despite signs of economic recovery backed by factors including post-earthquake reconstruction demand because of exchange rate volatility and slowing overseas economies.

Under these conditions, during the final year of the three-year medium-term management plan Stage Up 2012 – New Challenges the UBE Group worked to resolve issues in each of its businesses under the basic strategies of its management plan: establish a platform for profitability that enables sustainable growth, achieve sustained improvement of financial position, and respond to and address global environmental issues.

As a result, consolidated net sales decreased by 2.0 percent, or ¥12.6 billion, compared with the previous fiscal year to ¥626.0 billion. Operating income decreased by 34.9 percent, or ¥16.0 billion, to ¥29.9 billion, and net income decreased by 64.0 percent, or ¥14.7 billion, to ¥8.2 billion.

The UBE Group has begun a new medium-term management plan for the three years ending fiscal 2015 called Change & Challenge – Driving Growth. UBE Group employees will change their methods and approaches by breaking with convention with the will to succeed in energetically taking on new challenges to achieve the objectives of Change & Challenge.

In addition, the UBE Group believes that CSR equates to Group management that fulfills its responsibilities as a public institution and member of society. This belief is the reason we enhance compliance, risk management and other corporate functions to ensure fair corporate conduct. Moreover, the UBE Group embraces its founding principle of coexisting with society in the spirit of living and prospering together with the local community, and is committed to deepening the confidence of all stakeholders, including shareholders, capital markets, customers, business partners, employees, and local communities.

We are counting on your continued support.

July 2013

Michio Takeshita.

Michio Takeshita
President and CEO

An Interview with President and CEO Michio Takeshita

The basic policies of the new medium-term management plan will guide us in responding flexibly to our rapidly changing environment as we steadily enhance our ability to generate further significant growth.

Q Please recap the recently completed medium-term management plan Stage Up 2012.

“We did not achieve our earnings targets because our business environment deteriorated significantly. However, we steadily improved our financial position.”

Establish a Platform for Profitability that Enables Sustainable Growth

During the three years of Stage Up 2012, we energetically strengthened our overseas production bases and promoted alliances in anticipation of our future business environment. We responsively implemented various initiatives to accommodate our markets. Among them, we reconfigured our caprolactam and nylon business through a capital alliance with IRPC Public Company Limited of Thailand involving UBE Chemicals (Asia) Public Company Limited. In our electrolytes business, we created a global production and sales organization by establishing a joint venture with The Dow Chemical Company of the United States. In our polyimide business, we established a joint venture with Samsung Display Co., Ltd. of Korea for substrate materials that will be used in next-generation displays.

At the same time, we implemented structural reforms such as closing our aluminum wheel business and terminating caprolactam production at the Sakai Factory. Such moves were necessary and largely successful, but they also made us acutely aware that structural change is taking place in our markets even faster than we expected. The variance between forecast and reality was greatest in the Specialty Chemicals & Products segment, where UBE and the industry as a whole continue to experience challenging conditions. Oversupply has also affected the

Mid-Term Management Plan Stage Up 2012 Numerical Targets (FY 2010 – FY 2012)

Management Results and Targets

		Fiscal 2010 Results	Fiscal 2011 Results	Fiscal 2012 Results	Target for Final Year of Stage Up 2012
Financial indicators	Net debt/equity ratio[1]	1.1 times	1.1 times	0.98 times	Under 1.0 times
	Equity ratio[2]	28.3%	30.0%	31.4%	30.0% +
Profit indicators	Operating margin	7.2%	7.2%	4.8%	7.5% +
	Return on total assets	7.2%	7.2%	4.8%	7.5% +
	Return on equity[3]	9.4%	11.9%	4.0%	12.0% +

Key Figures for Statements of Income and Balance Sheets (Billions of yen)

	Fiscal 2010 Results	Fiscal 2011 Results	Fiscal 2012 Results	Target for Final Year of Stage Up 2012
Net sales	¥616.0	¥638.6	¥626.0	¥670.0 +
Operating income	¥44.3	¥46.0	¥29.9	¥53.0 +
Business income[4]	¥47.0	¥47.9	¥32.1	¥55.0 +
Net debt	¥211.0	¥220.8	¥210.6	Under ¥220.0
Equity capital[5]	¥187.0	¥199.4	¥215.5	¥225.0 +

Notes: 1. Net debt/equity ratio = (Interest-bearing debt – Cash and cash equivalents) / Equity capital
2. Equity ratio = Equity capital / Total assets
3. Return on equity = Net income / Average equity capital
4. Business income = Operating income + Interest and dividend income + Equity in earnings of unconsolidated subsidiaries and affiliated companies
5. Equity capital = Net assets – Share subscription rights – Minority interests

caprolactam business in the Chemicals & Plastics segment because companies in China built significantly more production facilities than we projected.

Achieve Sustained Improvement of Financial Position

We improved our financial position year by year. As a result, our net debt/equity ratio was 0.98 times as of March 31, 2013, which met our net debt/equity ratio target of under 1.0 times. Japan Credit Rating Agency, Ltd. (JCR) recognized our improved financial position by upgrading our bond rating to A-, which we had hoped to obtain.

Respond to and Address Global Environmental Issues

Our greenhouse gas reduction target for fiscal 2015 was reducing CO_2 emissions by 15% compared with fiscal 1990 levels, and we achieved it ahead of schedule. We are also concentrating on developing eco-friendly technologies and products, and sales in eco-friendly businesses expanded steadily.

Overall, Stage Up 2012 was not an unqualified success, but it did position us to execute our new medium-term management plan.

Q Given the strategies of the medium-term management plan Change & Challenge – Driving Growth, what does the UBE Group need to do?

"We need to flexibly accommodate an operating environment that is different than it used to be, and execute initiatives that enable the next phase of significant growth."

We have experienced changes in our operating environment that caused sharp drops in demand including the Asian currency crisis, the financial crisis of 2008, and the Great East Japan Earthquake. However, we cannot respond to change in our current environment as we did in the past because it is not conventional cyclical change. Major structural changes are altering the customer and competitor landscape, so deciding how we respond to these changes will be a top priority for the UBE Group over the coming three years.

In this context, I do not believe we need to fundamentally restructure the UBE Group. We have focused on chemical businesses in developing differentiated products and categories, with diversification providing stability as we deal with change in our operating environment. Going forward, chemical businesses will drive growth while non-chemical businesses will stabilize earnings.

Another issue in generating further growth will be restoring earnings in the Chemicals & Plastics segment, which decreased substantially in fiscal 2012, while developing significant additional core businesses. We also need to share a keen awareness that we must enhance fundamental earnings in non-chemical businesses and accelerate the commercialization of new products to ensure rapid contribution to earnings.

Q What are your expectations for the new medium-term management plan?

"I want the UBE Group to steadily enhance its ability to generate significant growth in the future and energetically take on new challenges with the will to succeed."

We expect intense volatility in our operating environment and increased uncertainty during the three years beginning fiscal 2013. The UBE Group therefore intends to expand by emphasizing earnings without weakening its financial position in order to generate stable growth over the medium and long term. We will steadily implement strategies with reference to the positioning of our businesses and the directions they should take for the future in order to enable the next phase of significant growth.

In implementing these strategies, the employees of the UBE Group will embrace the UBE Group Vision: "Wings of technology and spirit of innovation. That's our DNA driving our global success." We will change our methods and approaches by breaking with convention with the will to succeed in energetically taking on new challenges. The title of the medium-term management plan, Change & Challenge – Driving Growth, expresses this mindset.

Please summarize Change & Challenge.

"We will build on the results and remaining tasks of Stage Up 2012 to strengthen our revenue base, globalize, and enhance initiatives that help achieve a sustainable society."

1. Strengthen the Revenue Base to Enable Sustainable Growth

"We will continue to emphasize consolidated cash flow while balancing strategic growth businesses with core platform businesses as we gradually increase proactive investment to achieve sustainable growth over the medium and long term."

The theme of strengthening the revenue base to enable sustainable growth has carried over from Stage Up 2012, but has evolved in our new medium-term management plan. Over the next three years we will carefully determine the growth potential of each core platform business and strategic growth business to formulate our growth strategy for the future.

Strategic growth businesses include the battery materials market, which is anticipated to grow strongly. The UBE Group will maintain and enhance its position of leadership in the battery materials market by prioritizing the allocation of resources to R&D. We will also prevail over intensifying competition with focused investments in plant and equipment to meet demand.

In addition, the UBE Group will revise its strategies and narrow its focus as necessary for strategic growth businesses that have not grown as expected because of unfavorable business conditions. We will focus on effectiveness throughout the process of quickly restructuring these businesses to restore growth.

The UBE Group will increase earnings from core platform businesses by aggressively allocating resources to those with solid potential for growth in demand, such as nylon resins and synthetic rubber, in which the Group can generate a competitive advantage by adding value and enhancing performance. Core platform businesses have had the primary mission of generating stable cash flow by effectively generating earnings from existing facilities, but we are now clarifying areas with growth potential in which we can generate significant growth through aggressive investment. At the same time, we will strengthen and improve the profitability of businesses such as caprolactam that have the mission of maintaining stable earnings and cash flow by reducing costs to accommodate structural changes in the operating environment while restructuring supply chains, including resource and raw material procurement.

Medium-Term Management Plan Change & Challenge – Driving Growth (FY 2013 – FY 2015)

Basic Strategies

1. Strengthen the revenue base to enable sustainable growth
2. Maximize the global strength of the UBE Group
3. Address and be part of the solution for resource, energy, and global environmental issues

Numerical Targets

	Fiscal 2012 Results	Targets for FY2015	Targets for FY2020
Operating income	¥ 29.9 billion	¥ 55.0 billion +	¥80.0 billion +
Equity capital	¥215.5 billion	¥270.0 billion +	—
Operating margin	4.8%	7% +	—
Return on total assets	4.8%	7% +	—
Return on equity	4.0%	12% +	—

In addition, the UBE Group will focus on the increasingly important Energy & Environment segment with the objective of accelerating the creation and development of new buinesses in key segments that will quickly contribute to earnings.

2. Maximize the Global Strength of the UBE Group

“The UBE Group will strengthen its global marketing organization to fully benefit from the potential of its products and technologies.”

The UBE Group has been globalizing by leveraging the features of its businesses for much of its early history, but we recognize that we still have much to do to be truly global. During Change & Challenge, we therefore intend to actualize the potential of each Group company that operates globally.

The UBE Group will strengthen its global marketing organization to maximize the scope of opportunities for its products and technologies. We will energetically develop new customers by further strengthening our network of offices in emerging countries with a focus on the chemical and machinery businesses, customizing marketing organization upgrades to the characteristics of our businesses and the markets they serve, and redeploying personnel. We will support these initiatives by globally sharing and using Group marketing assets such as internal customer and application information. Moreover, we will further deepen collaboration among Group companies by integrating administrative functions and utilizing and developing human resources, while broadening the regional scope of our operations to ensure that we miss no opportunities.

The UBE Group will also support timely new business development and product launches through R&D at key centers in Japan, Thailand and Spain that is closely linked to regional customer needs.

3. Address and Be Part of the Solution for Resource, Energy, and Global Environmental Issues

“We will sincerely fulfill our corporate social responsibilities while growing our Energy & Environment segment.”

Our initiatives under this theme must be ceaseless and sustained because they are crucial for the UBE Group

Outline of Change & Challenge Basic Strategies

1. Strengthen the revenue base to enable sustainable growth
- Maintain a strategic emphasis on cash flow, while increasing proactive investment to achieve sustainable growth over the medium- and long-term
- Concentrate on capital investment for strategic growth businesses, and expand global businesses
- Core platform businesses: Actively invest in segments anticipated to deliver increased earnings
- Accelerate efforts to develop and foster new businesses, focusing on energy and the environment

2. Maximize the global strength of the UBE Group
- Strengthen global marketing
- Share and use information and marketing assets, and strengthen collaboration among Group companies
- Pursue global R&D

3. Address and be part of the solution for resource, energy, and global environmental issues
- Contribute to a sustainable society by energetically executing initiatives to decrease greenhouse gas (GHG) emissions, reduce electricity and other energy consumption, and conserve biodiversity
- Develop and popularize technologies that help to expand the use of renewable energy while conserving resources and reducing environmental impact

and its corporate social responsibilities.

The scope of our environmental initiatives has expanded to include fighting pollution, reducing CO_2 emissions, progressive carbon footprint life cycle analysis, and biodiversity. We must also enhance the effectiveness, continuity, scope and quality of our initiatives because the issues we face are evolving rapidly, exemplified by the shift to assessing our entire supply chain rather than just the UBE Group itself.

The UBE Group fulfills its corporate social responsibility and supports the achievement of a sustainable society through energetic initiatives that include curtailing the emission of greenhouse gases, reducing the amount of electricity and other forms of energy it uses, and preserving biodiversity. We also grow by creating and popularizing technologies and products that help to increase the use of renewable energy, conserve resources and reduce environmental impact.

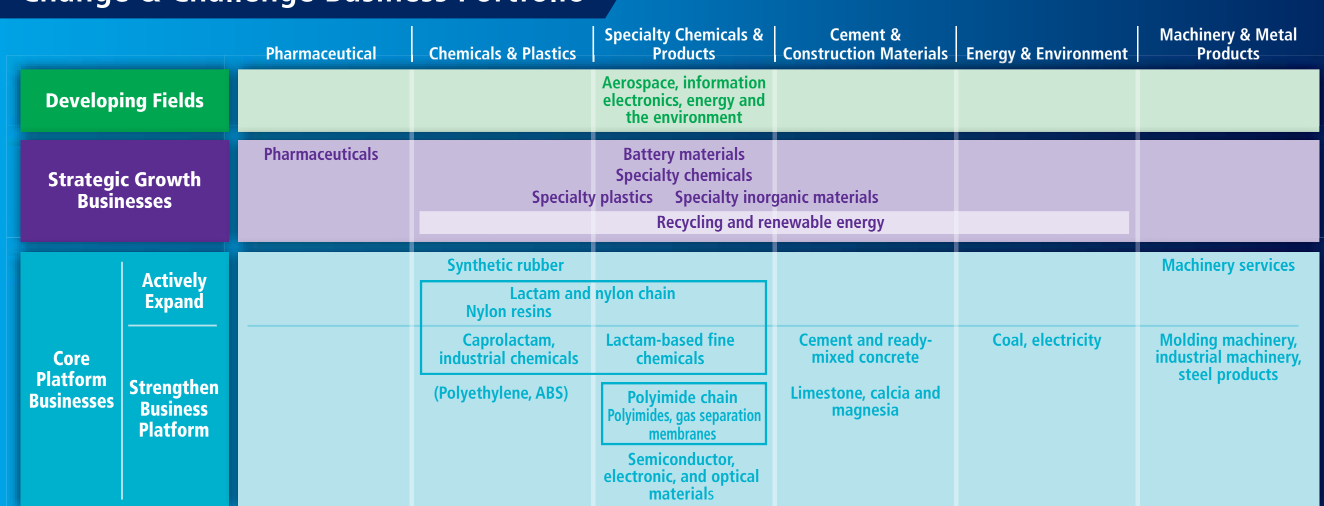
Q Has the UBE Group's portfolio of businesses changed after Stage Up 2012?

"We have not made major changes to our portfolio, but we have reviewed the position of our businesses in light of changes in their operating environment."

As I explained earlier, clearly differentiated chemical businesses are the nucleus of the UBE Group. At the same time, we are enhancing stability within a changing operating environment because non-chemical businesses are supporting earnings.

We do not need major changes to our business portfolio. However, we have revised the positioning of our core platform businesses by categorizing their mission as either active expansion or platform reinforcement according to changes in the operating environment of each business.

Change & Challenge Business Portfolio

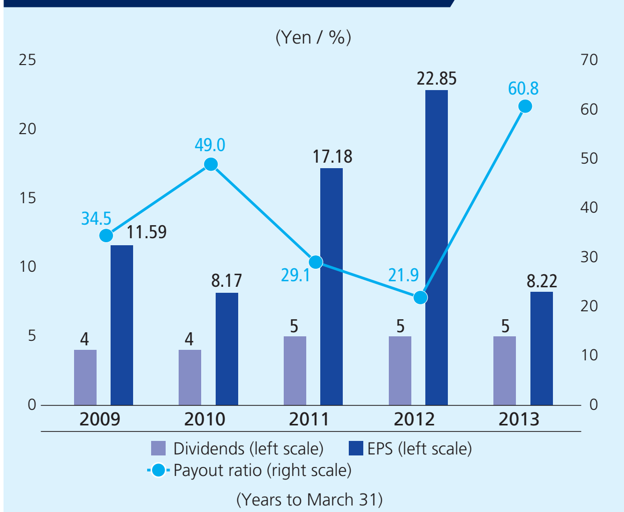


Please explain the UBE Group's strategies for fiscal 2013.

"We will make sure we are effectively moving in the direction prescribed by Change & Challenge."

Fiscal 2013 is the first year of Change & Challenge, and our stakeholders will evaluate our progress in terms of whether we are moving in the direction outlined by its basic strategies. We therefore need to carefully monitor if we are heading where planned by looking at developing fields and strategic growth businesses to determine if they have sufficient growth potential, and by looking at core platform businesses to determine if measures to increase profitability are effective or if alternative approaches would be better. We will carefully confirm that we are moving in the direction prescribed by Change & Challenge for year one so that we do not end up finishing the plan without having made much progress.

Consolidated Payout Ratio



Please discuss shareholder returns under Change & Challenge and UBE's increased payout ratio.

"We raised the consolidated payout ratio to 30 percent or more to further enhance returns for all shareholders, especially those with a long-term perspective."

While we value all shareholders who support the UBE Group, we place particular importance on shareholders who invest in the Group with a long-term perspective. The reason is that long-term shareholders participate in UBE Group management as stakeholders supporting sound, steady future growth from the Group's businesses and activities with expectations for enhanced corporate value.

Given this mindset, we consider a solid payout ratio important and decided that we needed to increase it. We therefore raised the target for the consolidated payout ratio to 30 percent or more from the former target of 20 to 25 percent. Of course, the most important issue is our ability to increase the earnings that underlie the payout ratio.

How does the UBE Group approach corporate governance and CSR in areas other than the environment?

"We are building an organization that enhances governance through sophisticated initiatives."

I do not define CSR in narrow terms. Rather, I first and foremost consider what the UBE Group ought to do as a public institution.

The UBE Group is proud of its corporate governance, and considers it to be among the most advanced in the chemical industry. We regularly upgrade the framework for our internal control system. Three of the seven members of the Board of Directors are outside directors, two of whom are designated as independent directors. Two of the four members of the Board of

Corporate Auditors are outside auditors, one of whom is designated as an independent auditor. Our outside directors do not simply serve a monitoring function. Rather, they also serve in an advisory role that helps ensure a sound, substantively functional system of governance.

Within the broader context of CSR, under Change & Challenge we are reaffirming the following core UBE Group values:

a. Provide customers with added value as a manufacturer and contribute to global society
b. Create and enhance new value by actively seeking new challenges
c. Comprehend essential issues deeply and act swiftly, thoroughly and in a timely manner

We will inculcate these values in everyone throughout the UBE Group, from senior managers to rank-and-file employees, so that our values will guide our behavior.

The first value expresses the contribution we can make through our manufacturing activities, and it requires us to share a commitment to an entrepreneurial spirit. Given rapid global change, the second value expresses our need to energetically take on the additional challenge of continuous improvement to create new, future-oriented value and ensure corporate sustainability. The third value expresses the importance of concentrating on quickly and conscientiously resolving issues that we have identified as meaningful through honest assessment. In the broadest sense, CSR entails fulfilling our responsibilities as a public institution. We will ultimately help solve environmental and other problems if we succeed at increasing corporate value through our commitment to and understanding of our core values.

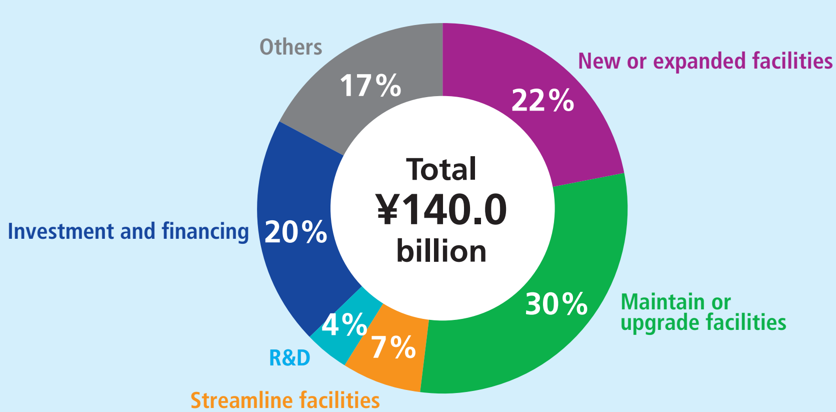
Q Please close with a message for stakeholders.

"My mission is to quickly transform potential into growth."

To reiterate, the most important issue facing the UBE Group is how we will change to accommodate the major changes in our operating environment. I would also like to reaffirm my belief that the UBE Group has excellent growth potential and many ideas and promising businesses to develop.

Therefore, my mission is to quickly transform that potential into growth. This will involve prioritizing the allocation of resources including R&D so that we quickly translate ideas into meaningful growth. I invite our stakeholders to share our enthusiasm for making progress by taking on new challenges over the coming three years.

Change & Challenge Capital Expenditures Over Three Years (April 2013 - March 2016)



Business Overview

Segment	Share of Net Sales	Share of Operating Income	Share of Assets	Principal Products/Businesses
Chemicals & Plastics	35%	17%	29%	Synthetic rubber; Caprolactam chain (Caprolactam, Nylon, Industrial chemicals)
Specialty Chemicals & Products	10%	4%	14%	Specialty products (Polyimide, Battery materials (Electrolytes and separators), High purity chemicals, Separation membranes, Ceramics, Telecommunications devices, Aerospace materials); Fine chemicals
Pharmaceutical	2%	11%	2%	Pharmaceuticals (Active ingredients, intermediates)
Cement & Construction Materials	33%	38%	29%	Cement; Resource recycling; Building materials (Self-leveling materials, plastering materials and waterproofing materials); Limestone; Ready-mixed concrete; Calcia, magnesia; Specialty inorganic materials
Machinery & Metal Products	11%	12%	9%	Machinery (Molding machines (Die-casting machines and injection molding machines), Industrial machinery, bridges and steel structures, Steelmaking products)
Energy & Environment	11%	20%	7%	Coal; Power

Chemicals & Plastics

- **Synthetic rubber**
- **Caprolactam chain**
  - Caprolactam
  - Nylon
  - Industrial chemicals

Specialty Chemicals & Products

- **Specialty products**
  - Polyimide
  - Battery materials (Electrolytes and separators)
  - High purity chemicals
  - Separation membranes
  - Ceramics
  - Telecommunications devices
  - Aerospace materials
- **Fine chemicals**

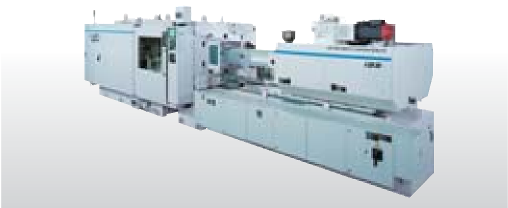
Pharmaceutical

- **Pharmaceuticals**
  (Active ingredients, intermediates)

Cement & Construction Materials

- **Cement**
- **Resource recycling**
- **Building materials**
  (Self-leveling materials, plastering materials and waterproofing materials)
- **Limestone**
- **Ready-mixed concrete**
- **Calcia, magnesia**
- **Specialty inorganic materials**

Machinery & Metal Products



- **Machinery**
  - Molding machines (Die-casting machines and injection molding machines)
  - Industrial machinery, bridges and steel structures
  - Steelmaking products

Energy & Environment

- **Coal**
- **Power**

Note: Totals do not equal 100% because the Other segment has been omitted and intersegment sales and transfers have not been eliminated.

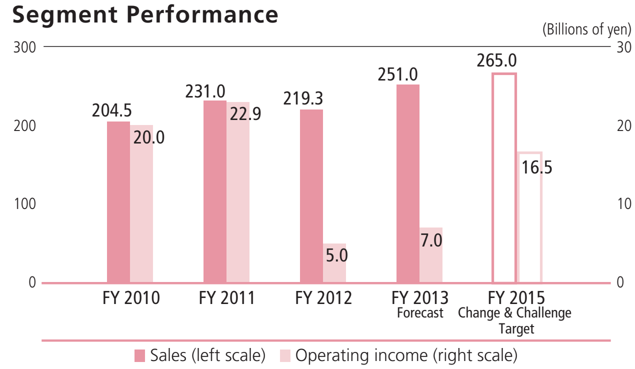
Chemicals & Plastics

We will structure an organization that generates steady earnings and execute strategies for steady expansion.

Shinobu Watanabe
Company President,
Chemicals & Plastics Company

The operating environment of the Chemicals & Plastics segment has remained challenging due to factors including lower prices as a result of caprolactam production capacity expansion in China and elsewhere. Given these conditions, during Medium-Term Management Plan “Change & Challenge” we will terminate caprolactam production at the Sakai Factory and intensively reinforce cost competitiveness while improving earnings in ways such as strengthening our operating organization to ensure stable ammonia production. Concurrently, we will execute strategies for expansion such as differentiating our products and enhancing facility capabilities. These strategies will include increasing our lineup in the synthetic rubber business with specialty products such as metallocene butadiene rubber (MBR) and nano-vinyl-cis rubber, building overseas business in Malaysia and elsewhere, strengthening the nylon compounding business, and increasing production capacity in Spain. We will structure our organization to generate stable earnings while steadily executing strategies for expansion to contribute as a core platform business of the UBE Group.

Segment Performance



(Billions of yen)

	FY 2012	FY 2011	Change (%)
Sales	¥219.3	¥231.0	(5.0)
Operating income	5.0	22.9	(77.9)
Assets	202.1	191.6	5.5
Depreciation and amortization	8.6	9.1	(5.3)
Capital expenditures	11.6	12.9	(10.2)

Fiscal 2012 Results

Consolidated segment sales decreased by 5.0 percent, or ¥11.6 billion, compared with the previous year to ¥219.3 billion, and operating income decreased by 77.9 percent, or ¥17.9 billion, to ¥5.0 billion.

Market prices for caprolactam, a raw material for nylon, decreased because of the global economic slowdown and increased supply as companies in China brought new production facilities online. At the same time, the spread between selling prices and the cost of raw materials for caprolactam narrowed substantially compared with the previous fiscal year because of rising prices for the raw material benzene. These were the primary factors in the year-on-year decrease in segment results. Shipments of polybutadiene, a synthetic rubber, decreased year on year because of lower demand in China. However, packaging film and other applications drove firm sales of nylon resins, while ammonia product sales were robust in the industrial chemical business.

UBE has decided to strengthen the overall competitiveness of the caprolactam business by terminating caprolactam production at the Sakai Factory as of the end of March 2014.

Basic Strategies of Medium-Term Management Plan “Change & Challenge – Driving Growth”

Synthetic Rubber Business

- Expand the ratio of specialty products and capture increasing demand. Continue developing the joint venture in Malaysia. Secure stable supplies of low-cost raw materials while further promoting business development overseas.

Caprolactam and Nylon Chain Business

- Switch the strategic focus and positioning of the caprolactam business from an emphasis on the UBE Group’s presence in Asian markets to stable supplies of competitive nylon raw materials.
- Add higher value while aggressively expanding the nylon business. Strengthen supply capabilities in the extrusion market and develop new grades. Accelerate global business development and strengthen and enhance the UBE Group’s compound business organization in the injection molding market, which has room for expansion.
- In the industrial chemical business, leverage the high cost competitiveness and external sales capacity of UBE AMMONIA INDUSTRY, LTD. to expand stable earnings.

Fiscal 2012 Initiatives and Outcomes	Fiscal 2013 Strategies
Synthetic Rubber Business	
● Concentrated on securing the spread by dealing with raw material price volatility. ● Increased annual polybutadiene rubber (BR) production capacity at the Chiba Factory by 15,000 tons.	◆ Market trend: Major tire manufacturers are forecast to continue expanding production capacity. ◆ Similar to fiscal 2012, increase annual BR production capacity at the Chiba Factory by 16,000 tons. ◆ Establish a BR production and sales joint venture in Malaysia with the Lotte Chemical Group of South Korea.
Caprolactam Business	
● Market trend: Sales prices decreased as a succession of large-scale plants began operating in China, and the price of the raw material benzene increased. ● Decided to strengthen the overall competitiveness of this business by terminating caprolactam production at the Sakai Factory.	◆ Address falling market prices and continue to reduce costs at production facilities. ◆ Restructure the supply organization to accommodate the termination of production at the Sakai Factory. ◆ Support profitability by increasing production of high-value-added large granule ammonium sulfate.
Nylon Business	
● Market trend: Automotive applications were firm in the first half, but slowed in the second half. Demand remained solid for film applications. ● Decided to increase annual nylon 6 production capacity in Spain by 10,000 tons.	◆ Optimize the supply organization encompassing three facilities in Japan, Thailand and Spain to accommodate expansion of the nylon 6 market. ◆ Strengthen and enhance the compounding organization to build the injection molding business.
Industrial Chemical Business	
● Market trend: Ammonia demand continued to decrease for industrial applications, but demand in the power generation market was robust. ● Began to increase production capacity for liquefied carbon dioxide.	◆ Concentrate on stable operations in the ammonia business and reduce maintenance costs. ◆ Increase external sales by upgrading logistics bases.

Specialty Chemicals & Products

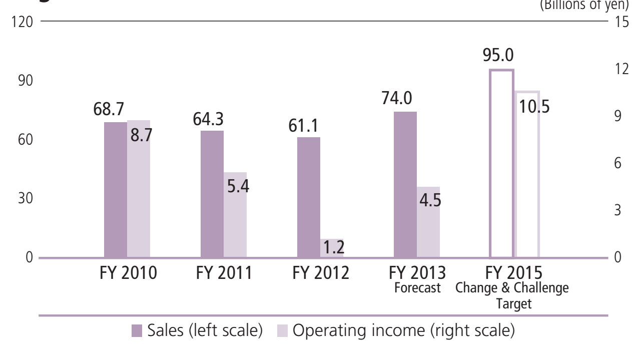
In a rapidly changing market environment, we will focus even more intently on concentrating resources in businesses in which we can leverage the strengths of UBE technologies to improve results and expand our business.

Hideyuki Sugishita
Company President,
Specialty Chemicals & Products Company

The market environment for many of this segment's businesses and products has been challenging. For example, the market for lithium-ion batteries (LIBs) for vehicles has been slow to take off, the domestic semiconductor and flat-panel display (FPD) industries have been depressed, and solar battery prices have dropped sharply.

Medium-Term Management Plan "Change & Challenge" clarifies necessary reforms and measures in each business with the assumption that the structure of these customer industries will change. We will focus even more intently on concentrating resources in product categories such as battery materials and fine chemicals for which we can leverage the strengths of UBE technologies to rapidly execute initiatives such as developing new applications in each category, building our business globally, and strengthening cost competitiveness. As a result, performance will recover and our business will grow in the future. In addition, we expect UBE's various high-performance materials to help solve social issues related to the environment and energy through applications including solar and power storage batteries and energy-efficient semiconductors.

Segment Performance



(Billions of yen)

	FY 2012	FY 2011	Change (%)
Sales	**¥61.1**	¥64.3	(5.1)
Operating income	**1.2**	5.4	(77.3)
Assets	**93.1**	88.8	4.8
Depreciation and amortization	**6.5**	5.8	12.6
Capital expenditures	**8.6**	10.5	(18.5)

Fiscal 2012 Results

Consolidated segment sales decreased by 5.1 percent, or ¥3.2 billion, compared with the previous year to ¥61.1 billion, and operating income decreased by 77.3 percent, or ¥4.2 billion, to ¥1.2 billion.

In materials for LIBs, emerging automotive demand supported firm separator shipments, while electrolyte shipments decreased due to the impact of lower consumer demand in Japan. The delayed recovery in demand for electronics and information materials caused shipments of polyimide for flat-screen televisions and other products to decrease along with shipments of many other high-performance materials such as ceramics that are largely used for solar battery production. Sluggish market conditions generally affected shipments of fine chemical products.

The new diol factory in Thailand

Basic Strategies of Medium-Term Management Plan "Change & Challenge – Driving Growth"

Polyimide Chain Business

- Develop a wide array of new markets including next-generation displays, solar batteries and automotive components by leveraging our strength in proprietary monomer raw materials while complementing existing flat panel and flexible printed circuit markets.

Battery Materials Business

- For electrolytes, develop and invest in differentiated grades for the consumer market to increase market share. In the automotive and power storage battery markets, balance the development of additives that match performance requirements and cost reductions to expand the business with a global supply system.
- For separators, fortify our powerful automotive market leadership by meeting emerging needs for thin film and coating products and synchronizing appropriately timed capital investment with market expansion.

Fine Chemicals Business

- Expand in the growing environmental market using fundamental C1 chemical technology. Increase earnings with a business model that involves alliances with other companies and out-licensing.

Fiscal 2012 Initiatives and Outcomes	Fiscal 2013 Strategies
Polyimide Chain Business	
● Market trend: The market recovered in the second half despite ongoing inventory adjustment in the supply chain for LCD panel films. ● Secured a share exceeding 50 percent of the market for LCD panel films. ● Sales of film for dual-layer copper clad laminates used in smartphones and tablet computers increased.	◆ Continue emphasizing sales to LCD panel film users in South Korea and Taiwan. ◆ Expand sales of film for dual-layer copper clad laminates by leveraging the appropriate merits of UBE products in laminate formation.
Battery Materials Business	
● Market trend: The consumer market continues to grow steadily, but development of the automotive market is taking two or three years longer than initially forecast, and competition among battery material manufacturers is intensifying. ● Completed electrolyte factories in China and the United States under a joint venture with Dow Chemical Company of the United States. ● Expanded our presence in consumer applications for separators in China and in automotive applications.	◆ Accelerate the development of additives that match performance requirements under a global electrolyte supply system, and expand sales for automotive applications. ◆ Bring the Eighth Separator Production Facility, which started commercial operation in May 2013, up to full production. ◆ Make steady progress in preparing for the mass-production of automotive-use coating-type separators.
Fine Chemicals Business	
● Market trend: Overall demand is depressed. The strong yen has impacted competitiveness and profitability. ● Completed a second polycarbonate diol production line in Spain. ● Maintained and expanded C1 technology out-licensing to Chinese companies.	◆ Market trend: A moderate recovery in demand in Japan and overseas is generally forecast from the second half onward. The depreciation of the yen will provide a tailwind. ◆ Concentrate on developing new areas including eco-friendly coating materials such as polycarbonate diol and polyurethane dispersion.
Other Specialty Chemical Businesses	
● Demand decreased in the ceramics business as bearings and other applications were unable to compensate for the delayed recovery of solar battery applications. ● In the gas separation membrane business, nitrogen gas separation and dehydration applications compensated for the lack of recovery in alcohol dehydration applications. ● Completed the second production line for metal organic compounds at the Ube Chemical Factory in the semiconductor-related business.	◆ Increase sales of ceramics for bearing and tool applications. ◆ In the gas separation membrane business, complement nitrogen gas separation and dehydration by expanding sales in new areas such as biogas decarboxylation. ◆ Expand sales of and increase market share for semiconductor-related materials, including in overseas markets.

Pharmaceutical

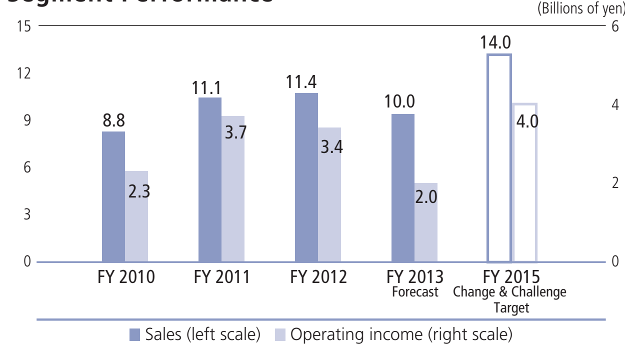
Although the business environment remains challenging, all segment operations will work together to establish a stable foundation for growth and further significant progress.

Nobuyuki Taenaka
General Manager,
Pharmaceutical Division

The business environment of the pharmaceutical industry is increasingly challenging due to issues including the large number of major drug patent expirations around 2010 and government policies to promote the use of generic drugs.

We are dealing with business issues that we have not experienced before, including expiration of the basic substance patent for *Calblock*® and the termination of the submission of a new drug application to expand the indications of *Effient*®. The business environment will be challenging during fiscal 2013, the first year of Medium-Term Management Plan "Change & Challenge." However, all segment operations will work together to establish a stable foundation for growth and further significant progress. Initiatives will include lifecycle management for existing drugs based on UBE's discovery and co-development to expand earnings while enhancing to our pipeline and accelerating development, creating overseas production bases and supply chains, and adding production of generic drug active pharmaceutical ingredients (APIs) in our contract manufacturing business.

Segment Performance



(Billions of yen)

	FY 2012	FY 2011	Change (%)
Sales	**¥11.4**	¥11.1	2.4
Operating income	**3.4**	3.7	(8.2)
Assets	**12.0**	12.7	(5.2)
Depreciation and amortization	**0.7**	0.6	9.1
Capital expenditures	**0.4**	2.6	(83.7)

Fiscal 2012 Results

Consolidated segment sales increased by 2.4 percent, or ¥0.2 billion, compared with the previous year to ¥11.4 billion, and operating income decreased by 8.2 percent, or ¥0.3 billion, to ¥3.4 billion.

Sales of active ingredients for antiallergic and antiplatelet drugs based on UBE's discovery and co-development increased, as did contract manufacturing sales of APIs and intermediates. Royalty income also increased. However, sales volume decreased year on year for antihypertensive agents UBE discovered and co-developed.

Basic Strategies of Medium-Term Management Plan "Change & Challenge – Driving Growth"

Drug Discovery and Co-Development Business

- Proceed with the discovery and co-development of new drugs and expand the profitability of existing products through lifecycle management.

Contract Manufacturing Business

- Strengthen and restructure supply chains for drugs manufactured under contract. Consider overseas production bases in alliances with other companies with the goal of adding the manufacture of APIs for generic drugs to existing production of APIs for new drugs.

Fiscal 2012 Initiatives and Outcomes

Drug Discovery and Co-Development Business

- Completed a Phase III clinical trial for a new indication for antiplatelet agent *Effient*® with the goal of expanding its scope of application. However, inability to demonstrate superior efficacy compared to predecessors led to the termination of the submission of an NDA.
- Sales of the antiallergy agent *Talion*® continued to expand. Clinical trials for pediatric and overseas formulations (nasal and ocular) are in progress.
- The patent for antihypertensive agent *Calblock*® expired, but sales of antihypertensive agent *Rezaltas*®, a combination drug containing *Calblock*® and Daiichi Sankyo's *Olmetec*®, increased.

Contract Manufacturing Business

- APIs and intermediates for hyperuricemia and antithrombogenic drugs launched in the past two years are gradually contributing to earnings.
- Expanded our presence as a contract manufacturer by deploying our development capabilities in proposing value-added manufacturing processes to customers.

Other (Involving the drug discovery and co-development business and the contract manufacturing business)

- Energetically developed relationships with new suppliers mainly overseas to reduce raw material costs. Also began reducing costs by creating new synthesis routes.

Fiscal 2013 Strategies

Drug Discovery and Co-Development Business

◆ Maximize sales of *Effient*® in existing indications. Proceed with clinical trials in Japan for cardiac and cerebral syndromes.

◆ For *Talion*®, we expect to launch eye drops to complement the oral formulation already approved in Korea. In the United States, we plan to market it as a nasal agent.

◆ Maximize the contribution to earnings from sales of *Calblock*® in combination drugs.

Contract Manufacturing Business

◆ Strengthen efforts to capture orders for major drugs slated for launch in fiscal 2014 and beyond.

◆ Enhance efforts to win orders from customers evaluating production processes for the trial manufacture of development products in early-stage clinical trials.

Other

◆ Commit to searching for a partner to establish a production base in China.

Note: *Effient*® and *Efient*® are registered trademarks of Eli Lilly and Company in the United States and Europe, respectively. *Calblock*®, *Olmetec*® and *Rezaltas*® are registered trademarks of Daiichi Sankyo Co., Ltd. *Talion*® is a registered trademark of Mitsubishi Tanabe Pharma Corporation.

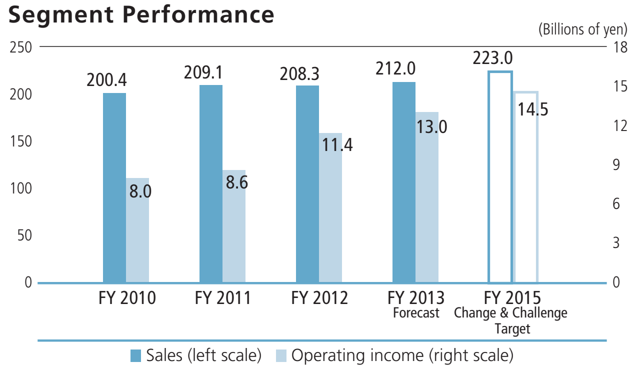
Cement & Construction Materials

We intend to help build social infrastructure, enhance the environment and encourage society to recycle in order to generate sustained growth.

Tadashi Matsunami
Company President,
Cement & Construction
Materials Company

During Medium-Term Management Plan "Change & Challenge," we forecast that domestic cement demand will be solid due to factors including reconstruction demand following the Great East Japan Earthquake, disaster management and mitigation demand, and stronger private investment. While we forecast that the depreciation of the yen will increase fuel costs, we will secure earnings through rationalization and appropriate pricing to support the UBE Group as a core platform business. In addition, we will prepare for the decrease in domestic demand over the medium and long term through initiatives to strengthen our operating capabilities that include further reducing manufacturing costs, restructuring unprofitable businesses, and expanding the businesses and regions in which we operate. In addition, we are targeting growth as a sustainable business in ways such as helping to build social infrastructure, enhancing the environment, and encouraging society to recycle.

Segment Performance



(Billions of yen)

	FY 2012	FY 2011	Change (%)
Sales	**¥208.3**	¥209.1	(0.4)
Operating income	**11.4**	8.6	32.5
Assets	**201.7**	196.9	2.4
Depreciation and amortization	**8.2**	9.6	(14.6)
Capital expenditures	**12.1**	11.5	5.7

Fiscal 2012 Results

Consolidated segment sales decreased by 0.4 percent, or ¥0.7 billion, compared with the previous year to ¥208.3 billion, and operating income increased by 32.5 percent, or ¥2.8 billion, to ¥11.4 billion.

Shipments of cement, ready-mixed concrete and building materials increased year on year because of recovery in condominium and housing starts and corporate capital investment. Full-scale post-earthquake reconstruction demand also supported results. Export profitability improved because of strong overseas demand in Asia and elsewhere, and the UBE Group also expanded the volume of waste it recycles as fuel and raw materials. Shipments of calcia and magnesia products were robust for flue gas desulfurization at in-house power generation facilities and for post-earthquake reconstruction, but overall sales were sluggish because of falling demand for use in steelmaking and electronics and information materials.

A kiln at an UBE cement factory

Basic Strategies of Medium-Term Management Plan "Change & Challenge – Driving Growth"

Cement and Ready-Mixed Concrete Business

- Execute initiatives to benefit from solid medium-term demand in areas including reconstruction demand, disaster management and mitigation, and infrastructure renewal. Energetically enhance our operating capabilities as a core platform business in areas including construction of exhaust heat power generation plants and development of the Kanayamadai mining zone.

Resource Recycling Business

- Strengthen our ability to collect waste that is difficult to process and enhance the sophistication of our recycling operations by recycling waste for applications other than cement materials, such as carbonizing plastic to produce an alternative fuel.

Calcia and Magnesia Business

- Develop new demand in businesses other than steelmaking to enhance our business platform and generate steady earnings in environmental businesses.

Building Materials Business

- Strengthen the self-leveling materials and waterproofing materials businesses while making renovation a self-sustaining business.

Fiscal 2012 Initiatives and Outcomes	Fiscal 2013 Strategies
Cement and Ready-Mixed Concrete Business ● Market trend: Full-scale domestic cement demand developed in areas including post-earthquake reconstruction and disaster management and mitigation. Solid overseas demand helped UBE maintain full operation at three production facilities. ● Booming overseas demand drove higher dollar-denominated sales and the depreciation of the yen supported higher earnings.	◆ Capture increased domestic demand due to factors including post-earthquake reconstruction. ◆ Secure appropriate prices, which are crucial to business continuity.
Resource Recycling Business ● Market trend: Waste collection competition is intensifying, which is making the collection of waste used as raw materials more difficult. ● The plastic carbonization facilities at the Kanda Cement Factory and the sludge drying facilities at the Isa Cement Factory are operating.	◆ Enhance the ability to collect waste that is difficult to process. ◆ Further improve facilities that can use waste.
Calcia and Magnesia Business ● Market trend: While demand for steelmaking applications has decreased, demand for flue gas desulfurization, soil remediation and soil improvement applications have been firm.	◆ Help meet post-earthquake reconstruction demand and expand sales of environmental products.
Specialty Inorganic Materials Business ● Market trend: Contraction in the plasma display panel market has reduced demand for gas phase magnesia. Demand for *Mos-Hige* resin filler is firm due to increased automobile production.	◆ Expand sales of *Mos-Hige*, fluorescent substances and other products. Strengthen promotion of new product launches.
Building Materials Business ● Market trend: Recovery in housing starts and corporate capital investment is driving recovery in demand. ● Use of Design Fit Construction, a new seismic retrofitting method, is expanding in Japan's Chugoku region and elsewhere.	◆ Meet demand resulting from increased urban condominium and housing starts and repairs.

Machinery & Metal Products

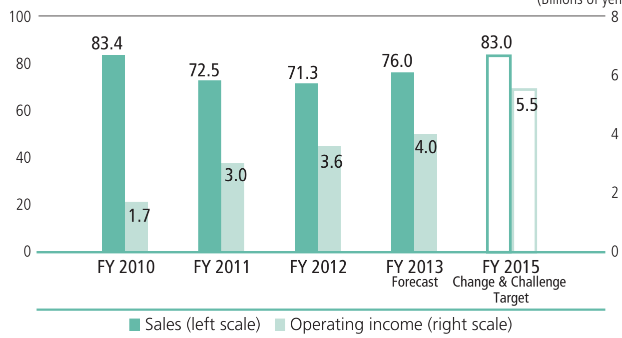
We will expand in emerging countries and elsewhere overseas with the objective of increasing earnings by enhancing our network of overseas bases and strengthening customer responsiveness and service capabilities in global markets.

Tokuhisa Okada
Company President,
Machinery & Metal Products
Company

The basic policies of Medium-Term Management Plan "Change & Challenge" are predicated on the concept of providing excellent products worldwide. We will therefore promote business activities in which all employees consistently think about what makes our products excellent for customers. Specifically, we will expand in emerging countries and elsewhere overseas by developing products that meet market needs and reducing costs to enhance product appeal and build our business internationally. We will also integrate and unify our manufacturing, sales and service businesses to strengthen and expand our machinery services business. In addition, we aim to increase earnings by enhancing our network of overseas bases and strengthening customer responsiveness and service capabilities in global markets.

We will innovate our corporate culture and organization so that all Machinery & Metal Products employees take on bold challenges as one without fear of change.

Segment Performance



(Billions of yen)

	FY 2012	FY 2011	Change (%)
Sales	**¥71.3**	¥72.5	(1.7)
Operating income	**3.6**	3.0	19.5
Assets	**62.2**	59.7	4.2
Depreciation and amortization	**1.2**	1.3	(4.4)
Capital expenditures	**1.3**	1.6	(17.1)

Fiscal 2012 Results

Consolidated segment sales decreased by 1.7 percent, or ¥1.2 billion, compared with the previous year to ¥71.3 billion, and operating income increased by 19.5 percent, or ¥0.6 billion, to ¥3.6 billion.

Market penetration of new models drove an increase in molding machine orders, primarily for the automobile industry in emerging countries and North America. The order environment for industrial machinery such as vertical mills and conveyors remained challenging due to factors including intense price competition among manufacturers in Japan and overseas, but shipments were firm. Shipment of steel products weakened due to sluggish market demand and the impact of the strong yen in the first half of the fiscal year.

A vertical mill

Basic Strategies of Medium-Term Management Plan "Change & Challenge – Driving Growth"

Molding Machinery Business

- Increase sales in the expanding overseas automobile markets of Asia and North, Central and South America with the goal of establishing stable earnings.

Industrial Machinery Business

- Strengthen the linkage between tangible machinery and intangible services to capture renewed demand in the shrinking and competitive domestic market while concentrating on expanding core product orders in emerging countries that are growing.

Machinery Services Business

- Strengthen the linkage between products and services to enhance customer responsiveness in global markets with the goal of expanding earnings.

Steel Products Business

- Strengthen market development by expanding billet grades. In the castings business, concentrate on winning orders for large, high-value-added products in the electric power, resource and energy markets.

Fiscal 2012 Initiatives and Outcomes	Fiscal 2013 Strategies
Overall ● Decided to merge Ube Machinery Corporation Ltd. and Ube Techno Eng. Co., Ltd. to strengthen management and enhance operating flexibility by integrating manufacturing, sales and service. ● Established service bases in China, Thailand and Mexico.	◆ Invest in overseas bases and match the right people with the right assignments within the segment. ◆ Unify management with a framework that links Group companies. ◆ Consistently follow up with customers to provide a wide array of services ranging from equipment modification and renewal to the supply of spare parts.
Molding Machinery Business ● Market trend: North American auto sales have recovered and low-priced cars are penetrating the markets of Asia and Central and South America. In Japan, auto sales are firm, with lower taxes for eco-cars. ● Unit sales are growing in Asia and North America, and orders are increasing.	◆ Rightsize the organization by unifying management of sales, engineering and development. ◆ Develop new customers overseas while focusing on responding reliably to core customer needs.
Industrial Machinery Business ● Market trend: The vertical mill and conveyor markets in Japan and overseas are challenging due to the impact of slower growth in China and reduced capital investment in Japan. ● Order volume and profitability have decreased as a result of depressed demand in Japan and overseas.	◆ Improve profitability by conscientiously reducing costs. ◆ In Japan, steadily capture demand in relatively firm markets such as power generation. ◆ Overseas, raise success in following up on inquiries in existing channels, at enhanced bases and through agents.
Steel Products Business ● Market trend: Volume and profitability remain under pressure due to factors including the influx of low-priced billets from China and the ongoing customer preference to source castings overseas. ● Maintain and strengthen existing customer relationships and develop new markets and customers.	◆ Expand grades of specialty steel billets and develop new customers in Japan and Asian markets. ◆ Enhance quality and conscientiously reduce costs.

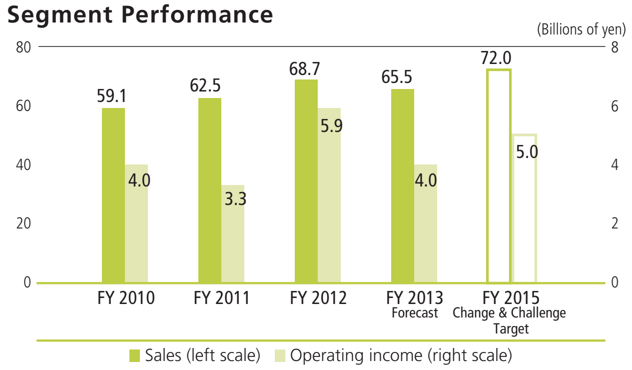
Energy & Environment

We are targeting operating income of ¥10 billion for fiscal 2020 by further expanding our businesses and aggressively developing biomass fuels such as palm kernel shells (PKS).

Takafumi Kurauchi
General Manager,
Energy & Environment Division

During Medium-Term Management Plan "Change & Challenge," we intend to further expand the coal and electricity businesses. We also plan to increase capital expenditures by 1.5 times compared with the previous medium-term management plan. Energy and electricity are essential for production activities, so factors including measures to stimulate the economy and the review of coal as an energy source are creating the environment we need to achieve our plan. Both coal and electricity are positioned as core platform businesses in UBE's business portfolio, but they also have some of the characteristics of growth businesses so we are aiming for results that exceed plan. In addition, we are targeting operating income of ¥10 billion for fiscal 2020 by aggressively developing biomass fuels such as PKS.

Segment Performance



(Billions of yen)

	FY 2012	FY 2011	Change (%)
Sales	**¥68.7**	¥62.5	10.0
Operating income	**5.9**	3.3	77.5
Assets	**46.5**	50.3	(7.6)
Depreciation and amortization	**2.4**	2.8	(12.3)
Capital expenditures	**1.8**	0.9	99.1

Fiscal 2012 Results

Consolidated segment sales increased by 10.0 percent, or ¥6.2 billion, compared with the previous year to ¥68.7 billion, and operating income increased by 77.5 percent, or ¥2.6 billion, to ¥5.9 billion.

In the coal business, coal sales volume and coal storage volume at UBE's Okinoyama Coal Center (a coal storage facility) were both robust, largely due to demand from chemical and paper companies. The profitability of the electricity business improved because tight supply and demand conditions resulted in higher electricity sales prices while the price of coal used as fuel decreased. In addition, maintenance costs at independent power producer (IPP) power plants decreased year on year.

The Okinoyama Coal Center

Basic Strategies of Medium-Term Management Plan "Change & Challenge – Driving Growth"

- Take advantage of business opportunities created by the progress of electricity market liberalization and other power grid reforms to aggressively expand the electricity and coal businesses.
- Position the renewable energy business as a growth strategy and promote mega solar power generation and the supply of biomass fuels to accommodate the projected shift to a low-carbon society over the medium and long term.
- Support the cost competitiveness of various UBE Group products by providing a stable supply of competitively priced energy as a shared infrastructure division of the UBE Group.

Fiscal 2012 Initiatives and Outcomes

Coal Business

- Market trend: Coal prices have decreased because of the slowing global economy, including in the largest consumer country, China.
- Developed technology for co-combustion of biomass fuels such as PKS with coal.
- Coal storage volume increased because of efficient coal center management.

Electricity Business

- Market trend: The supply of electricity has remained tight in Japan since the Great East Japan Earthquake.
- Generation volume increased at in-house power generation and IPPs, and the external sales of surplus power contributed to earnings.
- Initiated full-scale participation in the renewable energy business by establishing a mega solar joint venture.

Fiscal 2013 Strategies

Coal Business

- ◆ Market trend: Coal prices will remain depressed because the global economy is forecast to remain sluggish.
- ◆ Optimize ship chartering to reduce freight costs, and expand coal sales volume.
- ◆ Target increased receiving capacity for coal storage while strengthening the cost competitiveness of the Okinoyama Coal Center by investing to raise efficiency.

Electricity Business

- ◆ Market trend: The supply of electricity will remain tight in Japan because the restart of nuclear power generation is undetermined.
- ◆ Maximize external sales of electricity by efficiently operating power plants and voluntarily reducing electricity use.
- ◆ Make appropriate repairs and capital investments to ensure stable operation of in-house power generation and IPP facilities.
- ◆ Proceed according to plan in constructing power generation facilities for the mega solar joint venture, targeting commercial operations from fiscal 2014.

Research and Development

We will strengthen collaboration with business divisions while accelerating R&D by narrowing down core themes and relying on concentration and selection to reallocate resources.

Masayuki Kinouchi
General Manager, Corporate Research & Development

Given social and market trends such as the rise of emerging countries, the growing social demand for conservation of the global environment, and industrial issues including energy diversity and conservation, our policy during Medium-Term Management Plan "Change & Challenge" will involve balancing themes that strengthen existing business with next-generation R&D themes while reallocating resources through concentration and selection to accelerate R&D.

The most important issues are leveraging core technologies while narrowing down core themes and intensely focusing resources on them. The mission of R&D divisions is to evaluate themes using benchmarks such as potential product capabilities, expected cost-benefit performance, and urgency; conscientiously setting shared milestones to enhance performance; and continuously creating new businesses that are unique to Japan.

Fiscal 2012 Results

In the final year of Stage Up 2012, we implemented the last of our initiatives to achieve the management plan's targets and accelerated R&D activities to prepare for Change & Challenge.

A specific pharmaceutical-related outcome was moving two agents discovered by UBE into the clinical trial stage. In the field of specialty inorganic materials, we brought together technologies from throughout the UBE Group's portfolio to horizontally develop synergies. This and other initiatives resulted in improved collaboration through means including cooperative research among Group companies, and they energized proposal activities and created potent themes. In addition, we began operating a plant using an improved manufacturing process for the polyimide raw material biphenyl tetracarboxylic dianhydride, which heightened expectations for future cost reductions. Customer evaluations of UBE's new metal organic (MO) compounds have been extremely positive, so we have shifted them to the Development Center to match them with customer specifications as part of the final stage of commercialization. In the environmental field, we have long been working with waterborne polyurethane dispersion (PUD) materials as an alternative to materials that emit volatile organic compounds (VOCs), and our goal is to meet strict specifications for use in automotive applications.

We are also globalizing and participating in open innovation in working to quickly commercialize outstanding technologies. Globalization entails accommodating the globalization of our customers. We are therefore expanding cooperative development with companies in China, Korea, Taiwan and elsewhere. In step with this trend, we initiated a joint Japan-Thailand project called the Global Computer-Aided Engineering (CAE) and Process Development Support System. In addition, we participated in a project involving the three regions of Japan, Thailand and Spain covering issues such as product manufacturing technology and grade development. At the same time, UBE further promoted industry-government-academia collaboration and inter-industry collaboration.

R&D Strategy of Medium-Term Management Plan "Change & Challenge"

Under Medium-Term Management Plan "Change & Challenge," we will balance the themes of strengthening existing businesses and next-generation R&D, and we will accelerate R&D by reallocating resources through concentration and selection. We have three specific initiatives: 1) strengthen core platform businesses and expand strategic growth businesses; 2) quickly transform developing fields into strategic growth businesses; and 3) strengthen technology fundamentals in new priority areas and quickly transfer technologies to developing fields.

1. Strengthen Core Platform Businesses and Expand Strategic Growth Businesses

Achieve the functions and pricing customers require with a focus on chemicals

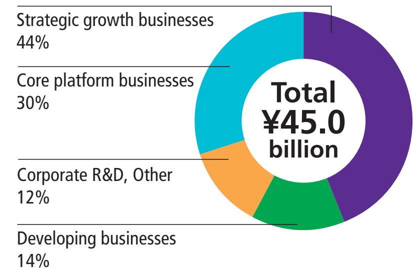
Under the previous medium-term management plan, we focused resource allocation on strategic growth businesses and developing businesses. However, during Medium-Term Management Plan "Change & Challenge," we plan to invest aggressively in core platform business areas where we expect earnings to expand. Specific areas and initiatives are as follows:

Develop new materials and chemical products
- Specialty chemicals: PUDs, MOs
- Specialty plastics: specialty elastomers, nylon, automotive-use electrolytes and separators, transparent heat-resistant polyimide, printable electronics, high-performance membranes, and new pharmaceuticals

Develop innovative manufacturing technologies
- Caprolactam, silicon nitride powder and C1 chemicals

Basic Strategies of Medium-Term Management Plan "Change & Challenge – Driving Growth"

- R&D costs over the three years will be ¥45.0 billion, of which 44 percent will be allocated to strategic growth businesses and 30 percent to core platform businesses.
- Corporate R&D will strengthen collaboration with business divisions while evaluating research projects at earlier stages. We will also preferentially allocate resources to the priority areas of new carbon-based chemicals, next-generation chemicals, information electronics, energy and the environment, and health care while executing initiatives to enhance the competitiveness of existing businesses and develop and commercialize new materials.



2. Quickly Transform Developing Fields into Strategic Growth Businesses

Under Medium-Term Management Plan "Change & Challenge," we have reconfigured the developing businesses of Stage Up 2012. They are now aerospace materials, information electronics, and energy and the environment. We will accelerate commercialization to build strategic growth businesses that rapidly meet target scale and profitability or develop into core platform businesses.

Aerospace materials	• Phenylethynyl terminated imides (PETI) for use in heat-resistant composite materials • Polyimide foams • Multilayer insulation (MLI) • *Tyranno* fibers
Information electronics	• Melt Growth Composite (MGC) light conversion materials • SiAlON (silicon nitride ceramics) • Porous polyimide membranes • Porous polyamide spherical particles (POMP) • *HIPRESICA* silica single-dispersion fine particles
Energy and the environment	• Next-generation battery materials • *Heliotropin* (100% synthetic fragrance) • *Slide-Ring Material®* (movable cross-linked ring molecules) • Photocatalytic fibers

Among these, the aerospace materials business will require comparatively more time to commercialize than other businesses. We have made steady progress in evaluations of polyimide foams with excellent heat and fire resistance for use as insulating materials in air ducts for aircraft. Also, *Tyranno* fibers and *Tyrannohex* for next-generation commercial jet engines are now undergoing practical-use testing with completion slated for 2016, and have moved to the system demonstration phase.

3. Strengthen Technology Fundamentals in New Priority Areas and Quickly Transfer Technologies to Developing Fields

We will strengthen our technology fundamentals by allocating resources to four priority areas in our R&D portfolio to enhance the competitiveness of existing businesses and quickly develop the new materials we are working on in developing fields.

1) New carbon-based chemicals and next-generation chemicals: new fine and specialty chemicals and diversified carbon-based chemicals

We will work to diversify raw materials to ensure that existing businesses are sustainable. This initiative includes next-generation chemicals that use biomass.

2) Energy and the environment: high-performance membranes, rare metal substitutes, energy conversion materials, and next-generation battery materials

UBE is a leader in battery electrolytes and separators for LIBs. With a core focus on LIB evolution, we will continue to develop next-generation materials that use new functional layers to increase safety and battery life. We will also leverage UBE technologies in the development of energy conversion materials and other products.

3) Health care: proprietary materials for the health-care market

We will proceed within a framework of industry-academia cooperation and open innovation to determine how we can use our diverse array of proprietary materials in the health-care market. This market is intensely competitive, but we will look for potential applications for our proprietary materials.

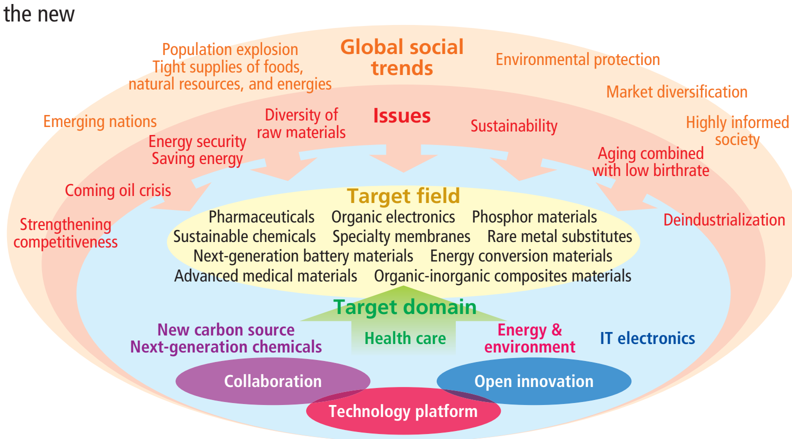
4) Information electronics: organic electronics materials and next-general lighting materials

The electronics industry is moving from mainstream inorganic materials to organic materials while reducing costs. We are responding to this paradigm shift by conducting targeted R&D to incorporate organic electronics materials in lighting within the broad field of information and electronics. Moreover, we are working to quickly commercialize MGC fluorescent light conversion materials for next-generation energy-saving lighting.

Accelerating Open Innovation and Developing Human Resources

In Japan, we will strengthen collaboration with universities to further enhance collaborative research at the ideas stage. We also intend to energetically expand initiatives with optimal partners worldwide. In addition, our organization of overseas R&D bases is up and running, so we will further enhance initiatives aligned with customers and production facilities.

Human resource development has involved the ongoing Year 2030 Dream Project we initiated in 2009, in which researchers who are mainly in their thirties consider which research areas UBE should target for the year 2030. This project has led to in-depth discussion of topics such as how UBE should approach the energy and environment and the information and communications fields, which are likely to evolve in the future.



Corporate Social Responsibility

The UBE Group believes that CSR equates to Group management that fulfills its responsibilities as a public institution and member of society. This belief is the reason we enhance compliance, risk management and other corporate functions to ensure fair corporate conduct. Moreover, the UBE Group embraces its founding principle of coexisting with society in the spirit of living and prospering together with the local community, and is committed to deepening the confidence of all stakeholders, including shareholders, capital markets, customers, business partners employees and local communities.

Basic Approach To CSR

The UBE Group centers its business activities on its Basic Polices for CSR in order to fulfill its responsibility to coexist with society and generate sustainable corporate and social growth.

Basic CSR Policies

- Continually improve profits and earnings, and maintain a sound financial position, in order to increase corporate value.
- Provide products, services, and systems that contribute to safety and the environment, reduce use of harmful materials and wastes, and institute policies for prevention of global warming, in order to contribute to conservation of the global environment.
- Establish compliance procedures in order to improve corporate governance, and create a better working environment, as a part of activities to contribute to society.

Organization for Promoting CSR

The Group CSR Committee has final authority for decisions concerning the UBE Group's Basic CSR Policies. It is composed of members of the Group Strategic Management Committee and is chaired by the Group CEO (President). The Group CSR Committee makes decisions on and revises important matters related to the Group's Basic CSR Policies and CSR promotion activities, and it assesses the results of the Group's CSR-related activities.

Measures to Promote CSR

Based on the idea that CSR equates to management, UBE has created a CSR matrix that shows the CSR issues that UBE Group executives and employees should address for each group of stakeholders. The items in the CSR matrix are updated as necessary, and the priority CSR issues for the UBE Group are clearly defined each year.

In fiscal 2010, the UBE Group began round-table meetings involving the President and foreman-level employees of factories and Group companies. These meetings foster a sense of Group unity by reducing the distance between senior management and employees in the field with the goal of improving business performance. A total of 457 people have participated to date, and we plan to continue holding these meetings year-round.

Corporate Governance

UBE will continue to enhance corporate governance in ways such as raising management efficiency and transparency, accelerating decision making, clarifying management responsibilities, and strengthening the supervisory function of management.

Corporate Governance System

(As of May 31, 2013)

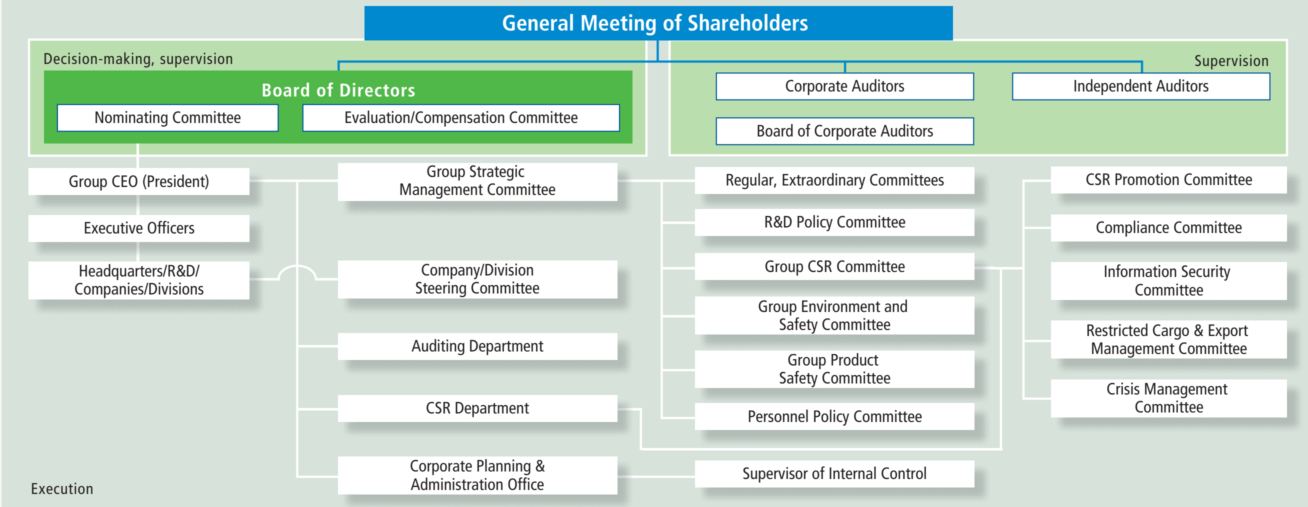
UBE employs an executive officer system to separate governance and management functions. This accelerates the decision-making process by allowing executive officers to concentrate on business execution. In addition, the Board of Directors is clearly positioned as the representative of shareholder interests that is responsible for maximizing shareholder value from a medium-to-long-term perspective. The Board of Directors also supervises business execution to ensure it is appropriate and effective in order to heighten transparency, maximize shareholder value and minimize risk.

UBE has established the Nominating Committee and Evaluation/Compensation Committee as internal committees that enhance the responsiveness of the Board of Directors.

UBE also appoints two outside directors to add third-party viewpoints to the decision-making process to ensure transparency and objectivity. Directors and executive officers have one-year terms to improve the short-, medium- and long-term results of the UBE Group by ensuring flexible reassignment and a conscientious commitment to performance.

UBE considers corporate governance at all times and will continue striving

Corporate Governance Structure



Operation of Group Management and Company Consolidated Management

GROUP MANAGEMENT

The Group CEO (President), who is entrusted with the execution of the business operations of the UBE Group by the Board of Directors, articulates policy on business execution and sets the objectives for each company as well as allocating management resources such as personnel, goods and capital needed to attain those objectives. In addition, the resolution of important issues in the execution of business operations that exceed the authority of a single company falls to the Group CEO.

Group Strategic Management Committee

The Group Strategic Management Committee deliberates and makes decisions concerning allocation of resources, matters for which coordination is needed within the entire Group, and important issues that affect the Group overall. These decisions are made based on the Group Management Guidelines and the Group Strategic Management Committee Regulations.

COMPANY MANAGEMENT AND EXECUTION OF BUSINESS OPERATIONS

Companies effectively utilize the management resources allocated, based on a policy aligned with Group management, to execute business operations autonomously with the aim of attaining Company objectives.

Company/Division Steering Committee

The Company/Division Steering Committee deliberates and makes decisions concerning important issues including UBE Industries and Group company business strategy at the company or division level. These decisions are made based on the Group Management Guidelines and the Company/Division Steering Committee Regulations.

for improvements in the strength and speed of corporate management's execution functions, strategic decision-making functions and corporate governance functions.

Board of Directors

As the representative of shareholder interests, the Board of Directors deliberates and makes resolutions regarding matters specified by law or regulation, the Company's articles of incorporation and the rules of the Board of Directors, as well as the Company's basic policy and important business execution issues from a medium-to-long-term perspective. The Board of Directors comprises six members (two of whom are outside directors) and aims to accelerate decision making. In principle, a director who does not serve concurrently as an executive officer serves as Chairman of the Board of Directors, and Board meetings are held as necessary. 13 Meetings were held in fiscal 2012.

UBE has established subsidiary committees responsible for director nomination, evaluation and remuneration to enhance the responsiveness of the Board of Directors.

The Nominating Committee and the Evaluation/Compensation Committee, each comprising five members, are both chaired by outside directors.

Board of Corporate Auditors

The Board of Corporate Auditors comprises four members (three of whom are full-time auditors), including two outside auditors. Auditors audit Company management from a stance that is independent of the Board of Directors.

Auditing Organization

UBE's auditing organization consists of four corporate auditors (including two outside auditors) and the Auditing Office (two members), who are the corporate auditors' staff. This organization conducts audits based on auditing policies and auditing plans set each fiscal year. To assess the process of important decision-making and the state of business execution, the corporate auditors attend Board of Directors meetings and other important meetings, examine important accounting documents and receive reports on operations from directors and other officers. As a result of these and other activities, corporate auditors are able to evaluate whether directors and executive officers are executing their professional duties appropriately.

Corporate Auditors

Corporate auditors meet regularly with the independent auditor to hear the independent auditor's audit plan and status of the audit. In addition, corporate auditors report on the status of Group company audits and regularly hold audit training and exchanges of opinion to enhance the quality of audits.

Corporate auditors and the Auditing Department also maintain close cooperation through means including regular information exchange and the assignment of Auditing Department members to assist corporate auditors as needed during audits.

Internal Audits

Internal audits are conducted by UBE's Auditing Department, which is an independent organization that reports directly to the Group CEO (President). Internal audits cover the entire UBE Group, including overseas subsidiaries. Aspects checked include internal controls and compliance with laws and manuals. The purpose of these audits is to identify potential risks affecting all facets of the UBE Group's management activities. The General Manager of the Auditing Department is also a member of Groupwide risk management organizations, including the Compliance Committee and the Information Security Committee, and works closely with these committees to strengthen risk management systems.

Independent Directors

(As of May 31, 2013)

Revision of the Tokyo Stock Exchange's Securities Listing Regulations in December 2009 obliged listed companies to appoint an independent director to protect the interests of general investors (Securities Listing Regulation 436-2). The independent director must be an outside director or outside auditor who has no conflict of interest with general investors. The independent director is expected to act in a manner that protects the interests of general investors by expressing necessary

Policies Regarding Compensation of Directors and Corporate Auditors

The compensation of directors and corporate auditors consists of base compensation, stock-based compensation in the form of stock options, and annual bonuses.

(1) Base compensation comprises three portions: a portion based on achievement of consolidated performance indicators such as net income and free cash flow; a portion based on achievement of the director's individual job targets; and a portion based on achievement of occupational safety objectives.

(2) Stock options are granted according to each director's role in order to further incentivize directors to achieve medium-to-long-term targets and align their interests with those of shareholders.

(3) Annual bonuses are tied to consolidated performance.

(4) The appropriateness of compensation levels is regularly confirmed objectively by referring to unbiased external data. In addition, to ensure transparency and objectivity, compensation levels are deliberated by the Evaluation/Compensation Committee, and the results of those deliberations are proposed and reported to the Board of Directors.

Compensation Paid to Directors and Auditors in Fiscal 2012

(Millions of yen)

Category	Total compensation	Amount of Compensation by Type: Base compensation	Stock options	Bonuses	Retirement bonuses
Directors (5, excluding outside directors)	216	183	17	14	—
Auditors (2, excluding outside auditors)	57	54	—	3	—
Outside directors and auditors (5)	67	62	—	5	—

"I am emphasizing the key role of viewing management with a medium-to-long-term perspective, which stimulates sustained growth for the UBE Group."

I am now in my second year as an outside director of the UBE Group. Its corporate philosophy and vision deeply impress me, as does the degree to which they are an integral part of the corporate culture. In the past, both management and employees at Japanese companies presumably shared a commitment to the medium and long term, so the corporate culture had little difficulty embracing the management philosophy and vision. In this time of rapid global change, however, Japanese companies seem to be inadvertently thinking short-term, and employees clearly tend to demonstrate less commitment. The UBE Group, however, has never lost the substance of its founding philosophy and vision. Rather, it has a deeply rooted corporate culture that values employees and the community, and its Board of Directors is structured for transparency through forthright discussion and governance. I hope that the UBE Group's management team will continue to value this organizational culture as they guide the company.

The UBE Group was also relatively quick to build a foundation in Asia and emerging countries, but global change is moving faster than ever experienced before. A serious and consistent commitment to absorbing leading-edge technology to drive original, in-house technology development and creation is absolutely essential to avoid falling behind the pace of change. Management also needs to understand how it will deal with global developments. The creation of a framework for doing so is an issue not only for the UBE Group, but for all Japanese companies.

I share with the UBE Group viewpoints and insights illuminated by my involvement in the management of a company from a different industry. As an outside director, I am committed to fully exercising my foresight for complex, fast-moving global developments and ensuring that the UBE Group generates sustained growth over the medium and long term as a leader in Asia and around the world.

Tetsuro Higashi
Outside Director

opinions that reflect these interests when the Board of Directors makes management decisions and in other situations. UBE has appointed outside directors Michitaka Motoda and Tetsuro Higashi as independent directors and outside auditor Takeshi Iwabuchi as an independent auditor.

Functions and Reasons for Appointment of Outside Directors (As of May 31, 2013)

Michitaka Motoda became an outside director in June 2005. He managed a think tank as President and CEO of Mitsubishi UFJ Research and Consulting Co., Ltd. until June 2009. Based on this experience, he provides useful, broadly based advice to the Company's management from an independent perspective, including valuable opinions and economic analysis from a macro-economic standpoint.

Tetsuro Higashi became an outside director in June 2012. He was involved in the management of Tokyo Electron Limited, a major manufacturer of semiconductor production equipment, for many years. He provides valuable advice on UBE Group management and other opinions from an independent, external perspective that draws on the outstanding management skills he acquired while working for Tokyo Electron and his deep knowledge and management experience in the electronics industry in Japan and overseas.

Mr. Motoda attended all 13 meetings of the Board of Directors held in fiscal 2012. Mr. Higashi attended 9 of the 10 meetings of the Board of Directors held after he became an outside director. Both outside directors fully exercised their management supervision functions in providing advice and proposals from their specialized perspectives. Both outside directors attended all meetings of the Nominating Committee and the Evaluation/Compensation Committee.

General Meeting of Shareholders and Exercise of Voting Rights

The Notice of Convocation is sent three weeks prior to the General Meeting of Shareholders. UBE provides access to mobile phone and Internet voting in addition to voting by mail so that shareholders who are unable to attend can exercise their voting rights. UBE also uses an electronic voting platform for institutional investors so that institutional investors with material voting rights may exercise those rights.

Resolutions at General Meeting of Shareholders on June 28, 2012

	For	Against	Abstained	Approval Rate
1. Disposition of Retained Earnings	748,093	1,280	712	97.4%
2. Election of Seven Directors				
Hiroaki Tamura	732,131	17,303	650	95.4%
Michio Takeshita	745,876	3,557	650	97.1%
Akinori Furukawa	746,270	3,164	650	97.2%
Masato Izumihara	746,286	3,148	650	97.2%
Michitaka Motoda	701,274	48,159	650	91.3%
Shoji Noguchi*	701,143	48,290	650	91.3%
Tetsuro Higashi	746,111	3,323	650	97.2%
3. Election of One Auditor				
Setsuro Miyake	714,570	34,875	650	93.1%
4. Election of One Alternate Outside Auditor	730,859	18,602	650	95.2%
5. Payment of Bonuses to Directors and Corporate Auditor	731,032	18,411	650	95.2%

*Shoji Noguchi died on May 7, 2013, which ended his tenure as director.

At the General Meeting of Shareholders on June 28, 2012, a total of 19,718 shareholders exercised their voting rights (including 18,532 shareholders who exercised voting rights in writing and via the Internet), representing 76.8% of total voting rights.

Internal Control System for Financial Reporting

The UBE Group maintains and conducts internal control of financial reporting as the internal control reporting system stipulated by the Financial Instruments and Exchange Law, in accordance with the basic framework for internal control outlined in "On the Setting of the Standards and Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting (Council Opinions)" published by the Business Accounting Council. Internal control of financial reporting of the UBE Group as of March 31, 2013 was determined to be effective as the result of an evaluation in compliance with generally accepted evaluation standards for internal control of financial reporting.

Thorough Compliance

The UBE Group has established Personal Action Guidelines for corporate ethics. These guidelines set the standards for and scope of its corporate activities, as well as the compliance practices to which its executives and employees must adhere.

For its compliance system, UBE has established the position of Compliance Officer and the Compliance Committee, which includes a consulting attorney, as an advisory body to this officer. In addition, UBE is working to upgrade and strengthen compliance structures and frameworks. Initiatives include the introduction of the "UBE C-Line," a notification channel that allows executives and employees to directly report compliance issues without going through the normal chain of command, for rapid detection and correction of problems. In addition, UBE provides compliance information on the Company website and focuses on education and raising awareness through programs such as e-learning and team coaching. In fiscal 2012, the Compliance Promotion Secretariat went to each Group workplace to hold compliance workshops. A total of 57 workshops were held, with 987 employees participating.

Risk Management and Crisis Management

The UBE Group identifies business risks in the relevant divisions of each of its businesses, assesses the probability and potential impact of those risks, and takes appropriate measures. For risk management issues that are common to all Group companies, UBE has established the Information Security Committee and the Restricted Cargo & Export Management Committee in addition to the Compliance Committee.

In addition, UBE has established the Crisis Management Committee based on the Group Crisis Management Rules. This committee has employee safety measures and a business continuity plan in place to be implemented in the event of a general crisis that could seriously impact the UBE Group's business operations, such as a major earthquake or outbreak of a new strain of influenza. They are verified and revised on a regular basis.

Environmental Initiatives

The UBE Group, which operates energy-intensive businesses, has set high greenhouse gas reduction targets. We quantitatively assess our CO_2 emissions and their reduction, and are working to develop eco-friendly technologies and products.

Environmental Initiatives in Stage Up 2012

Responding to and addressing global environmental issues was a basic strategy of Stage Up 2012. The UBE Group therefore set the following targets:

Greenhouse Gas Reduction Targets for Fiscal 2015

- CO_2 emissions from energy use: Reduce by 15% compared with fiscal 1990 levels
- Total CO_2 emissions from energy use and non-energy use (excluding emissions from waste): Reduce by 20% compared with fiscal 1990 levels

We achieved both of these targets ahead of schedule.

Expansion of Eco-Friendly Businesses

We plan to increase sales of eco-friendly products from the fiscal 2009 level of about ¥40.0 billion to about ¥120.0 billion in fiscal 2015. We will help to preserve the global environment by encouraging widespread use of environmentally friendly products that are made from materials the UBE Group manufactures to reduce energy consumption, resource use and greenhouse gas emissions, and by preserving biodiversity.

The UBE Group is steadily increasing sales in eco-friendly businesses. In existing businesses, UBE is working to expand sales of products including synthetic rubber to produce eco-friendly tires, nylon resin materials that enable weight reduction in automobiles, electrolytes and separators for lithium-ion batteries, metal organic compounds for LEDs, gas separation membranes, a synthetic fragrance that avoids destruction of aromatic trees, and low-VOC coating materials. Other businesses targeted for expansion include waste recycling in the cement production process and plastics recycling.

The UBE Group plans to accelerate new business commercialization during Medium-Term Management Plan "Change & Challenge." Initiatives will include developing next-generation battery materials while making progress in commercializing new biomass fuels such as palm kernel shells, renewable energy in the electricity business, and enhanced optical materials for LEDs.

Contribution to Society

Since its founding in 1897, UBE has adhered to its founding principle of living and prospering together with the local community, and has conducted a broad range of activities that contribute to society including the establishment of schools, hospitals and other community facilities. We remain committed to this social spirit through provision of medical services, volunteer activities including forest preservation, grants for scientific institutes and research facilities, and cultural activities. Both in Japan and overseas, UBE strives to invigorate local communities and promote learning through its various activities.

The UBE Foundation, established in 1959, promotes academic research in Japan and supports research facility visits and individuals pursuing academic research. The Foundation received applications for 136 research themes during fiscal 2012. In September 2010, it was recognized by the Cabinet Office as an organization operating in the public interest, and in October 2010 it became a public interest incorporated foundation. In 2010, the Foundation began contributing to a program to develop human resources in the chemical industry sponsored by the Japan Chemical Industry Association, of which it is a founding member. The goal of the program is eliminating the mismatch between university and corporate research.

The Watanabe Memorial Culture Association was established in 1936 as a private bequest of UBE's founder, Sukesaku Watanabe, for the purpose of enriching local culture. It provides support for lectures, concerts and other cultural and artistic activities. Since 2008, UBE has held the UBE Group Charity Concert by the Japan Philharmonic Orchestra in Ube City with the objective of using music to contribute to the promotion of community culture. UBE donates revenue from the concerts largely to local junior high schools and music-related organizations.

The UBE Group also proactively conducts activities to communicate with local residents in countries such as Thailand, Spain, Singapore and the United States, which have become important global operating bases.

For a detailed explanation of the UBE Group's CSR activities, see the UBE Group CSR Report:
http://www.ube-ind.co.jp/english/eco/csr_report.htm

Management Team

(As of June 27, 2013)

Hiroaki Tamura

Michio Takeshita

Yuzuru Yamamoto

Masato Izumihara

Michitaka Motoda

Tetsuro Higashi

Takashi Kusama

DIRECTORS

Chairman of the Board of Directors

Hiroaki Tamura

President and Representative Director

Michio Takeshita

Representative Director

Yuzuru Yamamoto

Directors

Masato Izumihara
Michitaka Motoda*
Tetsuro Higashi*
Takashi Kusama*

AUDITORS

Setsuro Miyake
Naoya Kitamura
Hitoshi Sugio*
Seiichi Ochiai*

*Outside Director or Auditor

EXECUTIVE OFFICERS AND RESPONSIBILITIES

Chief Executive Officer

Michio Takeshita
Group CEO

Senior Managing Executive Officers

Yuzuru Yamamoto
Representative Director; Senior Managing Executive Officer; Special Assistant to the President; Group CCO; and General Manager of Procurement & Logistics Div., with responsibility for General Affairs & Human Resources Office

Hideyuki Sugishita
Company President of Specialty Chemicals & Products Company

Managing Executive Officers

Charunya Phichitkul
General Manager of Asia Operational Unit

Shinobu Watanabe
Company President of Chemicals & Plastics Company

Nobuyuki Taenaka
General Manager of Pharmaceutical Div. and GM of Project Development & Management Dept.

Takanobu Kubota
With responsibility for Ube Corporate Service Dept. and Ube Industries Central Hospital

Tadashi Matsunami
Company President of Cement & Construction Materials Company and General Manager of Cement Dept.

Masayuki Kinouchi
General Manager of Corporate Research & Development

Ryoji Sugise
Deputy General Manager of Corporate Research & Development, with responsibility for Pharma Quality Assurance Dept. and Intellectual Property Dept.

Masanori Hirai
General Manager of Production & Technology Div., Cement & Construction Materials Company, with responsibility for Material Recycle Div. and Technical Development Center

Junichi Misumi
General Manager of Production & Technology Div.

Masato Izumihara
Group CFO and General Manager of Corporate Planning & Administration Office

Tokuhisa Okada
Company President of Machinery & Metal Products Company

Executive Officers

Tsuyoshi Sato
Group Company Dept., Construction Materials Div. and Resources & Products Div., Cement & Construction Materials Company

Etsuo Matsunaga
With responsibility for Polymers Development Center, Chemicals Development Center, Specialty Products Development Center, Advanced Energy Materials R&D Center, Automotive Materials Development Center of Production & Technology Div.; and Deputy General Manager of Corporate Research & Development, with responsibility for UBE Group Business Promotion Office on Inorganic Specialty Products

Masahiko Nojima
General Manager of Europe Operational Unit

Masataka Ichikawa
With responsibility for Environment & Safety Dept.

Atsushi Yamamoto
General Manager of General Affairs & Human Resources Office, with responsibility for Group CSR

Mitsuhiko Imoto
General Manager of Planning & Control Dept., Cement & Construction Materials Company

Takafumi Kurauchi
General Manager of Energy & Environment Div.

Yukio Hisatsugu
General Manager of Machinery Div., Machinery & Metal Products Company, and President and Representative Director of Ube Machinery Corporation Ltd.

Makoto Aikawa
General Manager of Production Center, Production & Technology Div. and GM of Ube Chemical Factory

Takafumi Tanaka
General Manager of Strategy Planning Dept., Specialty Chemicals & Products Company

CEO: Chief Executive Officer
CCO: Chief Compliance Officer
CFO: Chief Financial Officer
CSR: Corporate Social Responsibility

Consolidated Six-Year Financial Summary

Ube Industries, Ltd. and Consolidated Subsidiaries
For the years ended March 31

	Millions of yen					
	2013	2012	2011	2010	2009	2008
RESULTS OF OPERATIONS:						
Breakdown of net sales by reportable segment:						
Chemicals & Plastics	**¥219,368**	¥231,026	¥204,516	¥165,098	¥220,033	¥241,773
Specialty Chemicals & Products	**61,111**	64,368	68,777	60,374	89,785	95,034
Pharmaceutical*	**11,452**	11,186	8,853	9,994	—	—
Cement & Construction Materials	**208,364**	209,155	200,470	188,396	213,785	211,270
Machinery & Metal Products	**71,310**	72,575	83,433	81,750	111,042	121,271
Energy & Environment	**68,769**	62,518	59,145	54,155	76,864	58,164
Other	**25,294**	25,911	26,852	19,096	5,163	5,208
Adjustment	**(39,646)**	(38,086)	(35,984)	(29,307)	(31,969)	(28,436)
Net sales	**626,022**	638,653	616,062	549,556	684,703	704,284
Cost of sales	**517,769**	512,447	494,046	448,328	572,010	564,876
Selling, general and administrative expenses	**78,291**	80,200	77,653	73,633	81,530	83,508
Operating income	**29,962**	46,006	44,363	27,595	31,163	55,900
Income before income taxes and minority interests	**15,842**	37,595	28,747	15,592	13,510	40,890
Net income	**8,265**	22,969	17,267	8,217	11,664	24,031
FINANCIAL POSITION:						
Assets:						
Total current assets	**287,399**	284,417	281,701	261,587	277,553	297,893
Total property, plant and equipment, net	**323,717**	313,949	313,945	324,732	332,418	360,031
Total investments and other assets	**74,768**	66,599	65,866	68,474	68,015	62,974
Total assets	**685,884**	664,965	661,512	654,793	677,986	720,898
Liabilities and net assets:						
Total current liabilities	**250,936**	267,391	249,701	246,473	269,025	318,072
Total long-term liabilities	**184,195**	173,167	200,362	206,130	214,238	183,794
Minority interests	**34,736**	24,472	24,048	23,033	22,527	24,988
Total net assets	**250,753**	224,407	211,449	202,190	194,723	219,032
GENERAL:						
Per share data (yen):						
Net income, primary	**8.22**	22.85	17.18	8.17	11.59	23.88
Cash dividends applicable to the period	**5.00**	5.00	5.00	4.00	4.00	5.00
Net assets	**214.35**	198.41	186.02	177.88	170.92	192.72
Other data:						
Operating margin (%)	**4.8**	7.2	7.2	5.0	4.6	7.9
Return on assets (ROA)** (%)	**4.8**	7.2	7.2	4.4	4.8	8.2
Shares of common stock issued (thousand)	**1,009,165**	1,009,165	1,009,165	1,009,165	1,009,165	1,008,996
Number of consolidated subsidiaries	**67**	67	66	67	65	67
Number of shareholders with voting rights	**57,243**	55,407	57,537	59,232	60,202	56,834
Number of employees	**11,090**	11,081	11,026	11,108	11,264	11,058

* The Pharmaceutical business was included in the Specialty Chemicals & Products segment until fiscal 2009.
** ROA = (Operating income + Interest and dividend income + Equity in earnings of unconsolidated subsidiaries and affiliated companies) / Average total assets

Financial Review

FINANCIAL STRATEGY

Stage Up 2012 — New Challenges, the UBE Group's medium-term management plan for the three-year period that began in fiscal 2010, set the following targets for fiscal 2015.

- Operating income: ¥70.0 billion or higher
- Operating margin: 8.0% or higher
- Return on assets: 8.0% or higher

Over the past three years, the UBE Group positioned Stage Up 2012 as an action plan to realize these targets. The UBE Group aimed to achieve the numerical targets shown below in the final fiscal year of Stage Up 2012 through its basic strategies to establish a platform for profitability that enables sustainable growth, achieve sustained improvement of financial position, and respond to and address global environmental issues.

From mid-2011, the midway point of Stage Up 2012, economic growth slowed in China and the construction of new caprolactam facilities resulted in excess supply. The market for lithium-ion batteries for vehicles has been slow to take off, and the domestic electronics and home appliance industries have been depressed. This pronounced deterioration of the operating environment affected the UBE Group, which was unable to achieve its profit targets for fiscal 2012, the final year of Stage Up 2012.

However, the UBE Group successfully absorbed the costs associated with business structural reform because management focused intensely on cash flow. As a result, the UBE Group achieved its net debt/equity ratio and equity ratio targets, and raised its credit rating into the A range.

		Medium-Term Management Plan Targets for Fiscal 2012	Fiscal 2012 Results
Financial indicators	Net debt/equity ratio	Under 1.0 times	0.98 times
	Equity ratio	30.0% or higher	31.4%
Profit indicators	Operating margin	7.5% or higher	4.8%
	Return on total assets	7.5% or higher	4.8%
	Return on equity	12.0% or higher	4.0%

SCOPE OF CONSOLIDATION

The UBE Group included 67 consolidated subsidiaries as of March 31, 2013, unchanged from a year earlier.

New subsidiary Ube Thailand Co., Ltd. was added to the scope of consolidation, while Urayasu Ube Concrete Co., Ltd. was liquidated and removed from the scope of consolidation during fiscal 2012.

OPERATING PERFORMANCE

Results for Fiscal 2012

In the UBE Group's operating environment during fiscal 2012, ended March 31, 2013, the U.S. economy continued to recover moderately. However, the uncertainties associated with the European financial crisis affected the global economy, and the pace of economic expansion moderated in China and other Asian countries. The global economy was increasingly perceived as slowing due to these and other factors. Meanwhile, the operating environment in Japan remained uncertain despite signs of economic recovery backed by factors including post-earthquake reconstruction demand because of exchange rate volatility and slowing overseas economies.

Under these conditions, during the final year of the three-year medium-term management plan Stage Up 2012 — New Challenges, the UBE Group worked to resolve issues in each of its businesses under the basic strategies of its management plan: establish a platform for profitability that enables sustainable growth, achieve sustained improvement of financial position, and respond to and address global environmental issues.

The UBE Group's net sales decreased by 2.0 percent, or ¥12.6 billion, compared with the previous fiscal year to ¥626.0 billion. Operating income decreased by 34.9 percent, or ¥16.0 billion, to ¥29.9 billion, and net income decreased by 64.0 percent, or ¥14.7 billion, to ¥8.2 billion.

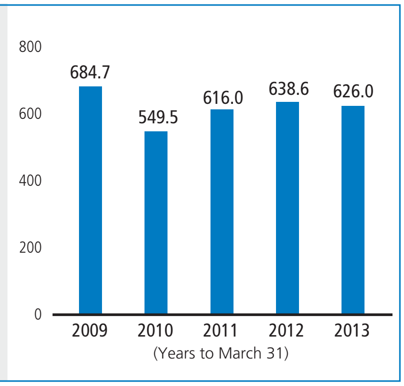
OPERATING RESULTS

Net Sales

Net sales decreased by 2.0 percent, or ¥12.6 billion, compared with the previous fiscal year to ¥626.0 billion. Deteriorating conditions in the chemical products market including a narrower caprolactam spread resulted in a significant decrease in Chemicals & Plastics segment sales, although sales increased in the Energy & Environment segment.

In addition, overseas sales increased by 3.6 percent, or ¥7.2 billion, compared with the previous fiscal year to ¥205.2 billion. The ratio of overseas sales to net sales increased by 1.8 percentage points compared with the previous fiscal year to 32.8 percent.

Net Sales
(Billions of yen)



Cost of Sales and Selling, General and Administrative Expenses

Cost of sales increased by 1.0 percent, or ¥5.3 billion, compared with the previous fiscal year to ¥517.7 billion as a result of factors including rising raw material prices. The ratio of cost of sales to net sales increased by 2.5 percentage points to 82.7 percent.

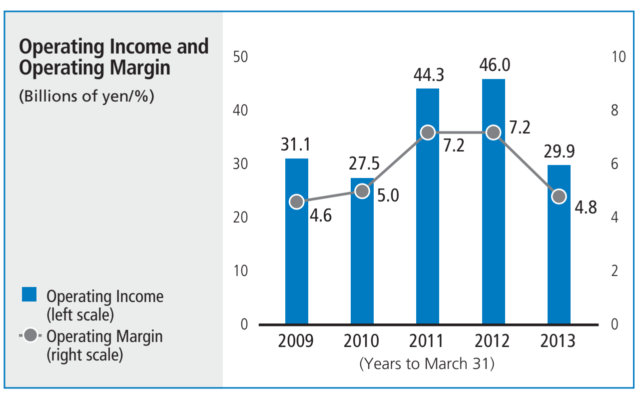
Selling, general and administrative (SG&A) expenses decreased by 2.4 percent, or ¥1.9 billion, compared with the previous fiscal year to ¥78.2 billion, and the ratio of SG&A expenses to net sales decreased to 12.5 percent from 12.6 percent.

Research and development costs, which are included in SG&A expenses, increased by 1.7 percent, or ¥0.2 billion, compared with the previous fiscal year to ¥14.0 billion. The ratio of research and development costs to net sales increased by 0.1 percentage point to 2.2 percent.

Operating Income

Operating income decreased by 34.9 percent, or ¥16.0 billion, compared with the previous fiscal year to ¥29.9 billion. The operating margin decreased 2.4 percentage points to 4.8 percent. Operating income increased in three segments: in the Cement & Construction Materials segment because cement sales volume increased in Japan and fixed costs decreased; in the Machinery & Metal Products segment due to the increased shipments of molding and industrial machines and improved molding machine profitability; and in the Energy & Environment segment, largely due to improved profitability in the electricity business and lower maintenance costs in the IPP business. Operating income decreased in three segments: in the Chemicals & Plastics segment because the spread between selling prices and the cost of raw materials narrowed for caprolactam and synthetic rubber sales prices decreased; in the Specialty Chemicals & Products segment because sales prices decreased; and in the Pharmaceutical segment due to factors including sales price revisions for Ube's pharmaceuticals.

Please see pages 12 to 23 of the Review of Operations for additional segment details.



Other Income (Expenses)

Net other expenses increased by ¥5.7 billion from the previous fiscal year to ¥14.1 billion. Net interest expense, calculated as interest and dividend income less interest expense, decreased by 15.9 percent, or ¥0.5 billion, compared with the previous fiscal year to ¥2.6 billion. Others, net, which is disclosed in greater detail in note 13 to the consolidated financial statements, increased by 103.6 percent, or ¥6.5 billion, to a net expense of ¥12.7 billion. Loss on impairment of fixed assets increased by ¥1.0 billion compared with the previous fiscal year to ¥3.1 billion. Loss on disposal of property, plant and equipment increased by ¥6.0 billion compared with the previous fiscal year to ¥9.1 billion. Loss on business restructuring increased by ¥2.4 billion compared with the previous fiscal year to ¥2.7 billion. These three charges were largely associated with the decision to terminate caprolactam production at the Sakai Factory.

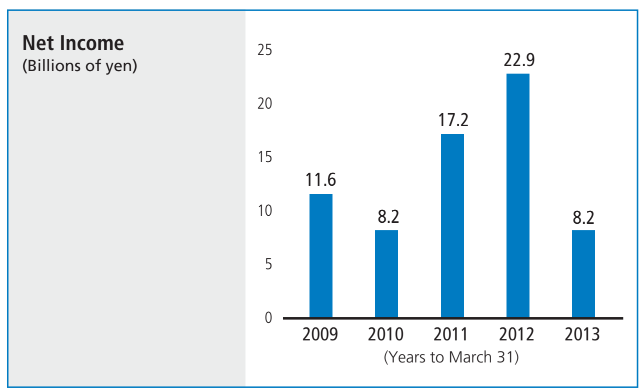
As a result, income before income taxes and minority interests decreased by 57.9 percent, or ¥21.7 billion, compared with the previous fiscal year to ¥15.8 billion.

Net Income

The decrease in income before income taxes and minority interests led to a ¥6.6 billion year-on-year decrease in income taxes net of deferrals to ¥6.5 billion for fiscal 2012. After tax effect accounting, the effective tax rate for fiscal 2012 was 41.3 percent.

As a result, net income decreased by 64.0 percent, or ¥14.7 billion, compared with the previous fiscal year to ¥8.2 billion. Net income per share totaled ¥8.22, compared with ¥22.85 for the previous fiscal year.

Return on equity, calculated as net income divided by average equity capital, decreased by 7.9 percentage points compared with the previous fiscal year to 4.0 percent. Return on assets, calculated as the sum of operating income, interest and dividend income, and equity in earnings of unconsolidated subsidiaries and affiliated companies divided by average total assets (see page 36), decreased by 2.4 percentage points to 4.8 percent.



FINANCIAL POSITION

Cash Flow

Net cash provided by operating activities increased by ¥5.4 billion compared with the previous fiscal year to ¥46.1 billion. Income before income taxes and minority interests decreased by ¥21.7 billion to ¥15.8 billion. Depreciation and amortization, a non-cash item, totaled ¥31.3 billion. Decrease in receivables provided cash totaling ¥8.8 billion, decrease in payables used cash totaling ¥7.4 billion, and income tax payment used cash totaling ¥11.5 billion.

Net cash used in investing activities totaled ¥39.0 billion. Acquisition of property, plant and equipment totaled ¥37.3 billion, which included outlays for synthetic rubber production facilities at the Chiba Petrochemical Factory and for expansion of battery materials production facilities at the Sakai Factory. Other factors included net acquisition of consolidated subsidiaries' stocks, which used cash totaling ¥2.6 billion.

Net cash used in financing activities decreased by ¥6.8 billion compared with the previous fiscal year to ¥5.8 billion. Repayments of long-term borrowings used cash totaling ¥35.9 billion, repayments of long-term bonds used cash totaling ¥15.0 billion, and cash dividend paid used cash totaling ¥5.0 billion. Proceeds from long-term borrowings provided cash totaling ¥28.6 billion, proceeds from long-term bond issues provided cash totaling ¥14.9 billion, and proceeds from issuance of shares to minority shareholders provided cash totaling ¥9.6 billion.

As a result, cash and cash equivalents at the end of the year increased by ¥2.8 billion compared with the previous fiscal year-end to ¥35.9 billion.

Assets, Liabilities and Net Assets

Total assets at March 31, 2013 increased by 3.1 percent, or ¥20.9 billion, from a year earlier to ¥685.8 billion.

Current assets increased by 1.0 percent, or ¥2.9 billion, from a year earlier to ¥287.3 billion. While trade notes and accounts receivable decreased, the total of cash and cash equivalents and time deposits increased by ¥3.0 billion and deferred tax assets increased by ¥3.3 billion. The inventory turnover ratio decreased to 6.4 times from 6.6 times for the previous fiscal year.

Property, plant and equipment increased by 3.1 percent, or ¥9.7 billion, from a year earlier to ¥323.7 billion. Investments and other assets increased by ¥8.1 billion from a year earlier to ¥74.7 billion.

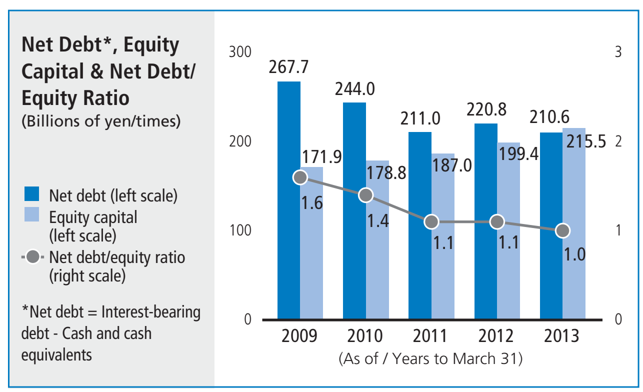
Total liabilities at March 31, 2013 decreased by 1.2 percent, or ¥5.4 billion, from a year earlier to ¥435.1 billion. Current liabilities decreased by ¥16.4 billion from a year earlier to ¥250.9 billion, mainly because interest-bearing liabilities in the form of short-term loans payable, commercial paper, current portion of long-term debt and lease obligations decreased by ¥10.3 billion and trade notes and accounts payable decreased by ¥5.5 billion. The current ratio was 114.5 percent, compared with 106.4 percent a year earlier.

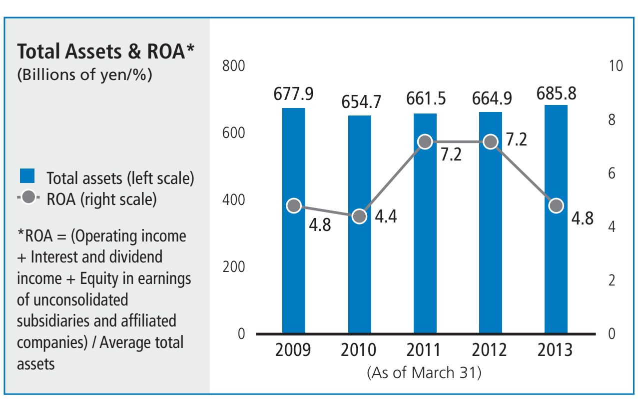
Long-term liabilities increased by 6.4 percent, or ¥11.0 billion, from a year earlier to ¥184.1 billion. A primary reason was that long-term debt less current portion increased by 2.3 percent, or ¥3.1 billion, from a year earlier to ¥140.3 billion. Interest-bearing debt, defined as short-term loans payable, commercial paper, the current portion of long-term debt, long-term debt less current portion, and lease obligations, decreased by ¥7.3 billion from a year earlier to ¥246.6 billion.

Certain modifications have been made to the accompanying financial statements in order to present them in a form which is more familiar to readers outside Japan. As a result, the lease obligations totaling ¥1.6 billion that are a component of total interest-bearing liabilities are included in other current liabilities and other long-term liabilities rather than presented separately.

Total net assets at March 31, 2013 increased by 11.7 percent, or ¥26.3 billion, from a year earlier to ¥250.7 billion. Payment of cash dividends reduced retained earnings by ¥5.0 billion, while net income increased retained earnings by ¥8.2 billion. Factors including a private placement of shares of a subsidiary in Thailand increased minority interests by ¥10.2 billion. Foreign currency translation adjustments reduced net assets by ¥11.8 billion less than a year earlier.

The ratio of equity capital to total assets, or the equity ratio, increased by 1.4 percentage points from a year earlier to 31.4 percent. The net debt/equity ratio decreased to 0.98 times from 1.11 times a year earlier. Net assets per share increased to ¥214.35 from ¥198.41 a year earlier.





BASIC POLICY FOR DISTRIBUTION OF EARNINGS AND DIVIDENDS FOR FISCAL 2012

The UBE Group recognizes that paying dividends to shareholders is a primary responsibility and it is a fundamental policy of the UBE Group to pay dividends at a level commensurate with the UBE Group's performance and earnings. Concurrently, the UBE Group also places priority on securing earnings for shareholders over the medium term to long term by improving its financial structure and maintaining the internal reserves required for future business expansion. The UBE Group takes all of these issues into consideration when determining dividends.

In the medium-term management plan that began in fiscal 2010, UBE set the goal of paying 20 to 25 percent of consolidated net income in cash dividends. In line with this policy, cash dividends per share totaled ¥5.00 for fiscal 2012, for a consolidated payout ratio of 60.8 percent.

UBE plans to pay cash dividends of ¥5.00 per share for fiscal 2013, and has the goal of increasing dividends as a result of improving performance.

PERFORMANCE FORECAST FOR FISCAL 2013

We expect our business environment to remain challenging and unpredictable. Economic growth is expected to continue in emerging countries, but at a slower rate. In developed countries, the U.S. economy is forecast to recover further, although concerns about the health of the global economy remain due to issues such as the financial crisis in Europe and fiscal problems in the United States. Japan's economy appears to be benefiting from factors such as demand related to reconstruction after the Great East Japan Earthquake and an improving export environment due to the correction of the strong yen. However, business conditions are expected to remain challenging and unpredictable due to factors including slower growth overseas, rising electricity prices, and uncertainties surrounding fuel and raw material prices and currency exchange rates. Given present economic conditions, the UBE Group has made the following performance forecast for fiscal 2013, assuming an exchange rate of ¥95 to US$1.00 and a domestic naphtha price of ¥64,700/kiloliter.

We forecast consolidated net sales of ¥675.0 billion due to factors including higher sales in the Chemicals & Plastics and Specialty Chemicals & Products segments from increased sales volume. We forecast that consolidated operating income will increase year on year to ¥34.0 billion, mainly because we expect increased sales volume in the Chemicals & Plastics, Specialty Chemicals & Products and Cement & Construction Materials segments. We also forecast consolidated net income of ¥14.5 billion because we expect other expenses to decrease.

Business and Other Risks

Among risks inherent to the UBE Group's business and other risks, the following may exert an important influence on the decisions of investors. The UBE Group is fully dedicated to a policy of recognizing these risks, avoiding and preventing their actualization, and minimizing and dealing with related problems should they arise.

Statements below concerning the future represent the judgment of the UBE Group as of June 27, 2013. Business and other risks not covered here may arise.

1. Fluctuations in the Raw Material and Fuel Markets

Purchase costs of raw materials used in the main products of the UBE Group's Chemicals & Plastics segment are influenced by factors including international market conditions and fluctuations in crude oil and naphtha prices. Depending on supply and demand conditions for products, increases in prices of these raw materials may exert a material impact on the performance and financial position of the UBE Group if increased costs cannot be reflected in selling prices in a timely manner. In addition, increases in the procurement costs of overseas coal, which the UBE Group purchases for use in cement production and for in-house power generation, may also exert a material impact on the performance and financial position of the Group.

2. Earnings in the Chemicals & Plastics Business

Earnings in the Chemicals & Plastics business are highly dependent on demand trends and supply and demand conditions in Japan, Asia and Europe, the primary markets for this business's main products. Consequently, a substantial decrease in demand in these regions due to economic fluctuations, or worsening supply and demand conditions due to expansion of production capacity by other companies, an influx of products from other regions or other factors, could result in stagnant market prices or a significant narrowing of price spreads, which may exert a material impact on the performance and financial position of the Group.

3. Earnings in the Specialty Products Business

In the specialty products business of the Specialty Chemicals & Products segment, timely development of materials that meet customer needs is paramount in supplying materials for use in products with quick turnovers, particularly in the core information technology (IT) and digital home appliance fields. Failure to meet customer needs due to delayed development or other factors may exert a material impact on the performance and financial position of the Group, as may decreased demand for information technology related products, which are particularly susceptible to market fluctuations.

4. Earnings in the Active Pharmaceutical Ingredients and Intermediates Business

The active ingredients and intermediates business comprises a contract manufacturing business through which the UBE Group manufactures pharmaceutical bulk ingredients and intermediates under contract for pharmaceutical companies and the drug discovery and co-development business through which the Group conducts research and development for new drugs either independently or jointly with pharmaceutical companies. The contract manufacturing business requires forward expenditures including those for production facilities of a certain scale that meet standards, though research and development expenditures are limited. New drugs handled by the contract manufacturing business may be unable to be commercialized due to the long lead time needed by the pharmaceutical companies to obtain production approval and to the possibility of delays in full-scale launch should approval be revoked after completion of contract manufacturing due to side effects or other factors. In addition, factors including the launch of generic drugs due to intensified competition in the market for pharmaceuticals manufactured from pharmaceutical bulk ingredients and intermediates under contract and lapsed patents may lead to sluggish sales.

The drug discovery and co-development business is broadly divided into independent research and joint research with pharmaceutical companies. Although the UBE Group minimizes the risk of large clinical trial outlays and low success rates through a basic strategy of licensing out research in the final stages regardless of drug type, necessary research and development costs before that stage entail risk associated with possible failure of the research and market launch. In addition, authorization may be revoked and launch delayed, as is the case of development for new drugs by pharmaceutical companies. Materialization of these risks in the contract manufacturing and drug discovery and co-development businesses may exert a material impact on the performance and financial position of the Group.

5. Domestic Cement Demand

Domestic demand for cement, a main product of the Cement & Construction Materials segment, has increased due to reconstruction demand following the Great East Japan Earthquake. However, public investment has been restrained, and the accelerated advance of companies overseas has reduced private-sector demand. These factors could cause cement sales volume and segment earnings to decrease. UBE Group measures in this area include maintaining operating capacity through exports, expanding capability for (income fee-based) treatment of waste in the cement production process and overall cost cuts. However, a continuing decline in domestic demand for cement for a certain number of years may exert a material impact on the performance and financial position of the Group.

6. Earnings in the Machinery Business

The UBE Group is strengthening and enhancing the linkage between products and services in the machinery business in the Machinery & Metal Products segment in working to expand earnings in global markets with a focus on emerging countries that are growing. However, the materialization of risks such as a decline in sales prices due to intensifying competition may exert a material impact on the performance and financial position of the Group.

7. Exchange Rate Fluctuations

The UBE Group minimizes exchange rate risk related to exports paid for in foreign currencies through hedge transactions such as balancing of debts and credits and foreign currency contracts. However, short- and medium-term exchange rate fluctuations that exceed forecasts may exert a material impact on the performance and financial position of the Group.

UBE Group overseas subsidiaries record financial statements in local currencies, leading to exposure to the influence of exchange rates when these amounts are converted into yen. In addition, losses on exchange rate fluctuations may occur at the time of conversion into local currencies for redemption, interest payment and settlement of liabilities of U.S. dollar denominated interest-bearing liabilities held by Group production companies in Thailand.

8. Fluctuations in Financial Markets

Fluctuations in financial markets at the time of capital procurement exert a material impact on the performance and financial position of the UBE Group. The UBE Group minimizes risk related to interest rate fluctuations through interest swaps and other hedges, but short- and medium-term interest rate fluctuations that exceed forecasts may exert a material impact on the performance and financial position of the Group.

9. Overseas Business Activities

The UBE Group manufactures and sells products in Asia, North America, South America and Europe. Overseas operations entail economic risks related to factors including unforeseen changes to laws and regulations, weakening of the industrial base, the ability to secure personnel and acquire technical proficiency and labor union issues, in addition to social and political confusion resulting from terrorism, war and/or other factors. Emergence of these risks may impede overseas operations and exert a material impact on the performance and financial position of the UBE Group.

10. Intellectual Property/Product Liability

The UBE Group recognizes the importance of intellectual property and works to protect it, but failure to do so properly and/or violation of UBE's intellectual property rights, or inability to cover costs of product recalls or damages in the event that these risks materialize in connection with product flaws may impede operations and exert a material impact on the performance and financial position of the Group.

11. Industrial Accidents and Disasters

In the event that a large-scale industrial accident, earthquake, windstorm or flood should occur and cause substantial damage to the production facilities at any of the UBE Group plants that handle hazardous materials or high-pressure gas, factors including compensation and other costs, loss of opportunities caused by cessation of production activities, compensation for customers and erosion of public trust may exert a material impact on the performance and financial position of the Group.

In addition, factors including accidents or disasters affecting the suppliers of crucial raw materials to the UBE Group may impede operations and exert a material impact on the performance and financial position of the Group.

12. Public Regulations

The UBE Group conducts its businesses according to the laws, rules and other regulations of the countries and regions where it operates. However, any modification or strengthening of these regulations may exert a material impact on the performance and financial position of the Group due to restrictions on the Group's business activities, increased costs of regulatory compliance, accounting and tax responses to the regulations, or other effects.

13. Asbestos

In the past, the UBE Group manufactured and sold products containing asbestos, and used construction materials containing asbestos in plant facilities. In order to eliminate asbestos from plant facilities, the UBE Group plans to institute a series of complete or partial changes of facilities, for which certain expenditures are expected until the changes are complete. Moreover, in the event that employees (including retired employees) or residents in the vicinity of the plants face health hazards, an increase in employees receiving workers' compensation, lawsuits, efforts to further strengthen regulations and other factors may exert a material impact on the performance and financial position of the Group.

14. Lawsuits

The UBE Group strives for strict legal compliance, but the possibility exists that lawsuits may be brought against the Group in any of its various business operations. Pending lawsuits are as follows. No prediction of the final outcome of these lawsuits or the time required for resolution is possible at this time.

Since May 2008, the Japanese government and 40 building material manufacturers, including Ube Board Co., Ltd. (a consolidated subsidiary of UBE), have been defendants in lawsuits brought jointly and severally by construction workers and their survivors alleging that the defendants are responsible for asbestos-related disease that affected the plaintiffs because they inhaled asbestos particles from asbestos building materials used at construction sites. The plaintiffs sought damages of ¥12,012 million in the Tokyo District Court and ¥2,926 million in the Yokohama District Court. On May 25, 2012, the Yokohama District Court dismissed all of the plaintiffs' claims in these lawsuits. In addition, on December 5, 2012 the Tokyo District Court ruled in favor of certain of the plaintiffs' claims against the Japanese government and dismissed all of the plaintiffs' claims against the building material manufacturers. Plaintiff appeals pursuant to these rulings are pending in the Tokyo High Court.

Subsequent to the above actions, similar lawsuits were filed in the Sapporo District Court, the Kyoto District Court, the Osaka District Court and the Fukuoka District Court. Including the two appeals above, a total of 13 lawsuits seek damages totaling ¥17,700 million.

15. Write-Down Due to Decreased Profitability of Inventories

The Accounting Standard for Measurement of Inventories is applied for fiscal years beginning on or after April 1, 2008. Under this standard, inventories held for sale in the ordinary course of business are carried at their original cost on the balance sheets, but are judged to have decreased in profitability if the net realizable value falls below the original cost at the end of the period. In such cases, the balance sheet value is written down to the net realizable value, and the difference between the original cost and the net realizable value is charged against income for the period in which the loss occurs. If the UBE Group judges inventories to have decreased in profitability because the net realizable value has fallen below original cost as a result of a rise in fuel and raw material purchase prices, a rise in manufacturing costs, an increase in fixed manufacturing costs, a decrease in production volume or a drop in product selling prices, this may exert a material impact on the performance and financial position of the Group.

16. Impairment of Fixed Assets

The UBE Group adopted accounting standards for impairment of fixed assets in fiscal 2003. However, additional impairment losses in the event of further depreciation in the market value of unused land and/or significant deterioration of the operating environment may exert a material impact on the performance and financial position of the Group.

17. Marketable Securities

The UBE Group holds marketable securities, the majority of which are shares of listed stocks. For this reason, a decline in the stock market may exert a material impact on the performance and financial position of the Group.

18. Retirement Benefit Liabilities

The UBE Group calculates its retirement benefit liabilities and retirement benefit payments based on discount and retirement rates used in pension calculations, and on conditions including rate of salary increases and year-end working income ratios for pension assets. For this reason, deterioration of operating interest rates for pension assets, decreases in the discount rate and other factors may exert a material impact on the performance and financial position of the Group.

19. Deferred Tax Assets

The UBE Group recognizes deferred tax assets resulting from temporary differences and operating loss carryforwards for tax purposes, which will reduce taxable income in future periods. Deferred tax assets are recognized in consideration of their probability of recovery based on forecasts of future income and other factors. In the event that actual taxable income should differ from projections, reversal of deferred tax assets may become necessary and exert a material impact on the performance and financial position of the Group.

20. Medium-Term Management Plan

At the start of fiscal 2013, the UBE Group launched a new three-year medium-term management plan called New Medium-Term Management Plan "Change & Challenge." The basic strategies of this plan are to strengthen the revenue base to enable sustainable growth; maximize the global strength of the UBE Group; and address and be part of the solution for resource, energy, and global environmental issues. The UBE Group's targeted management indicators for fiscal 2015, the final year of the plan, are operating margin and return on assets of 7.0 percent or higher each, and return on equity of 12 percent or higher.

The UBE Group is working to execute the basic strategies and achieve the targeted management indicators outlined above. However, unforeseen changes in the business environment and the issues discussed in items 1 through 19 above are among the risks that could negatively affect the performance and financial position of the Group and make the Group unable to execute the medium-term management plan as originally conceived or achieve the targeted management indicators of the plan.

Consolidated Statement of Income

Ube Industries, Ltd. and Consolidated Subsidiaries
For the year ended March 31, 2013

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	2013
Net sales (Note 23)	¥626,022	¥638,653	$6,659,809
Cost of sales	517,769	512,447	5,508,181
Gross profit	108,253	126,206	1,151,628
Selling, general and administrative expenses (Notes 11, 12 and 22)	78,291	80,200	832,883
Operating income	29,962	46,006	318,745
Other income (expenses):			
Interest and dividend income	916	1,030	9,745
Amortization of negative goodwill	90	157	957
Interest expense	(3,572)	(4,187)	(38,000)
Equity in earnings of unconsolidated subsidiaries and affiliated companies	1,239	871	13,181
Others, net (Note 13)	(12,793)	(6,282)	(136,096)
	(14,120)	(8,411)	(150,213)
Income before income taxes and minority interests	15,842	37,595	168,532
Income taxes (Note 15)**:**			
Current	11,007	10,249	117,096
Deferred	(4,464)	2,992	(47,489)
	6,543	13,241	69,607
Income before minority interests	9,299	24,354	98,926
Minority interests	(1,034)	(1,385)	(11,000)
Net income	¥ 8,265	¥ 22,969	$ 87,925

	Yen		U.S. dollars (Note 1)
	2013	2012	2013
Per share:			
Net income:			
Primary	¥ 8.22	¥ 22.85	$ 0.087
Diluted	8.20	22.81	0.087
Cash dividends applicable to the period	5.00	5.00	0.053

See accompanying notes.

Consolidated Statement of Comprehensive Income

Ube Industries, Ltd. and Consolidated Subsidiaries
For the year ended March 31, 2013

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	2013
Income before minority interests	¥ 9,299	¥24,354	$ 98,926
Valuation difference on securities	1,021	257	10,862
Deferred hedge loss, net	(88)	(30)	(936)
Foreign currency translation adjustments	13,010	(6,116)	138,404
Share of other comprehensive income (loss) of companies accounted for by the equity method	588	(52)	6,255
Other comprehensive income (loss)	14,531	(5,941)	154,585
Total comprehensive income	¥23,830	¥18,413	$253,511
Attributable to:			
Shareholders of Ube Industries, Ltd.	¥21,057	¥17,487	$224,011
Minority interests	2,773	926	29,500

See accompanying notes.

Consolidated Balance Sheet

Ube Industries, Ltd. and Consolidated Subsidiaries
March 31, 2013

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	**2013**
ASSETS			
Current assets:			
Cash and cash equivalents (Note 4)	**¥ 35,962**	¥ 33,107	**$ 382,575**
Time deposits (Note 4)	**318**	160	**3,383**
Receivables (Notes 4, 8 and 23):			
Trade notes and accounts	**143,223**	150,108	**1,523,649**
Others	**10,897**	10,396	**115,926**
Allowance for doubtful accounts	**(507)**	(509)	**(5,394)**
Inventories (Note 6)	**81,754**	81,266	**869,723**
Deferred tax assets (Note 15)	**9,339**	5,989	**99,351**
Other current assets	**6,413**	3,900	**68,223**
Total current assets	**287,399**	284,417	**3,057,436**
Property, plant and equipment (Notes 8, 14 and 21)**:**			
Land	**85,099**	84,093	**905,309**
Buildings and structures	**263,891**	254,778	**2,807,351**
Machinery and equipment	**659,629**	629,264	**7,017,330**
Construction in progress	**11,935**	17,157	**126,968**
Accumulated depreciation	**(696,837)**	(671,343)	**(7,413,160)**
Total property, plant and equipment, net	**323,717**	313,949	**3,443,798**
Investments and other assets:			
Investment securities (Notes 4, 5 and 8)	**40,786**	34,883	**433,894**
Long-term loans receivable	**285**	254	**3,032**
Long-term deferred tax assets (Note 15)	**8,012**	7,527	**85,234**
Other non-current assets	**26,761**	25,911	**284,691**
Allowance for doubtful accounts	**(1,076)**	(1,976)	**(11,447)**
Total investments and other assets	**74,768**	66,599	**795,404**
Total assets	**¥ 685,884**	¥ 664,965	**$ 7,296,638**

See accompanying notes.

	Millions of yen 2013	Millions of yen 2012	Thousands of U.S. dollars (Note 1) 2013
LIABILITIES AND NET ASSETS			
Current liabilities:			
Short-term loans payable (Notes 4, 7 and 8)	**¥ 61,979**	¥ 61,548	**$ 659,351**
Commercial paper (Note 4)	**1,999**	2,999	**21,266**
Current portion of long-term debt (Notes 4, 7 and 8)	**40,680**	50,525	**432,766**
Payables (Note 4):			
Trade notes and accounts	**83,247**	88,811	**885,606**
Others	**32,512**	31,995	**345,872**
Accrued employees' bonuses	**7,117**	7,415	**75,713**
Accrued income taxes (Note 4)	**5,897**	6,570	**62,734**
Other current liabilities	**17,505**	17,528	**186,224**
Total current liabilities	**250,936**	267,391	**2,669,532**
Long-term liabilities:			
Long-term debt less current portion (Notes 4, 7 and 8)	**140,390**	137,251	**1,493,511**
Accrued retirement benefits (Note 20)	**6,544**	6,534	**69,617**
Long-term deferred tax liabilities (Note 15)	**4,376**	4,163	**46,553**
Other long-term liabilities	**32,885**	25,219	**349,840**
Total long-term liabilities	**184,195**	173,167	**1,959,521**
Contingent liabilities (Note 9)			
Net assets (Note 10)**:**			
Capital stock, without par value:			
Authorized — 3,300,000,000 shares			
Issued — 1,009,165,006 shares at March 31, 2013 and 2012	**58,435**	58,435	**621,649**
Capital surplus	**28,465**	28,459	**302,819**
Retained earnings	**135,981**	132,751	**1,446,606**
Treasury stock			
3,756,900 shares at March 31, 2013 and			
3,810,090 shares at March 31, 2012	**(776)**	(784)	**(8,255)**
Valuation difference on securities	**2,436**	1,427	**25,915**
Deferred hedge loss, net	**(278)**	(193)	**(2,957)**
Foreign currency translation adjustments	**(8,754)**	(20,622)	**(93,128)**
Share subscription rights (Note 22)	**508**	462	**5,404**
Minority interests	**34,736**	24,472	**369,532**
Total net assets	**250,753**	224,407	**2,667,585**
Total liabilities and net assets	**¥685,884**	¥664,965	**$7,296,638**

Consolidated Statement of Changes in Net Assets

Ube Industries, Ltd. and Consolidated Subsidiaries

For the year ended March 31, 2013	Number of shares issued (thousands)	Millions of yen								
		Capital stock	Capital surplus	Retained earnings	Treasury stock	Valuation difference on securities	Deferred hedge loss, net	Foreign currency translation adjustments	Share subscription rights	Minority interests
Opening balance	**1,009,165**	**¥58,435**	**¥28,459**	**¥132,751**	**¥(784)**	**¥1,427**	**¥(193)**	**¥(20,622)**	**¥462**	**¥24,472**
Acquisition of treasury stock	**—**	**—**	**—**	**—**	**(8)**	**—**	**—**	**—**	**—**	**—**
Disposal of treasury stock	**—**	**—**	**6**	**—**	**16**	**—**	**—**	**—**	**—**	**—**
Cash dividends at ¥5.00 per share	**—**	**—**	**—**	**(5,035)**	**—**	**—**	**—**	**—**	**—**	**—**
Net income for the year	**—**	**—**	**—**	**8,265**	**—**	**—**	**—**	**—**	**—**	**—**
Net other changes during the year	**—**	**—**	**—**	**—**	**—**	**1,009**	**(85)**	**11,868**	**46**	**10,264**
Closing balance	**1,009,165**	**¥58,435**	**¥28,465**	**¥135,981**	**¥(776)**	**¥2,436**	**¥(278)**	**¥ (8,754)**	**¥508**	**¥34,736**

For the year ended March 31, 2012	Number of shares issued (thousands)	Millions of yen								
		Capital stock	Capital surplus	Retained earnings	Treasury stock	Valuation difference on securities	Deferred hedge loss, net	Foreign currency translation adjustments	Share subscription rights	Minority interests
Opening balance	1,009,165	¥58,435	¥28,451	¥114,817	¥(783)	¥1,152	¥(161)	¥(14,897)	¥387	¥24,048
Acquisition of treasury stock	—	—	—	—	(10)	—	—	—	—	—
Disposal of treasury stock	—	—	8	—	9	—	—	—	—	—
Cash dividends at ¥5.00 per share	—	—	—	(5,035)	—	—	—	—	—	—
Net income for the year	—	—	—	22,969	—	—	—	—	—	—
Net other changes during the year	—	—	—	—	—	275	(32)	(5,725)	75	424
Closing balance	1,009,165	¥58,435	¥28,459	¥132,751	¥(784)	¥1,427	¥(193)	¥(20,622)	¥462	¥24,472

For the year ended March 31, 2013	Thousands of U.S. dollars (Note 1)								
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Valuation difference on securities	Deferred hedge loss, net	Foreign currency translation adjustments	Share subscription rights	Minority interests
Opening balance	**$621,649**	**$302,755**	**$1,412,244**	**$(8,340)**	**$15,181**	**$(2,053)**	**$(219,383)**	**$4,915**	**$260,341**
Acquisition of treasury stock	**—**	**—**	**—**	**(85)**	**—**	**—**	**—**	**—**	**—**
Disposal of treasury stock	**—**	**64**	**—**	**170**	**—**	**—**	**—**	**—**	**—**
Cash dividends at $0.05 per share	**—**	**—**	**(53,564)**	**—**	**—**	**—**	**—**	**—**	**—**
Net income for the year	**—**	**—**	**87,926**	**—**	**—**	**—**	**—**	**—**	**—**
Net other changes during the year	**—**	**—**	**—**	**—**	**10,734**	**(904)**	**126,255**	**489**	**109,191**
Closing balance	**$621,649**	**$302,819**	**$1,446,606**	**$(8,255)**	**$25,915**	**$(2,957)**	**$ (93,128)**	**$5,404**	**$369,532**

See accompanying notes.

Consolidated Statement of Cash Flows

Ube Industries, Ltd. and Consolidated Subsidiaries
For the year ended March 31, 2013

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	**2013**
Cash flows from operating activities:			
Income before income taxes and minority interests	**¥ 15,842**	¥ 37,595	**$ 168,532**
Depreciation and amortization	**31,384**	32,984	**333,872**
Loss on impairment of fixed assets	**3,152**	2,058	**33,532**
Interest and dividend income	**(916)**	(1,030)	**(9,745)**
Interest expense	**3,572**	4,187	**38,000**
Gain on sale of property, plant and equipment, net	**(260)**	(159)	**(2,766)**
(Gain) loss on sale of investment securities, net	**(113)**	41	**(1,202)**
Decrease (increase) in receivables	**8,876**	(16,871)	**94,426**
Decrease (increase) in inventories	**677**	(9,341)	**7,202**
(Decrease) increase in payables	**(7,407)**	2,687	**(78,798)**
Loss on business restructuring	**2,710**	280	**28,830**
Decrease in accrued loss on business restructuring	**—**	(2,143)	**—**
Others, net	**1,202**	1,010	**12,787**
Subtotal	**58,719**	51,298	**624,670**
Interest and dividend received	**1,794**	1,829	**19,085**
Interest payment	**(3,699)**	(4,157)	**(39,351)**
Income tax payment	**(11,545)**	(8,352)	**(122,819)**
Others, net	**857**	12	**9,117**
Net cash provided by operating activities	**46,126**	40,630	**490,702**
Cash flows from investing activities:			
Proceeds from sale of property, plant and equipment	**705**	812	**7,500**
Acquisition of property, plant and equipment	**(37,314)**	(42,488)	**(396,957)**
Proceeds from sale of investment securities	**39**	970	**415**
Acquisition of investment securities	**(5)**	(1,034)	**(53)**
Proceeds from sale of consolidated subsidiaries' stocks	**4,021**	—	**42,776**
Acquisition of consolidated subsidiaries' stocks	**(6,687)**	(1,714)	**(71,138)**
Net decrease in loans receivable	**130**	154	**1,383**
Others, net	**48**	(250)	**510**
Net cash used in investing activities	**(39,063)**	(43,550)	**(415,564)**
Cash flows from financing activities:			
Proceeds from long-term borrowings	**28,680**	14,358	**305,106**
Proceeds from long-term bonds	**14,925**	14,919	**158,777**
Repayments of long-term borrowings	**(35,970)**	(29,788)	**(382,660)**
Repayments of long-term bonds	**(15,000)**	(40)	**(159,574)**
Net increase (decrease) in short-term loans payable	**143**	(5,622)	**1,521**
Net decrease in commercial paper	**(1,000)**	(1)	**(10,638)**
Proceeds from issuance of shares to minority shareholders	**9,663**	—	**102,798**
Cash dividend paid	**(5,054)**	(5,018)	**(53,766)**
Cash dividend paid to minority shareholders	**(1,081)**	(414)	**(11,500)**
Others, net	**(1,178)**	(1,089)	**(12,532)**
Net cash used in financing activities	**(5,872)**	(12,695)	**(62,468)**
Effect of exchange rate changes on cash and cash equivalents	**1,467**	(800)	**15,607**
Net increase (decrease) in cash and cash equivalents	**2,658**	(16,415)	**28,277**
Cash and cash equivalents at beginning of the year	**33,107**	49,522	**352,201**
Increase in cash and cash equivalents resulting from change of scope of consolidation	**197**	—	**2,096**
Cash and cash equivalents at end of the year	**¥ 35,962**	¥ 33,107	**$ 382,574**

See accompanying notes.

Notes to Consolidated Financial Statements

Ube Industries, Ltd. and Consolidated Subsidiaries
For the year ended March 31, 2013

1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

(a) Ube Industries, Ltd. (the "Company") and its consolidated subsidiaries maintain their accounting records and prepare their financial statements in accordance with accounting principles generally accepted in Japan. The accompanying consolidated financial statements have been compiled from the consolidated financial statements prepared by the Company as required under the Financial Instruments and Exchange Law of Japan and, accordingly, have been prepared in accordance with accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

Certain modifications have been made to the accompanying financial statements in order to present them in a form which is more familiar to readers outside Japan.

(b) The accompanying financial statements are expressed in Japanese yen and, solely for the convenience of the reader, have been translated into U.S. dollars at ¥94=US$1, the approximate rate of exchange on March 29, 2013. The translation should not be construed as a representation that Japanese yen have been, could have been, or could in the future be converted into U.S. dollars at the above or any other rate.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation and accounting for investments in unconsolidated subsidiaries and affiliates

The accompanying consolidated financial statements include the accounts of the Company and significant companies controlled directly or indirectly by the Company (67 companies for the years ended March 31, 2013 and 2012). Significant companies over which the Company exercises significant influence in terms of their operating and financial policies are included in the consolidated financial statements by the equity method (25 companies for the years ended March 31, 2013 and 2012). All significant intercompany balances and transactions are eliminated in consolidation.

Certain subsidiaries are consolidated using a fiscal period ending December 31. Significant transactions occurring during the January 1 to March 31 period are adjusted in the consolidated financial statements.

In the initial consolidation, assets and liabilities of subsidiaries including those attributable to minority shareholders are recorded based on fair value in the consolidated financial statements.

The difference between acquisition cost and the underlying net assets at fair value at the date of acquisition is amortized over a period of 20 years on a straight-line basis. Negative goodwill in the amounts of ¥1,461 million (US$15,543 thousand) and ¥2,077 million is included in "Other long-term liabilities" on the consolidated balance sheet at March 31, 2013 and 2012, respectively.

Investments in subsidiaries and affiliates which are not consolidated or accounted for by the equity method are carried at cost.

(b) Accounting for income taxes

Deferred tax assets and liabilities are determined based on the differences between financial reporting and the tax bases of the assets and liabilities.

Deferred tax assets and liabilities are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse.

Valuation allowance is provided for the deferred tax assets that are not realizable within a reasonable period.

(c) Securities

Securities are classified into three categories: "Trading," "Held-to-maturity" and "Others." The Company and its consolidated subsidiaries have no trading securities. Held-to-maturity securities are carried at amortized cost. Marketable securities classified as other securities are carried at fair value with changes in the valuation difference, net of the applicable income taxes, included directly in net assets. Non-marketable securities classified as other securities are carried at cost. Cost of securities sold is determined by the moving-average method.

(d) Derivatives and hedge accounting

All derivatives are stated at fair value, with changes in fair value recorded as gain or loss for the period in which they arise.

If derivative financial instruments are used as hedges and meet certain hedging criteria, the Company and its consolidated subsidiaries defer the recognition of gains or losses resulting from changes in the fair value of the derivative financial instruments until the related losses or gains on the hedged items are recognized.

If interest rate swap contracts meet certain hedging criteria, the net amount to be paid or received under these swap contracts is added to or deducted from the interest on the assets or liabilities for which the swap contracts were executed ("Short-cut method").

Summarized in the table below are hedging instruments and items hedged.

Hedging instruments	Items hedged
Interest rate swaps	Loans
Interest rate options	Loans
Forward foreign exchange contracts	Foreign currency receivables and payables Forecasted foreign currency transactions
Currency options	Foreign currency receivables and payables Forecasted foreign currency transactions
Currency swaps	Foreign currency receivables and payables Forecasted foreign currency transactions
Coal price swaps	Coal purchased at market linked price

The Company and its consolidated subsidiaries use hedging instruments for the purpose of reducing risk in accordance with company regulations.

The effectiveness of hedging activities is assessed by confirming whether each hedging instrument corresponds to the item hedged.

Additional information on derivatives is presented in Note 17. Derivative Financial Instruments.

(e) Allowance for doubtful accounts

The allowance for doubtful accounts is provided at an amount estimated with reference to individual uncollectible accounts plus an amount calculated using a historical rate determined based on the actual uncollectible amounts incurred in prior years.

(f) Inventories

Inventories are stated at cost principally determined by the weighted-average method.

The carrying value on the consolidated balance sheet is stated by the devaluation method based on declines in profitability.

(g) Property, plant and equipment (except for leased assets) and depreciation

Property, plant and equipment is stated at cost. Depreciation of property, plant and equipment is computed principally by the straight-line method for the Company and by the declining-balance method for consolidated subsidiaries at rates based on the estimated useful lives of the respective assets, ranging from 2 to 75 years for buildings and structures, and from 2 to 30 years for machinery and equipment.

(h) Intangible assets (except for leased assets)

Mining rights are amortized by the unit-of-production method and patent rights, software and others are amortized by the straight-line method over their estimated useful lives.

(i) Leased assets

Leased property under finance leases which do not transfer ownership of the leased property are depreciated or amortized by the straight-line method over the lease terms assuming no residual value.

(j) Research and development costs

Research and development costs are charged to income when incurred.

(k) Accrued retirement benefits

Accrued retirement benefits for employees are provided principally at an amount calculated based on the retirement benefit obligation and the fair value of the pension plan assets as of the balance sheet date. Net retirement benefit obligation at transition of ¥31,241 million (US$332,351 thousand) is being amortized principally over 13 years.

Prior service cost is being amortized as incurred mainly by the straight-line method over 5-14 years, which is shorter than the average remaining service years of the employees.

Actuarial gain or loss is being amortized in the year following the year incurred mainly by the declining-balance method over 10-14 years, which is shorter than the average remaining service years of employees.

As of March 31, 2013, plan assets at fair value exceed the present value of projected benefit obligations on or after subtraction of unrecognized benefit obligations at transition, unrecognized actuarial loss and unrecognized prior service cost. The difference is included in other non-current assets as prepaid pension cost.

(l) Net income per share

Primary net income per share is computed based on the net income available for distribution to stockholders of common stock and the weighted average number of shares of common stock outstanding during each year (1,005,342 thousand shares and 1,005,294 thousand shares for the years ended March 31, 2013 and 2012, respectively). Diluted net income per share is computed based on the net income available for distribution to the stockholders and the weighted average number of shares of common stock outstanding during each year assuming full exercise of share subscription rights (1,999 thousand shares and 1,647 thousand shares for the years ended March 31, 2013 and 2012, respectively).

(m) Accrued employees' bonuses

Accrued employees' bonuses are provided at an amount estimated based on the bonus for this term to be paid subsequent to the balance sheet date.

(n) Accrued directors' and statutory auditors' bonuses

Accrued directors' and statutory auditors' bonuses are provided at an amount estimated based on the bonus for this term to be paid subsequent to the balance sheet date.

Accrued directors' and statutory auditors' bonuses in the amounts of ¥38 million (US$404 thousand) and ¥79 million are included in "Other current liabilities" on the consolidated balance sheet at March 31, 2013 and 2012, respectively.

(o) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term investments. Short-term investments included here are readily convertible into cash, exposed to insignificant risk of changes in value and mature or become due within three months of the date of acquisition.

(p) Accrual for losses on contracts

Accrual for losses on contracts is provided to cover the losses, which are likely to be incurred and the amounts of which can be reasonably estimated, on the future sales recognition of particular machinery.

These accruals for losses on contracts in the amounts of ¥622 million (US$6,617 thousand) and ¥339 million are included in "Other current liabilities" on the consolidated balance sheet at March 31, 2013 and 2012, respectively.

(q) Directors' and statutory auditors' retirement benefits

Consolidated subsidiaries provide for retirement allowances for directors and statutory auditors at an amount determined based on their internal regulations for their provision.

Retirement allowances of ¥974 million (US$10,362 thousand) and ¥1,032 million are included in "Other long-term liabilities" on the consolidated balance sheet at March 31, 2013 and 2012, respectively.

(r) Accrual for losses on business restructuring

Accrual for losses on business restructuring is provided to cover the losses, which are likely to be incurred and the amounts of which can be reasonably estimated, related to certain businesses of the Company and its consolidated subsidiaries.

These accruals for losses on business restructuring in the amounts of ¥3,606 million (US$38,362 thousand) and ¥2,347 million are included in "Other long-term liabilities" on the consolidated balance sheet at March 31, 2013 and 2012, respectively.

3. ACCOUNTING CHANGES

(a) Change in an accounting policy difficult to distinguish from change in accounting estimates

Effective the year ended March 31, 2013, the Company and its consolidated subsidiaries changed the depreciation method for property, plant and equipment acquired on or after April 1, 2012 pursuant to the revision of the Corporation Tax Law of Japan. The effect of this change is not substantial.

(b) Accounting standard issued but not yet adopted

- Accounting Standard for Retirement Benefits (ASBJ Statement No. 26, May 17, 2012)
- Guidance on Accounting Standard for Retirement Benefits (ASBJ Statement No. 25, May 17, 2012)

1. Outline of changes

Under the accounting standard, unrecognized actuarial gains and losses and prior service costs will be recognized in net assets after adjusting for tax effects, with any deficit or surplus recognized as a liability or an asset. In addition, the accounting standard permits the selection of the straight-line basis or the benefit formula basis as the method for attributing expected retirement benefits to periods, and also amends the method for calculating the discount rate.

2. Date of application

The Company plans to adopt the accounting standard as of the end of fiscal years beginning on or after April 1, 2013. However, the Company will adopt the new methods for calculating projected benefit obligations and service costs as of the beginning of fiscal years beginning on or after April 1, 2014.

3. Effect

The effect of the accounting standard has not been determined.

4. FINANCIAL INSTRUMENTS

(1) Policy for financial instruments

The Company and its consolidated subsidiaries (collectively, the "Group") manage funds by utilizing short-term deposits, etc. subject to an insignificant risk of change in value. The Group raises money by borrowing from financial institutions and by issuing commercial paper, straight bonds and bonds with warrants. The Group uses derivatives for the purpose of reducing risk and does not hold or issue derivative financial instruments for speculative purposes.

(2) Types of financial instruments and related risk

Trade receivables—trade notes and accounts receivable—are exposed to credit risk in relation to customers. In addition, the Group is exposed to foreign currency exchange risk arising from receivables and payables denominated in foreign currencies. The foreign currency exchange risks deriving from those receivable and payables are hedged by forward foreign exchange contracts, currency options and currency swaps.

Investment securities are exposed to market risk and credit risk in relation to issuers. Those securities are composed of the shares of common stock of other companies.

Trade payables—trade notes and accounts payable—have payment due dates within one year.

Short-term borrowings are raised and commercial paper is issued mainly in connection with business activities, and long-term debt is taken out principally for the purpose of making capital investments. Short-term borrowings and long-term debt with variable interest rates are exposed to interest rate fluctuation risk. However, to reduce such risk and fix interest expense for those bearing interest at variable rates, the Group utilizes interest rate swap or option transactions as a hedging instrument.

Regarding derivatives, the Group enters into derivative transactions in order to manage certain risks arising from adverse fluctuations in foreign currency exchange rates, interest rates and commodity prices.

(3) Risk management for financial instruments

(a) Monitoring of credit risk (the risk that customers or counterparties may default)

In accordance with the internal policies of the Group for managing credit risk arising from receivables, each related division monitors the credit worthiness of their main customers periodically, and monitors due dates and outstanding balances by individual customer. In addition, the Group is making efforts to identify and mitigate risks of bad debts from customers who are having financial difficulties.

The Group also believes that the credit risk of derivatives is insignificant as it enters into derivative transactions only with financial institutions which have a sound credit profile.

(b) Monitoring of market risks (the risks arising from fluctuations in foreign exchange rates, interest rates and others)

For trade receivables and payables denominated in foreign currencies, the Group identifies the foreign currency exchange risk for each currency and enters into forward foreign exchange contracts, currency options and currency swaps to hedge such risk. In order to mitigate the interest rate risk for loans payable bearing interest at variable rates, the Group may also enter into interest rate swap transactions and interest rate option transactions.

For investment securities, the Group periodically reviews the fair values of such financial instruments and the financial position of the issuers.

In conducting derivative transactions, the division in charge of derivative transactions follows the internal policies, which set forth delegation of authority and maximum upper limit on positions.

(c) Monitoring of liquidity risk (the risk that the Group may not be able to meet its obligations on scheduled due dates)

Based on a report from each division, the Group prepares and updates its cash flow plans on a timely basis to manage liquidity risk.

(4) Supplementary explanation of the estimated fair value of financial instruments

The fair value of financial instruments is based on their quoted market price, if available. When there is no quoted market price available, fair value is reasonably estimated. The notional amounts of derivatives in Note 17. Derivative Financial Instruments are not necessarily indicative of the actual market risk involved in derivative transactions.

Summarized in the table below are the carrying amounts and the estimated fair values of financial instruments outstanding at March 31, 2013 and 2012. Financial instruments for which it is extremely difficult to determine the fair value are not included in the table below.

	Millions of yen			Thousands of U.S. dollars		
	2013			2013		
	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
Assets						
Cash and cash equivalents	¥ 35,962	¥35,962	¥ —	$ 382,574	$ 382,574	$ —
Time deposits	318	318	—	3,383	3,383	—
Trade notes and accounts receivable	143,223	143,223	—	1,523,649	1,523,649	—
Investment securities	8,494	8,494	—	90,362	90,362	—
Total assets	¥187,997	¥187,997	¥ —	$1,999,968	$1,999,968	$ —
Liabilities						
Trade notes and accounts payable	¥ 83,247	¥ 83,247	¥ —	$ 885,606	$ 885,606	$ —
Short-term loans payable	61,979	61,979	—	659,351	659,351	—
Commercial paper	1,999	1,999	—	21,266	21,266	—
Other payables	32,512	32,512	—	345,872	345,872	—
Accrued income taxes	5,897	5,897	—	62,734	62,734	—
Long-term debt*	181,070	183,721	2,651	1,926,277	1,954,480	28,203
Total liabilities	¥366,704	¥369,355	¥2,651	$3,901,106	$3,929,309	$28,203
Derivative financial transactions**	¥ (169)	¥ (169)	¥ —	$ (1,798)	$ (1,798)	$ —

* Current portions of long-term borrowings of ¥40,580 million (US$431,702 thousand) and bonds of ¥100 million (US$1,064 thousand) are included in long-term debt.

** The value of assets and liabilities arising from derivatives is shown at net value with amounts in parentheses representing net liability position.

Note: Methods to determine the estimated fair value of financial instruments and other matters related to securities and derivative transactions

Assets

(a) "Cash and cash equivalents," "time deposits" and "trade notes and accounts receivable"

These are settled in a short period of time, therefore their carrying amounts approximate fair value.

(b) "Investment securities"

The fair values of marketable securities are based on quoted market prices.

The fair values of debt securities are based on either quoted market prices or quotes provided by the financial institutions. For information on securities classified by holding purpose, please refer to Note 5 Securities in these notes to the consolidated financial statements.

Liabilities

(c) "Trade notes and accounts payable," "short-term loans payable," "commercial paper," "other payables" and "accrued income taxes"

These are settled in a short period of time, therefore their carrying amounts approximate fair value.

(d) "Long-term debt"

The fair value of bonds is estimated based on either market price, when available, or present value of the total of principal and interest discounted by the interest rate that would be applied if similar new bonds were issued. The fair value of long-term borrowings is estimated based on present value of the total of principal and interest discounted by the interest rate that would be applied if similar new borrowings were entered into. Long-term borrowings with variable rates are hedged by interest rate swap contracts that are accounted for by the short-cut method and the fair value is estimated based on the total of principal and interest under the short-cut method discounted by the interest rate that would be applied if similar new borrowings were entered into.

Derivative financial transactions

Please refer to Note 17. Derivative Financial Instruments in these notes to the consolidated financial statements.

	Millions of yen		
	2012		
	Carrying amount	Fair value	Difference
Assets			
Cash and cash equivalents	¥ 33,107	¥ 33,107	¥ —
Time deposits	160	160	—
Trade notes and accounts receivable	150,108	150,108	—
Investment securities	6,940	6,940	—
Total assets	¥190,315	¥190,315	¥ —
Liabilities			
Trade notes and accounts payable	¥ 88,811	¥ 88,811	¥ —
Short-term loans payable	61,548	61,548	—
Commercial paper	2,999	2,999	—
Other payables	31,995	31,995	—
Accrued income taxes	6,570	6,570	—
Long-term debt*	187,776	190,566	2,790
Total liabilities	¥379,699	¥382,489	¥2,790
Derivative financial transactions**	¥ 36	¥ 36	¥ —

* Current portions of long-term borrowings of ¥35,525 million and bonds of ¥15,000 million are included in long-term debt.
** The value of assets and liabilities arising from derivatives is shown at net value with amounts in parentheses representing net liability position.

Financial instruments for which it is extremely difficult to determine the fair value at March 31, 2013 and 2012 consist of the following:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Unconsolidated subsidiaries and affiliates securities	**¥27,348**	¥22,804	**$290,936**
Non-listed equity securities	**4,639**	4,834	**49,351**
Others	**305**	305	**3,245**

The annual maturities of financial assets and investment securities with contractual maturities subsequent to March 31, 2013 and 2012 are as follows:

	Millions of yen			
	2013			
	Within one year	After one year through five years	After five years through ten years	After ten years
Cash and cash equivalents	**¥ 35,916**	**¥ —**	**¥ —**	**¥ —**
Time deposits	**318**	**—**	**—**	**—**
Trade notes and accounts receivable	**143,223**	**—**	**—**	**—**
Debt securities	**—**	**40**	**—**	**—**
	¥179,457	**¥ 40**	**¥ —**	**¥ —**

	Thousands of U.S. dollars			
	2013			
	Within one year	After one year through five years	After five years through ten years	After ten years
Cash and cash equivalents	**$ 382,085**	**$ —**	**$ —**	**$ —**
Time deposits	**3,383**	**—**	**—**	**—**
Trade notes and accounts receivable	**1,523,649**	**—**	**—**	**—**
Debt securities	**—**	**426**	**—**	**—**
	$1,909,117	**$426**	**$ —**	**$ —**

	Millions of yen			
	2012			
	Within one year	After one year through five years	After five years through ten years	After ten years
Cash and cash equivalents	¥ 33,064	¥ —	¥ —	¥ —
Time deposits	160	—	—	—
Trade notes and accounts receivable	150,108	—	—	—
Debt securities	—	67	—	—
	¥183,332	¥ 67	¥ —	¥ —

The annual maturities of long-term debt and other interest-bearing debt subsequent to March 31, 2013 and 2012 are as follows:

	Millions of yen					
	2013					
	Within one year	After one year through two years	After two years through three years	After three years through four years	After four years through five years	After five years
Short-term loans payable	**¥ 61,979**	**¥ —**	**¥ —**	**¥ —**	**¥ —**	**¥ —**
Commercial paper	**1,999**	**—**	**—**	**—**	**—**	**—**
Long-term debt	**40,680**	**34,347**	**26,919**	**32,606**	**26,484**	**20,034**
	¥104,658	**¥34,347**	**¥26,919**	**¥32,606**	**¥26,484**	**¥20,034**

	Thousands of U.S. dollars					
	2013					
	Within one year	After one year through two years	After two years through three years	After three years through four years	After four years through five years	After five years
Short-term loans payable	**$ 659,351**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**
Commercial paper	**21,266**	**—**	**—**	**—**	**—**	**—**
Long-term debt	**432,766**	**365,394**	**286,372**	**346,872**	**281,745**	**213,128**
	$1,113,383	**$365,394**	**$286,372**	**$346,872**	**$281,745**	**$213,128**

	Millions of yen					
	2012					
	Within one year	After one year through two years	After two years through three years	After three years through four years	After four years through five years	After five years
Short-term loans payable	¥ 61,548	¥ —	¥ —	¥ —	¥ —	¥ —
Commercial paper	2,999	—	—	—	—	—
Long-term debt	50,525	39,866	33,118	24,618	25,974	13,675
	¥115,072	¥39,866	¥33,118	¥24,618	¥25,974	¥13,675

5. SECURITIES

Investment securities at March 31, 2013 and 2012 consist of the following:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Investment securities:			
Unconsolidated subsidiaries and affiliated companies	**¥27,348**	¥22,804	**$290,937**
Others	**13,438**	12,079	**142,957**
	¥40,786	¥34,883	**$433,894**

Marketable securities classified as other securities at March 31, 2013 and 2012 are as follows:

	Millions of yen						Thousands of U.S. dollars		
	2013			2012			2013		
	Carrying value	Acquisition costs	Unrealized gain (loss)	Carrying value	Acquisition costs	Unrealized gain (loss)	Carrying value	Acquisition costs	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition cost:									
Stock	¥7,141	¥3,190	¥3,951	¥5,662	¥3,224	¥2,438	$75,968	$33,936	$42,032
Debt securities	—	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—	—
Subtotal	7,141	3,190	3,951	5,662	3,224	2,438	75,968	33,936	42,032
Securities whose acquisition cost exceeds their carrying value:									
Stock	1,313	1,480	(167)	1,211	1,436	(225)	13,968	15,744	(1,776)
Debt securities	40	40	(0)	67	67	(0)	426	426	(0)
Others	—	—	—	—	—	—	—	—	—
Subtotal	1,353	1,520	(167)	1,278	1,503	(225)	14,394	16,170	(1,776)
Total	¥8,494	¥4,710	¥3,784	¥6,940	¥4,727	¥2,213	$90,362	$50,106	$40,256

Acquisition costs in the tables above represent the amounts after deduction of impairment losses.

As for securities whose fair values at the year end are less than 50% of the acquisition costs, or are more than 50% but less than 70% and deemed to be unrecoverable, the impairment losses are recognized.

There were no sales of debt securities or other securities for the year ended March 31, 2013.

6. INVENTORIES

Inventories at March 31, 2013 and 2012 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Finished goods	¥36,272	¥34,988	$385,872
Work in process	19,142	18,697	203,638
Raw materials and supplies	26,340	27,581	280,213
	¥81,754	¥81,266	$869,723

7. SHORT-TERM LOANS PAYABLE AND LONG-TERM DEBT

Short-term loans payable represent bank loans, with average interest rates of 0.60% and 0.65% per annum at March 31, 2013 and 2012, respectively.

Long-term debt at March 31, 2013 and 2012 consists of the following:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
1.67% unsecured bonds due 2012	¥ —	¥ 15,000	$ —
0.93% unsecured bonds due 2014	100	100	1,064
0.77% unsecured bonds due 2016	15,000	15,000	159,574
0.58% unsecured bonds due 2017	15,000	—	159,574
Loans principally from banks and insurance companies:			
Secured, at 0.80% to 3.95%, maturing through 2019	—	17,516	—
Secured, at 0.25% to 3.95%, maturing through 2019	13,769	—	146,479
Unsecured, at 0.00% to 6.76%, maturing through 2026	—	140,160	—
Unsecured, at 0.00% to 6.95%, maturing through 2026	137,201	—	1,459,585
	181,070	187,776	1,926,277
Less current portion	40,680	50,525	432,766
	¥140,390	¥137,251	$1,493,511

The Company and certain consolidated subsidiaries have entered into loan commitment agreements amounting to ¥22,060 million (US$234,681 thousand) with certain banks. Loans payable outstanding at March 31, 2013 under these loan commitment agreements amounted to ¥666 million (US$7,085 thousand).

The aggregate annual maturities of the noncurrent portion of long-term debt are as follows:

Years ending March 31	Millions of yen	Thousands of U.S. dollars
2015	¥ 34,347	$365,394
2016	26,919	286,372
2017	32,606	346,872
2018	26,484	281,745
2019 and thereafter	20,034	213,128
	¥140,390	$1,493,511

8. PLEDGED ASSETS

The assets pledged as collateral for short-term and long-term borrowings, guarantees and borrowings of affiliated companies at March 31, 2013 and 2012 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Assets pledged as collateral:			
Trade notes receivable	**¥ —**	¥ 1,600	**$ —**
Property, plant and equipment, at net book value	**112,355**	117,685	**1,195,266**
Investment securities	**2,724**	2,442	**28,979**
	¥115,079	¥121,727	**$1,224,245**

9. CONTINGENT LIABILITIES

At March 31, 2013 and 2012, the Company and its consolidated subsidiaries are contingently liable as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
As endorser of trade notes discounted or endorsed	**¥1,223**	¥1,294	**$13,011**
As guarantor of employees' housing loans	**378**	560	**4,021**
As guarantor of indebtedness principally of unconsolidated subsidiaries and affiliated companies	**1,306**	1,669	**13,894**

The guaranteed amount includes similar commitments of ¥760 million (US$8,085 thousand) and ¥859 million at March 31, 2013 and 2012, respectively.

10. NET ASSETS

The Corporation Law of Japan provides that an amount equal to 10% of the amount to be distributed as distributions of capital surplus (other than the capital reserve) and retained earnings (other than the legal reserve) shall be transferred to the capital reserve and the legal reserve, respectively, until the sum of the capital reserve and the legal reserve equals 25% of the capital stock account. Such distributions can be made at any time by resolution of the shareholders or by the Board of Directors if certain conditions are met, but neither the capital reserve nor the legal reserve is available for distributions.

At the general shareholders' meeting of the Company held on June 27, 2013, the distribution of retained earnings for the year ended March 31, 2013 was approved as follows:

	Millions of yen	Thousands of U.S. dollars
Cash dividends (¥5.00 per share)	¥5,035	$53,564

11. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Major components of selling, general and administrative expenses for the years ended March 31, 2013 and 2012 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Freight and storage	¥19,270	¥19,678	$205,000
Salaries and benefits	25,975	26,341	276,330

12. RESEARCH AND DEVELOPMENT COSTS

Research and development costs, all of which are included in "Selling, general and administrative expenses" for the years ended March 31, 2013 and 2012 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Research and development costs	¥14,017	¥13,782	$149,117

13. OTHER INCOME (EXPENSES)

"Other income (expenses) – Others, net" for the years ended March 31, 2013 and 2012 consists of the following:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Gain (loss) on sale of investment securities, net	¥ 113	¥ (41)	$ 1,202
Gain on sale of property, plant and equipment, net	260	159	2,766
Loss on disposal of property, plant and equipment	(9,193)	(3,139)	(97,798)
Loss on impairment of fixed assets (Note 14)	(3,152)	(2,058)	(33,532)
Write-down of investment securities	(219)	(1,047)	(2,330)
Loss on business restructuring	(2,710)	(280)	(28,830)
Gain (loss) on foreign currency exchange, net	1,367	(389)	14,543
Others, net	741	513	7,883
	¥(12,793)	¥(6,282)	$(136,096)

14. LOSS ON IMPAIRMENT OF FIXED ASSETS

Fixed assets of the Company and its consolidated subsidiaries are grouped at the business unit or department level for impairment testing.

Loss on impairment of fixed assets for the year ended March 31, 2013 consists of the following:

	Millions of yen	Thousands of U.S. dollars
	2013	2013
Idle property and rental property:		
Land	¥ (134)	$ (1,425)
Business assets in use:		
Caprolactam manufacturing plant (UBE Industries, Ltd.)	(2,611)	(27,777)
Double layer copper-clad laminates (CCL) manufacturing plant (Ube-Nitto Kasei Co., Ltd.)	(352)	(3,745)
Liquid concrete manufacturing land (Urayasu Ube Concrete Co., Ltd.)	(55)	(585)
	¥(3,152)	$(33,532)

(a) Idle property and rental property

Among idle property and rental property which the Company and its consolidated subsidiaries own, there were certain assets whose book values exceeded their recoverable amounts. Such excesses of ¥134 million (US$1,425 thousand) were reduced to their recoverable amounts and were recognized as impairment loss for the year ended March 31, 2013.

The recoverable amounts of these assets are measured by net selling price, and selling prices are based on appraisal evaluation.

(b) Business assets in use

The Company decided it would dispose of certain caprolactam production facilities after a specified period of operation, and therefore recognized an impairment loss of ¥2,611 million (US$27,777 thousand) upon reducing the book value of these facilities to their recoverable amount. This impairment loss consisted of ¥1,946 million (US$20,702 thousand) for machinery and equipment, ¥417 million (US$4,436 thousand) for buildings and structures, and ¥248 million (US$2,639 thousand) for others. The recoverable amount of the asset group is measured by value in use, but the discount rate is not presented because undiscounted cash flow was negative.

Ube-Nitto Kasei Co., Ltd. reduced the book value of the CCL manufacturing plant to its recoverable amount due to profitability decline. This reduction of ¥352 million (US$3,745 thousand) was recognized as impairment loss. The components of impairment loss were machinery and equipment in the amount of ¥198 million (US$2,106 thousand), buildings and structures in the amount of ¥137 million (US$1,457 thousand) and others in the amount of ¥17 million (US$182 thousand).

The recoverable amount of the asset group is measured by value in use, but the discount rate is not presented because undiscounted cash flow was negative.

The Company liquidated Urayasu Ube Concrete Co., Ltd. and recognized an impairment loss of ¥55 million (US$585 thousand) upon reducing the book value of land used for a cement production facility to recoverable value. The recoverable value of the land was measured by net selling price, with market value determined by appraisal.

Loss on impairment of fixed assets for the year ended March 31, 2012 consists of the following:

	Millions of yen
	2012
Idle property and rental property:	
Land	¥ (56)
Machinery and equipment	(81)
Business assets in use:	
Aluminum automobile wheels manufacturing plant (Ube Aluminum Wheels Ltd.)	(626)
Construction products manufacturing plant (Ube Board Co., Ltd.)	(1,295)
	¥(2,058)

(a) Idle property and rental property

Among idle property and rental property which the Company and its consolidated subsidiaries own, there were certain assets whose book values exceeded their recoverable amounts. Such excesses of ¥137 million were reduced to their recoverable amounts and were recognized as impairment loss for the year ended March 31, 2012. The component of impairment loss was land in the amount of ¥56 million and machinery and equipment in the amount of ¥81 million.

The recoverable amounts of these assets are measured by net selling price, and selling prices are based on appraisal evaluation.

(b) Business assets in use

The Company dissolved Ube Aluminum Wheels Ltd. in March 2011, but subsequently revised its plan for using the assets of the dissolved company. Consequently, the Company recognized an additional impairment loss for the fiscal year ended March 31, 2012 of ¥626 million (US$6,659 thousand) upon reducing the book value of the aluminum wheel production facility to residual value and the book value of associated land to the appraisal value. This impairment loss consisted of ¥466 million (US$5,683 thousand) for buildings and structures and ¥160 million (US$1,952 thousand) for land.

Ube Board Co., Ltd. reduced the book value of the construction products manufacturing plant to its recoverable amount due to profitability decline. This reduction of ¥1,295 million was recognized as impairment loss. The components of impairment loss were machinery and equipment in the amount of ¥589 million, buildings and structures in the amount of ¥295 million and others in the amount of ¥411 million.

The recoverable amount of the asset group is measured by value in use based on estimated future cash flows discounted at 3.87-3.99%.

15. INCOME TAXES

Income taxes applicable to the Company comprise corporation, enterprise and inhabitants' taxes which, in the aggregate, resulted in statutory tax rates of approximately 37.8% and 40.4% for the years ended March 31, 2013 and 2012, respectively.

The effective tax rates reflected in the consolidated statement of income for the year ended March 31, 2013 differ from the statutory tax rates for the following reasons.

	Percentage	
	2013	2012
Statutory tax rate	**37.8%**	40.4%
Effect of:		
Permanently nondeductible expenses	**1.5**	0.7
Permanently nontaxable items including dividend income	**(27.4)**	(3.2)
Loss carried forward without deferred tax assets	**(0.8)**	2.0
Deducted amount of loss without deferred tax assets	**(1.4)**	(0.7)
Investment profit of affiliated companies by equity method	**(3.0)**	(0.9)
Effect of elimination of dividend income through consolidation procedures	**28.7**	3.2
Tax rate difference of overseas consolidated subsidiaries	**(4.0)**	(3.8)
Gain on change in equity	**0.5**	—
Application of new tax law and revised tax rates	**—**	(1.2)
Retained earnings of foreign subsidiary companies	**8.3**	3.0
Others	**1.1**	(4.3)
Effective tax rate	**41.3%**	35.2%

The significant components of deferred tax assets and liabilities at March 31, 2013 and 2012 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Deferred tax assets:			
Accrued employees' bonuses	**¥ 2,707**	¥ 2,804	**$ 28,798**
Accrued retirement benefits	**2,569**	2,884	**27,330**
Allowance for doubtful accounts	**3,569**	2,762	**37,968**
Loss carried forward	**2,850**	2,640	**30,319**
Intercompany profit	**11,100**	10,982	**118,085**
Depreciation and amortization	**2,066**	948	**21,979**
Write-down of investment securities	**498**	603	**5,297**
Accrual for losses on business restructuring	**1,046**	234	**11,128**
Disposal of fixed assets without dismantlement	**4,079**	1,632	**43,394**
Others	**5,938**	4,976	**63,170**
Gross deferred tax assets	**36,422**	30,465	**387,468**
Valuation allowance	**(5,741)**	(5,873)	**(61,074)**
Total deferred tax assets	**30,681**	24,592	**326,394**
Deferred tax liabilities:			
Reserve for advanced depreciation of non-current assets	**(4,393)**	(4,139)	**(46,734)**
Valuation difference on securities	**(1,335)**	(804)	**(14,202)**
Prepaid pension expenses	**(3,376)**	(3,206)	**(35,914)**
Revaluation surplus on assets	**(2,646)**	(2,442)	**(28,149)**
Retained earnings of foreign subsidiary companies	**(2,760)**	(1,446)	**(29,363)**
Others	**(3,196)**	(3,202)	**(34,000)**
Total deferred tax liabilities	**(17,706)**	(15,239)	**(188,362)**
Net deferred tax assets	**¥ 12,975**	¥ 9,353	**$ 138,032**

Note: Net deferred tax assets in the preceding table are classified as follows in the accompanying consolidated balance sheet.

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Current assets – Deferred tax assets	**¥ 9,339**	¥ 5,989	**$ 99,351**
Investments and other assets – Long-term deferred tax assets	**8,012**	7,527	**85,234**
Current liabilities – Deferred tax liabilities	**—**	—	**—**
Long term liabilities – Long-term deferred tax liabilities	**(4,376)**	(4,163)	**(46,553)**

16. BUSINESS COMBINATIONS

(1) Transfer of shares of consolidated subsidiary and allocation of new shares to third party

The Company transferred a portion of its shares in consolidated subsidiary UBE Chemicals (Asia) Public Company Limited (UCHA) to IRPC Public Company Limited (IRPC). UCHA also issued new shares to IRPC through a third-party allotment.

(a) Company receiving shares of consolidated subsidiary and participating in capital alliance
IRPC Public Company Limited
(b) Name of combined company
UBE Chemicals (Asia) Public Company Limited
(c) Business of combined company
Production and sales of caprolactam and nylon, nylon-compound, ammonium sulfate
(d) Reason for business combination
Enhancement of international competitiveness in the chemical business
(e) Outline of transfer and allocation of new shares to a third party
(Transfer of shares)
Date of transfer: May 22, 2012
Method of business combination: Transfer of shares
Number of shares: 75,000 thousand shares
Transfer price: THB 1,480 million
(Allocation of new shares to a third party)
Date of allocation: July 22, 2012
Method of business combination: Third-party allotment
Number of shares: 193,481 thousand shares
Amount of capital increase: THB 3,819 million
(f) Shareholdings ratio in the consolidated subsidiary by the Company
After the capital alliance: 73.81%

(2) Subsequent event related to business combination

The Company resolved at the Board of Directors Meeting held on May 10, 2013 to implement a share exchange pursuant to a share exchange agreement entered into by Ube Material Industries, Ltd. (Ube Material) and the Company. Under this agreement, the Company will become the parent company holding 100% ownership of Ube Material and Ube Material will become a wholly owned subsidiary of the Company.

Please see Note 24. Subsequent Events for details.

17. DERIVATIVE FINANCIAL INSTRUMENTS

Summarized below are the notional amounts and the estimated fair value of the derivative transactions outstanding at March 31, 2013 and 2012.

(1) Derivative financial instruments for which deferred hedge accounting has not been applied

(a) Currency-related transactions

	Millions of yen						Thousands of U.S. dollars		
	2013			2012			2013		
	Notional amount	Fair value	Unrealized gain (loss)	Notional amount	Fair value	Unrealized gain (loss)	Notional amount	Fair value	Unrealized gain (loss)
Forward exchange contracts:									
Sell:									
USD	¥1,040	¥(88)	¥(88)	¥ 405	¥(16)	¥(16)	$11,064	$(936)	$(936)
EUR	—	—	—	48	0	0	—	—	—
JPY	—	—	—	9	(1)	(1)	—	—	—
Buy:									
USD	473	35	35	657	36	36	5,032	372	372
AUD	—	—	—	20	(0)	(0)	—	—	—
Total	¥1,513	¥(53)	¥(53)	¥1,139	¥ 19	¥ 19	$16,096	$(564)	$(564)

Note: Calculation of fair value is based on the forward rate.

(b) Interest-related transactions

	Millions of yen						Thousands of U.S. dollars		
	2013			2012			2013		
	Notional amount	Fair value	Unrealized gain (loss)	Notional amount	Fair value	Unrealized gain (loss)	Notional amount	Fair value	Unrealized gain (loss)
Interest-rate collar:									
Buy	¥—	¥—	¥—	¥170	¥(2)	¥(2)	$—	$—	$—
Total	¥—	¥—	¥—	¥170	¥(2)	¥(2)	$—	$—	$—

Note: Calculation of fair value is based on the prices provided by financial institutions.

(2) Derivative financial instruments for which deferred hedged accounting has been applied

(a) Currency-related transactions

Main items hedged by foreign exchange forward contracts are trade accounts receivable and payable.

		Millions of yen				Thousands of U.S. dollars	
		2013		2012		2013	
		Notional amount	Fair value	Notional amount	Fair value	Notional amount	Fair value
Principle method	Forward exchange contracts:						
	Sell:						
	USD	¥ 789	¥(107)	¥ 224	¥ (8)	$ 8,393	$(1,138)
	THB	258	(58)	—	—	2,745	(617)
	Buy:						
	EUR	—	—	17	(0)	—	—
Short-cut method	Forward exchange contracts:						
	Sell:						
	USD	1,532	(49)	686	12	16,298	(521)
	Buy:						
	USD	41	4	57	1	436	42
	EUR	476	(2)	158	4	5,064	(21)
	Total	¥3,096	¥(212)	¥1,142	¥ 9	$32,936	$(2,255)

Note: Calculation of fair value is based on the forward rate.

(b) Interest-related transactions

Main items hedged by interest-rate swap and interest-cap contracts are short-term loans payable and long-term debt.

		Millions of yen				Thousands of U.S. dollars	
		2013		2012		2013	
		Notional amount	Fair value	Notional amount	Fair value	Notional amount	Fair value
Principle method	Interest-rate swaps:						
	Receive/floating and pay/fixed:	¥ 173	¥ (4)	¥ 466	¥(20)	$ 1,840	$ (42)
	Interest-rate cap:						
	Buy:	8,000	13	8,000	26	85,106	138
Short-cut method	Interest-rate swaps:						
	Receive/floating and pay/fixed:	50,811	*	56,752	*	540,543	*
	Total	¥58,984	¥ 9	¥65,218	¥ 6	$627,489	$ 96

* The fair value of interest-rate swaps accounted for by the short-cut method is included in the fair value of long-term debt, which is designated as the hedged item.

Note: Calculation of fair value is based on the prices provided by financial institutions.

(c) Commodity-related transactions

The main item hedged by coal price swap contracts is coal purchased at market linked price.

		Millions of yen				Thousands of U.S. dollars	
		2013		2012		2013	
		Notional amount	Fair value	Notional amount	Fair value	Notional amount	Fair value
Principle method	Coal price swaps:						
	Receive/floating and pay/fixed:	¥879	¥(50)	¥1,839	¥15	$9,351	$(532)
	Total	¥879	¥(50)	¥1,839	¥15	$9,351	$(532)

Note: Calculation of fair value is based on the prices provided by financial institutions.

18. SEGMENT INFORMATION

Reportable segments of the Company consist of the business units for which independent financial information is available. They are regularly monitored by the Board of Directors in order to decide the distribution of business resources and evaluate the business results.

The Company classifies its products and services into seven reportable segments: "Chemicals & plastics," "Specialty chemicals & products," "Pharmaceutical," "Cement & construction materials," "Machinery & metal products," "Energy & environment" and "Other."

The operations of the Company and its consolidated subsidiaries for the years ended March 31, 2013 and 2012 are summarized by reportable segment as follows:

	Millions of yen								
Year ended March 31, 2013	Chemicals & plastics	Specialty chemicals & products	Pharma-ceutical	Cement & construction materials	Machinery & metal products	Energy & environment	Other	Elimination & corporate	Consolidated
Sales:									
Outside customers.......	¥205,428	¥57,222	¥11,355	¥202,903	¥69,895	¥56,305	¥22,914	¥ —	¥626,022
Intersegment sales and transfers	13,940	3,889	97	5,461	1,415	12,464	2,380	(39,646)	—
Total................................	219,368	61,111	11,452	208,364	71,310	68,769	25,294	(39,646)	626,022
Segment operating income ...	¥ 5,088	¥ 1,236	¥ 3,423	¥ 11,494	¥ 3,688	¥ 5,959	¥ 1,037	¥ (1,963)	¥ 29,962
Segment assets	¥202,162	¥93,119	¥12,068	¥201,727	¥62,256	¥46,541	¥21,723	¥ 46,288	¥685,884
Depreciation and amortization................	8,666	6,570	728	8,266	1,249	2,483	631	2,791	31,384
Equity method investments ..	12,047	3,229	—	6,746	13	182	1,683	—	23,900
Capital expenditures	11,666	8,603	433	12,176	1,326	1,804	493	4,490	40,991

	Millions of yen								
Year ended March 31, 2012	Chemicals & plastics	Specialty chemicals & products	Pharma-ceutical	Cement & construction materials	Machinery & metal products	Energy & environment	Other	Elimination & corporate	Consolidated
Sales:									
Outside customers.......	¥216,425	¥60,266	¥11,091	¥204,836	¥71,253	¥51,690	¥23,092	¥ —	¥638,653
Intersegment sales and transfers	14,601	4,102	95	4,319	1,322	10,828	2,819	(38,086)	—
Total	231,026	64,368	11,186	209,155	72,575	62,518	25,911	(38,086)	638,653
Segment operating income ...	¥ 22,988	¥ 5,450	¥ 3,729	¥ 8,673	¥ 3,086	¥ 3,358	¥ 1,034	¥ (2,312)	¥ 46,006
Segment assets	¥191,664	¥88,815	¥12,735	¥196,948	¥59,718	¥50,394	¥21,594	¥ 43,097	¥664,965
Depreciation and amortization................	9,152	5,833	667	9,681	1,306	2,832	606	2,907	32,984
Equity method investments ..	11,716	991	—	6,372	13	163	1,380	—	20,635
Capital expenditures	12,987	10,559	2,659	11,523	1,600	906	471	3,718	44,423

	Thousands of U.S. dollars								
Year ended March 31, 2013	Chemicals & plastics	Specialty chemicals & products	Pharma-ceutical	Cement & construction materials	Machinery & metal products	Energy & environment	Other	Elimination & corporate	Consolidated
Sales:									
Outside customers	$2,185,404	$608,745	$120,798	$2,158,543	$743,564	$598,989	$243,766	$ —	$6,659,809
Intersegment sales and transfers	148,298	41,372	1,032	58,096	15,053	132,596	25,319	(421,766)	—
Total	2,333,702	650,117	121,830	2,216,639	758,617	731,585	269,085	(421,766)	6,659,809
Segment operating income	$ 54,128	$ 13,149	$ 36,414	$ 122,277	$ 39,234	$ 63,394	$ 11,032	$ (20,883)	$ 318,745
Segment assets	$2,150,659	$990,627	$128,383	$2,146,032	$662,298	$495,117	$231,096	$ 492,426	$7,296,638
Depreciation and amortization	92,191	69,894	7,745	87,936	13,287	26,415	6,713	29,691	333,872
Equity method investments	128,160	34,351	—	71,766	138	1,936	17,904	—	254,255
Capital expenditures	124,106	91,522	4,606	129,532	14,106	19,191	5,245	47,766	436,074

Sales and amounts of property, plant and equipment of the Company and its consolidated subsidiaries as of and for the years ended March 31, 2013 and 2012 by geographic area are as follows:

	Millions of yen				
Year ended March 31, 2013	Japan	Asia	Europe	Other area	Consolidated
Sales	¥420,736	¥135,330	¥42,206	¥27,750	¥626,022

	Thousands of U.S. dollars				
Year ended March 31, 2013	Japan	Asia	Europe	Other area	Consolidated
Sales	$4,475,915	$1,439,681	$449,000	$295,213	$6,659,809

	Millions of yen					
As of March 31, 2013	Japan	Thailand	Other Asia	Europe	Other area	Consolidated
Property, plant and equipment	¥262,339	¥48,095	¥937	¥12,033	¥313	¥323,717

	Thousands of U.S. dollars					
As of March 31, 2013	Japan	Thailand	Other Asia	Europe	Other area	Consolidated
Property, plant and equipment	$2,790,840	$511,649	$9,968	$128,011	$3,330	$3,443,798

	Millions of yen				
Year ended March 31, 2012	Japan	Asia	Europe	Other area	Consolidated
Sales	¥440,659	¥144,196	¥35,708	¥18,090	¥638,653

	Millions of yen					
As of March 31, 2012	Japan	Thailand	Other Asia	Europe	Other area	Consolidated
Property, plant and equipment	¥259,114	¥42,979	¥939	¥10,622	¥295	¥313,949

19. LEASES

(a) Finance leases

Finance leases commencing on or before March 31, 2008 continue to be accounted for in the same manner as operating leases.

The following amounts represent the acquisition costs (including the interest portion thereon), accumulated depreciation and amortization and net book value of the leased property at March 31, 2013 and 2012. These amounts would have been reflected in the consolidated balance sheet if finance lease accounting had been applied to the finance leases currently accounted for as operating leases:

	Millions of yen		Thousands of U.S. dollars
At March 31	**2013**	2012	**2013**
Acquisition costs:			
Machinery and equipment	**¥2,031**	¥3,917	**$21,606**
	¥2,031	¥3,917	**$21,606**
Accumulated depreciation and amortization:			
Machinery and equipment	**¥1,367**	¥2,975	**$14,542**
	¥1,367	¥2,975	**$14,542**
Net book value:			
Machinery and equipment	**¥ 664**	¥ 942	**$ 7,064**
	¥ 664	¥ 942	**$ 7,064**

Lease payments relating to finance leases accounted for as operating leases amounted to ¥260 million (US$2,766 thousand) and ¥564 million, which are equal to the depreciation and amortization expenses of the leased assets computed by the straight-line method over the lease terms, for the years ended March 31, 2013 and 2012, respectively.

Future minimum lease payments (including the interest portion thereon) subsequent to March 31, 2013 for finance leases accounted for as operating leases are summarized as follows:

Years ending March 31	Millions of yen	Thousands of U.S. dollars
2014	¥183	$1,947
2015 and thereafter	481	5,117
	¥664	$7,064

(b) Operating leases

Future minimum lease payments subsequent to March 31, 2013 for non-cancelable operating leases are summarized as follows:

Years ending March 31	Millions of yen	Thousands of U.S. dollars
2014	¥717	$ 7,628
2015 and thereafter	224	2,383
	¥941	$10,011

20. ACCRUED RETIREMENT BENEFITS

The Company and certain domestic consolidated subsidiaries have defined benefit company pension plans.

Most domestic consolidated subsidiaries have noncontributory tax-qualified pension plans and lump-sum retirement benefit plans as defined benefit plans. Certain domestic consolidated subsidiaries have defined contribution pension plans.

In addition, the Company and certain domestic consolidated subsidiaries have established retirement benefit trusts.

	Millions of yen		Thousands of U.S. dollars
	2013	2012	**2013**
Projected benefit obligations:			
Present value of projected benefit obligations	**¥(56,639)**	¥(54,794)	**$(602,543)**
Plan assets at fair value	**53,434**	47,361	**568,447**
Unrecognized benefit obligations at transition	**187**	2,541	**1,989**
Unrecognized actuarial loss	**5,965**	6,653	**63,457**
Unrecognized prior service cost	**1,087**	1,269	**11,565**
Retirement benefit obligations recognized in the balance sheet, net	**4,034**	3,030	**42,915**
Prepaid pension expenses	**10,578**	9,564	**112,532**
Accrued retirement benefits	**¥ (6,544)**	¥ (6,534)	**$ (69,617)**

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Retirement benefit expenses:			
Service cost	¥ 2,722	¥2,832	$ 28,957
Interest cost	1,161	1,187	12,351
Expected return on plan assets	(1,011)	(936)	(10,755)
Amortization of prior service cost	182	182	1,936
Amortization of actuarial loss	1,027	1,153	10,926
Amortization of benefit obligations at transition	2,354	2,353	25,043
Others	44	45	468
Total	¥ 6,479	¥6,816	$ 68,926

Assumptions used in accounting for the above plans were as follows:

	2013	2012
Discount rate	1.1-2.0%	2.0-2.5%
Expected rate of return on plan assets	2.0-2.5	2.0-2.5
Expected rate of return on retirement benefit trust	0.0	0.0
Periodic allocation method for projected benefit	Straight-line	Straight-line
Amortization period for prior service cost	10-14 years	10-14 years
Amortization period for actuarial difference	5-14 years	5-14 years
Amortization period for transitional obligation	Mostly 13 years	Mostly 13 years

21. INVESTMENT AND RENTAL PROPERTY

The Company and its consolidated subsidiaries own idle property and rental property in Yamaguchi prefecture, Japan and other areas. The carrying amount, net changes and fair value of investment and rental property for the years ended March 31, 2013 and 2012 are as follows:

	Millions of yen			
	2013			
	Carrying amount			
	Opening balance	Net change during the year	Closing balance	Fair value at March 31, 2013
Idle property	¥10,883	¥265	¥11,148	¥29,718
Rental property	6,493	154	6,647	13,892

	Thousands of U.S. dollars			
	2013			
	Carrying amount			
	Opening balance	Net change during the year	Closing balance	Fair value at March 31, 2013
Idle property	$115,777	$2,819	$118,596	$316,149
Rental property	69,075	1,638	70,713	147,787

Notes: Carrying amounts represent the acquisition costs less accumulated depreciation and impairment losses.
Net change for the year ended March 31, 2013 is mainly acquisition of property of ¥1,173 million (US$12,479 thousand) and change of use classification of ¥442 million (US$4,702 thousand).
Fair value of main property at March 31, 2013 is based on external appraisal, and fair value of other property is estimated based on the index prices deemed to reflect the market price accurately.

	Millions of yen			
	2012			
	Carrying amount			
	Opening balance	Net change during the year	Closing balance	Fair value at March 31, 2012
Idle property	¥10,477	¥ 406	¥10,883	¥31,852
Rental property	4,674	1,819	6,493	14,185

Notes: Carrying amounts represent the acquisition costs less accumulated depreciation and impairment losses.
Net change for the year ended March 31, 2012 is mainly acquisition of property of ¥1,424 million.
Fair value of main property at March 31, 2012 is based on external appraisal, and fair value of other property is estimated based on the index prices deemed to reflect the market price accurately.

The amount of income and expenses related to investment and rental property for the years ended March 31, 2013 and 2012 are as follows:

	Millions of yen			
	2013			
	Rental income	Rental expenses	Net income	Others
Idle property	**¥ —**	**¥ —**	**¥ —**	**¥(193)**
Rental property	**750**	**397**	**353**	**0**

	Thousands of U.S. dollars			
	2013			
	Rental income	Rental expenses	Net income	Others
Idle property	**$ —**	**$ —**	**$ —**	**$(2,053)**
Rental property	**7,978**	**4,223**	**3,755**	**0**

Notes: Others in the above table for idle property consist of taxes and dues ¥(224) million (US$(2,383) thousand), impairment loss ¥(134) million (US$(1,426) thousand), gain on acceptance of dredged sand ¥159 million (US$1,691 thousand) and gain on sale ¥6 million (US$64 thousand).

	Millions of yen			
	2012			
	Rental income	Rental expenses	Net income	Others
Idle property	¥ —	¥ —	¥ —	¥(176)
Rental property	755	417	338	(84)

Notes: Others in the above table for idle property consist of taxes and dues ¥(245) million, impairment loss ¥(60) million, gain on acceptance of dredged sand ¥85 million and gain on sale ¥44 million.
Others for rental property consist of impairment loss ¥(160) million and gain on sale ¥76 million.

22. STOCK OPTIONS

Stock option expenses in the amounts of ¥54 million (US$574 thousand) and ¥80 million are accounted for as "Selling, general and administrative expenses" on the consolidated statement of income for the years ended March 31, 2013 and 2012, respectively.

The contents of stock options at March 31, 2013 are as follows:

	Fiscal year 2007 stock options	Fiscal year 2008 stock options	Fiscal year 2009 stock options	Fiscal year 2010 stock options
Position and number of grantees	Directors of the Company: 5 Executive officers of the Company: 12	Directors of the Company: 5 Executive officers of the Company: 17	Directors of the Company: 6 Executive officers of the Company: 16	Directors of the Company: 6 Executive officers of the Company: 17
Type and number of shares	Common stock of the Company: 269,000 shares	Common stock of the Company: 237,000 shares	Common stock of the Company: 243,000 shares	Common stock of the Company: 322,000 shares
Date of grant	February 22, 2007	July 13, 2007	July 14, 2008	July 13, 2009
Settlement of rights	After providing service for the period	After providing service for the period	After providing service for the period	After providing service for the period
Period of providing service for stock option	For 1 year (From July 1, 2006 to June 30, 2007)	Directors of the Company: For 1 year (From July 1, 2007 to June 30, 2008) Executive officers of the Company: For 9 months (From July 1, 2007 to March 31, 2008) Newly designated executive officers of the Company: For 1 year (From April 1, 2007 to March 31, 2008)	Directors of the Company: For 1 year (From July 1, 2008 to June 30, 2009) Executive officers of the Company: For 1 year (From April 1, 2008 to March 31, 2009)	Directors of the Company: For 1 year (From July 1, 2009 to June 30, 2010) Executive officers of the Company: For 1 year (From April 1, 2009 to March 31, 2010)
Exercise period of rights	For 25 years from grant date (From February 22, 2007 to February 21, 2032)	For 25 years from grant date (From July 13, 2007 to July 12, 2032)	For 25 years from grant date (From July 14, 2008 to July 13, 2033)	For 25 years from grant date (From July 13, 2009 to July 12, 2034)
Condition of exercise of rights	A holder of share subscription rights may only exercise rights within a maximum of 8 years, within the exercise period of rights described above, from the next day when such holder no longer holds a position as a director and/or an executive officer.	A holder of share subscription rights may only exercise rights within a maximum of 8 years, within the exercise period of rights described above, from the next day when such holder no longer holds a position as a director and/or an executive officer.	A holder of share subscription rights may only exercise rights within a maximum of 8 years, within the exercise period of rights described above, from the next day when such holder no longer holds a position as a director and/or an executive officer.	A holder of share subscription rights may only exercise rights within a maximum of 8 years, within the exercise period of rights described above, from the next day when such holder no longer holds a position as a director and/or an executive officer.

	Fiscal year 2011 stock options	Fiscal year 2012 stock options	Fiscal year 2013 stock options
Position and number of grantees	Directors of the Company: 5 Executive officers of the Company: 17	Directors of the Company: 5 Executive officers of the Company: 18	Directors of the Company: 4 Executive officers of the Company: 19
Type and number of shares	Common stock of the Company: 366,000 shares	Common stock of the Company: 355,000 shares	Common stock of the Company: 377,000 shares
Date of grant	July 14, 2010	July 14, 2011	July 13, 2012
Settlement of rights	After providing service for the period	After providing service for the period	After providing service for the period
Period of providing service for stock option	Directors of the Company: For 1 year (From July 1, 2010 to June 30, 2011) Executive officers of the Company: For 1 year (From April 1, 2010 to March 31, 2011)	Directors of the Company: For 1 year (From July 1, 2011 to June 30, 2012) Executive officers of the Company: For 1 year (From April 1, 2011 to March 31, 2012)	Directors of the Company: For 1 year (From July 1, 2012 to June 30, 2013) Executive officers of the Company: For 1 year (From April 1, 2012 to March 31, 2013)
Exercise period of rights	For 25 years from grant date (From July 14, 2010 to July 13, 2035)	For 25 years from grant date (From July 14, 2011 to July 13, 2036)	For 25 years from grant date (From July 13, 2012 to July 12, 2037)
Condition of exercise of rights	A holder of share subscription rights may only exercise rights within a maximum of 8 years, within the exercise period of rights described above, from the next day when such holder no longer holds a position as a director and/or an executive officer.	A holder of share subscription rights may only exercise rights within a maximum of 8 years, within the exercise period of rights described above, from the next day when such holder no longer holds a position as a director and/or an executive officer.	A holder of share subscription rights may only exercise rights within a maximum of 8 years, within the exercise period of rights described above, from the next day when such holder no longer holds a position as a director and/or an executive officer.

	Fiscal year 2007 stock options	Fiscal year 2008 stock options	Fiscal year 2009 stock options	Fiscal year 2010 stock options	Fiscal year 2011 stock options	Fiscal year 2012 stock options	Fiscal year 2013 stock options	
	Yen	Yen	Yen	Yen	Yen	Yen	Yen	U.S. dollars
Exercise price	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1	$0.01
Average stock price at exercise	203	186	—	—	—	—	—	—
Fair value at grant date	388	351	326	223	186	227	136	1.47

Assumptions used in estimation of the fair value of stock options above were as follows:

	Fiscal year 2007 stock options	Fiscal year 2008 stock options	Fiscal year 2009 stock options	Fiscal year 2010 stock options	Fiscal year 2011 stock options	Fiscal year 2012 stock options	Fiscal year 2013 stock options
Method of estimation	Black-Scholes model	Black-Scholes model	Black-Scholes model	Black-Scholes model	Black-Scholes model	Black-Scholes model	Black-Scholes model
Volatility *	44.103%	42.225%	33.622%	40.211%	38.998%	38.453%	35.105%
Expected remaining period **	8 years	8 years	8 years	8 years	8 years	8 years	8 years
Expected dividend ***	¥3	¥4	¥5	¥4	¥4	¥5	¥5 (US$0.05)
Risk-free interest rate ****	1.519%	1.811%	1.334%	1.003%	0.791%	0.764%	0.502%

* Volatility is calculated based on the monthly closing prices of common stock of the Company for 8 years prior to the last month ahead of each date of grant.
** Midterm between date of grant and estimated exercisable period
*** Actual dividend per share for each year
**** Interest rate for a government bond with 8 years remaining

23. RELATED PARTY TRANSACTIONS

The Company sold cement and related products for resale in the amount of ¥34,586 million (US$367,936 thousand) and ¥32,741 million to Ube-Mitsubishi Cement Corporation (UMCC). The capital stock of UMCC is ¥8,000 million (US$85,106 thousand) and is accounted for by the equity method for the years ended March 31, 2013 and 2012. The balances of accounts receivable were ¥13,395 million (US$142,500 thousand) and ¥12,702 million at March 31, 2013 and 2012, respectively.

Selling prices are negotiated based on the amount of goods sold after deducting UMCC’s selling costs and logistics costs from its net sales.

24. SUBSEQUENT EVENTS

(a) Share exchange agreement

The Company and Ube Material Industries, Ltd. (Ube Material) entered into an agreement whereby Ube Material will become a wholly owned subsidiary through a share exchange.

I. Description of Ube Material

Ube Material is a consolidated subsidiary of the Company. Its primary business is production and sale of magnesia clinker, lime-related products and fine materials, etc.

II. Purpose of share exchange

Improving the value of Ube Group by accelerating the decision making and the unifying business strategies.

III. Outline of share exchange and details of allotment

(1) The scheduled date of this share exchange is August 1, 2013 after Ube Material's general meeting of shareholders to approve the share exchange. This share exchange does not require the approval of the Company's shareholders, based on the Company Law of Japan.

(2)

Name of the company	Ube Industries, Ltd.	Ube Material Industries, Ltd.
Allotment with respect to the share exchange	1	1.4
Number of shares to be allocated under share exchange	Ordinary shares of Ube Industries, Ltd.: 52,840,933 shares (tentative)	

1.4 shares of the Company will be delivered by allotment for each 1 share of Ube Material. However, 43,144,345 shares of Ube Material held by the Company will not be allotted through the share exchange.

IV. Effects on accounting

Negative goodwill or goodwill may arise due to this share exchange. However, the amount has not yet been determined.

(b) Issuance of unsecured bonds

The Company decided to issue the 9th domestic unsecured bonds. Following are details of the bonds.

I. Total amount	¥10,000 million ($121,951 thousand)
II. Issued price	¥100 with a par value of ¥100
III. Interest rate	0.604%
IV. Payment date	June 6 and December 6, every year
V. Due date of payment	June 6, 2013
VI. Maturity date	June 6, 2018
VII. Method of redemption	Bullet payment
VIII. Utilization of funds	Payment of long-term loans

Independent Auditor's Report

Ernst & Young ShinNihon LLC
Hibiya Kokusai Bldg.
2-2-3, Uchisaiwai-cho,
Chiyoda-ku, Tokyo, Japan 100-0011

Tel: +81 3 3503 1100
Fax: +81 3 3503 1197

Independent Auditor's Report

The Board of Directors
Ube Industries, Ltd.

We have audited the accompanying consolidated financial statements of Ube Industries, Ltd. and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2013, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Ube Industries, Ltd. and its consolidated subsidiaries as at March 31, 2013, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 1.

Ernst & Young ShinNihon LLC

June 27, 2013
Tokyo, Japan

Investor Information

(As of March 31, 2013)

Ube Industries, Ltd.

Head Office: Tokyo Head Office
(IR & PR Dept.)
Seavans North Bldg., 1-2-1, Shibaura,
Minato-ku, Tokyo 105-8449, Japan
Phone: +81 (3) 5419-6110
Fax: +81 (3) 5419-6230

Ube Head Office
1978-96, Kogushi, Ube,
Yamaguchi 755-8633, Japan
Phone: +81 (836) 31-2111
Fax: +81 (836) 21-2252

Establishment: 1897

Common Stock: Outstanding: 1,009,165,006 shares

Paid-in Capital: ¥58,435 million

Number of Shareholders with Voting Rights: 57,243

Annual General Shareholders' Meeting: June

Stock Exchange Listings: Tokyo Stock Exchange (Code: 4208)
Fukuoka Stock Exchange

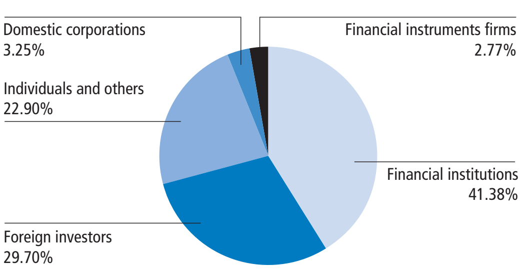
Transfer Agent and Share Registrar: Mitsubishi UFJ Trust and Banking Corporation, 1-4-5, Marunouchi, Chiyoda-ku, Tokyo 100-8212

Independent Auditors: Ernst & Young ShinNihon LLC

Principal Shareholders

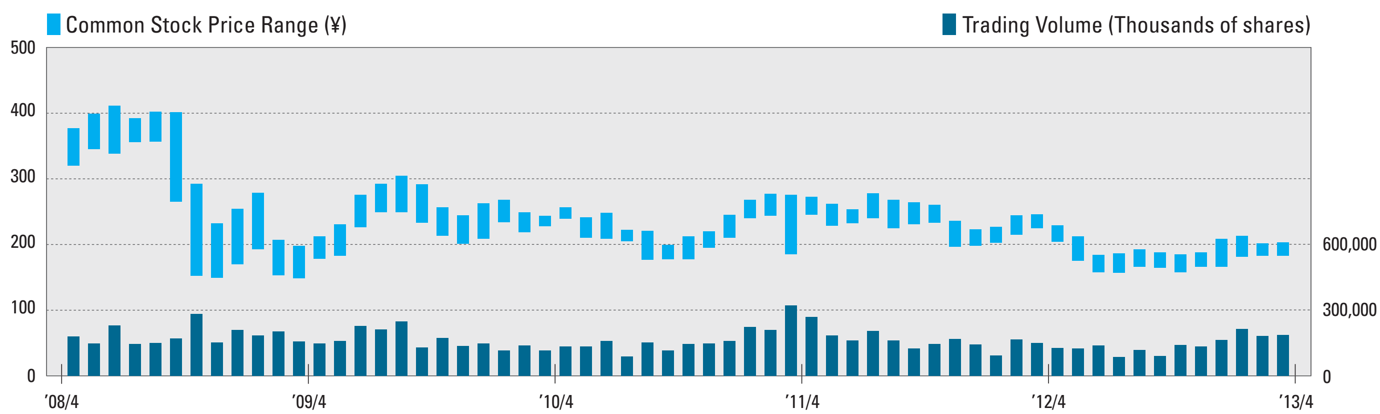
Name	Number of Shares (Thousands)	Percentage of Shareholding (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	**57,698**	**5.72**
Japan Trustee Services Bank, Ltd. (Trust Account)	**51,196**	**5.07**
National Mutual Insurance Federation of Agricultural Cooperatives	**34,994**	**3.47**
Japan Trustee Services Bank, Ltd. (Trust Account 9)	**30,403**	**3.01**
JP Morgan Chase Bank 380055	**25,470**	**2.52**
State Street Bank and Trust Company	**24,338**	**2.41**
Nomura Bank (Luxembourg) S.A. S/A Nomura Multi Currency Jp Stock Leaders Fd	**20,278**	**2.01**
Nippon Life Insurance Company	**20,000**	**1.98**
Sumitomo Life Insurance Company	**20,000**	**1.98**
BBH 493025 BlackRock Global Allocation Fund, Inc.	**14,309**	**1.42**

Breakdown of Shareholders



Stock Price Range & Trading Volume

(Tokyo Stock Exchange)



Network

(As of March 31, 2013)

OVERSEAS OFFICES [SALES & REPRESENTATIVE]

1. UBE AMERICA INC.
261 Madison Avenue, 28th Floor, New York, NY 10016, U.S.A.
Tel: +1 (212) 551-4700
Fax: +1 (212) 551-4739

2. UBE CORPORATION EUROPE, S.A.
Poligono El Serrallo, Grao de Castellón 12100, Spain
Tel: +34 (964) 738000
Fax: +34 (964) 280013

3. UBE EUROPE GMBH
Immermann Hof, Immermannstr. 65B, D-40210 Düsseldorf, Germany
Tel: +49 (211) 178830
Fax: +49 (211) 3613297

4. UBE LATIN AMERICA SERVIÇOS LTDA.
Rua Iguatemi, 192-13°andar-cj 134, 01451-010 Itaim Bibi Sao Paulo, Brazil
Tel: + 55 (11) 30785424
Fax: +55 (11) 30788532

5. UBE SINGAPORE PTE. LTD.
150 Beach Road, 20-05 Gateway West, Singapore 189720
Tel: +65-6291-9363
Fax: +65-6293-9039

6. UBE KOREA CO., LTD.
2nd Floor, Donghoon tower, 702-19, Yeoksam-dong, Gangnam-gu, Seoul, 135-513, Korea
Tel: +82 (2) 555-7590
Fax: +82 (2) 557-7592

7. UBE (SHANGHAI) LTD.
Room 2501-03, Metro Plaza, 555 Loushanguan Road, Shanghai, China P.C. 200051
Tel: +86 (21) 6273-2288
Fax: +86 (21) 6273-3833

8. UBE (HONG KONG) LTD.
Rooms 1001-1009, Sun Hung Kai Centre, 30 Harbour Road, Hong Kong
Tel: +852-2877-1628
Fax: +852-2877-1262

9. UBE TAIWAN CO., LTD.
9F, No. 205, Dunhua North Road, Songshan Dist., Taipei City 10595, Taiwan (R.O.C.)
Tel: +886-2-8712-7600
Fax: +886-2-8712-7608

10. UBE INDUSTRIES INDIA PRIVATE LTD.
Office No. -304, 3rd Floor, Times Tower, M.G Road, Sector-28, Gurgaon - 122001, Haryana, India
Tel: +91-124-422-7801~03
Fax: +91-124-422-7801

MAJOR CONSOLIDATED SUBSIDIARIES AND AFFILIATES

① Country ② Business ③ Voting Rights

Chemicals & Plastics

11. UBE FILM, LTD.
① Japan
Tel: +81 (836) 88-0111
Fax: +81 (836) 89-0005
② Manufacture and sales of plastic-film products
③ 77.5%

12. THAI SYNTHETIC RUBBERS CO., LTD.
① Thailand
Tel: +66-2206-9300
Fax: +66-2206-9310
② Manufacture and sales of polybutadiene rubber
③ 74.0%

13. UBE CHEMICALS (ASIA) PUBLIC CO., LTD.
① Thailand
Tel: +66-2206-9300
Fax: +66-2206-9310
② Manufacture and sales of caprolactam and nylon 6
③ 73.8%

14. UBE ENGINEERING PLASTICS, S.A.
① Spain
Tel: +34 (964) 738000
Fax: +34 (964) 280013
② Manufacture and sales of nylon 6
③ 100.0%

15. UBE CHEMICAL EUROPE, S.A.
① Spain
Tel: +34 (964) 738000
Fax: +34 (964) 280013
② Manufacture and sales of caprolactam, ammonium sulfate, and fine chemicals
③ 100.0%

16. UBE AMMONIA INDUSTRY, LTD.
① Japan
Tel: +81 (836) 31-5858
Fax: +81 (836) 34-0472
② Manufacture and sales of ammonia and others
③ 50.6%

17. UBE-MC HYDROGEN PEROXIDE CO., LTD.
① Japan
Tel: +81 (3) 5419-6340
Fax: +81 (3) 5419-6342
② Manufacture and sales of hydrogen peroxide
③ 51%

Specialty Chemicals & Products

18. UBE-NITTO KASEI CO., LTD.
① Japan
Tel: +81 (3) 6667-2411
Fax: +81 (3) 6667-2433
② Manufacture and sales of polypropylene molded products and fibers, fiber-reinforced plastics
③ 100.0%

19. MEIWA PLASTIC INDUSTRIES, LTD.
① Japan
Tel: +81 (836) 22-9211
Fax: +81 (836) 29-0100
② Manufacture and sales of phenolic resins and others
③ 100.0%

20. UBE FINE CHEMICALS (ASIA) CO., LTD.
① Thailand
Tel: +66-2206-9300
Fax: +66-2206-9310
② Manufacture and sales of 1,6-Hexanediol (HDL) and 1,5-Pentanediol (PDL)
③ 100.0%

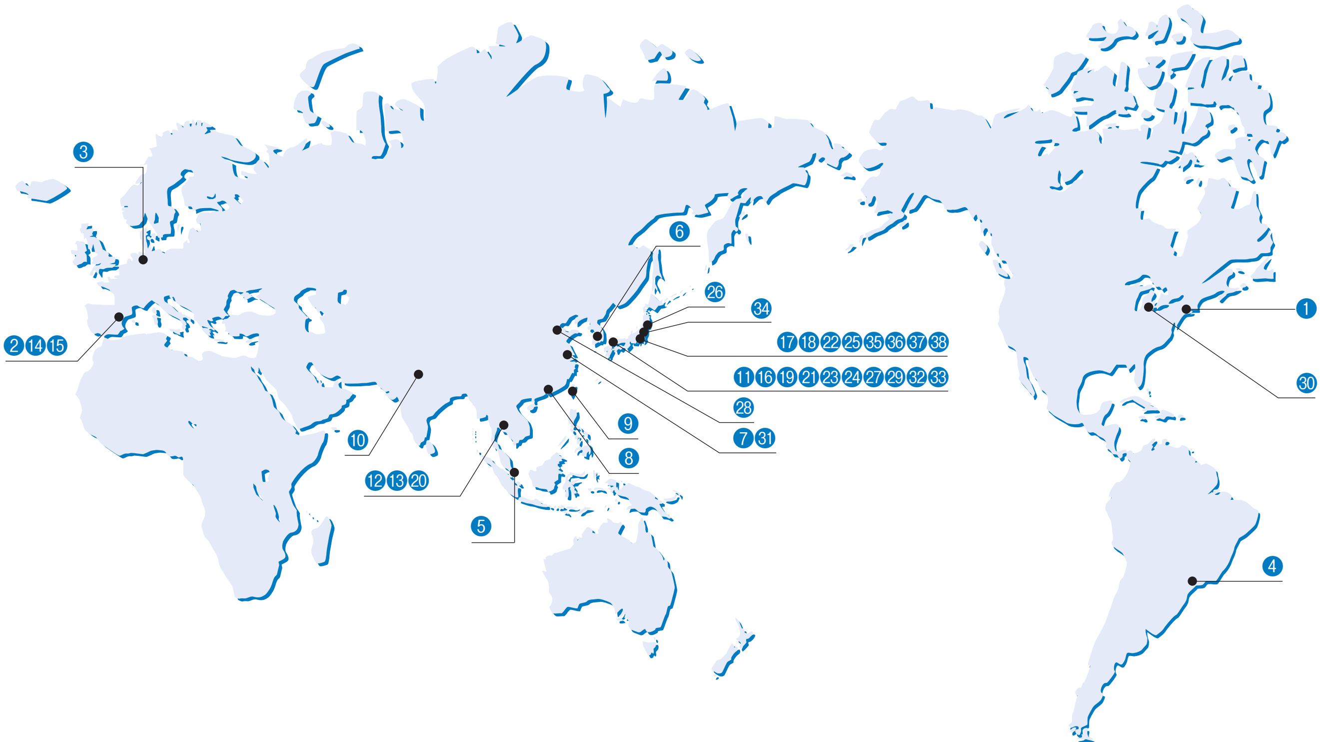
Cement & Construction Materials

21. UBE MATERIAL INDUSTRIES, LTD.
① Japan
Tel: +81 (836) 31-0156
Fax: +81 (836) 21-9778
② Production and sales of seawater magnesia, magnesium hydroxide, quicklime, slaked lime, and others
③ 54.3%

22. UBE CONSTRUCTION MATERIALS SALES CO., LTD.
① Japan
Tel: +81 (3) 5487-3584
Fax: +81 (3) 5487-3567
② Sales of ready-mixed concrete, building materials, and others
③ 100.0%

23. UBE SHIPPING & LOGISTICS, LTD.
① Japan
Tel: +81 (836) 34-1181
Fax: +81 (836) 34-1183
② Domestic shipping, harbor transportation, shipping-agent services, and customs clearing
③ 82.6%

24. UBE BOARD CO., LTD.
① Japan
Tel: +81 (836) 22-0251
Fax: +81 (836) 22-0271
② Manufacture and sales of boards, corrugated sheets, and OA flooring as well as related responsibilities
③ 100.0%



㉕ KANTO UBE HOLDINGS CO., LTD.
① Japan
Tel: +81 (3) 5759-7715
Fax: +81 (3) 5759-7732
② Sales of cement and aggregates as well as accounting for subsidiary
③ 100.0%

㉖ DAIKYO KIGYO CO., LTD.
① Japan
Tel: +81 (191) 25-3161
Fax: +81 (191) 25-4163
② Manufacture and sales of ready-mixed concrete and concrete secondary products
③ 79.6%

㉗ HAGIMORI INDUSTRIES, LTD.
① Japan
Tel: +81 (836) 31-1678
Fax: +81 (836) 21-4554
② Manufacture and sales of ready-mixed concrete and concrete secondary products
③ 75.1%

㉘ NANTONG UBE CONCRETE CO., LTD.
① China
Tel: +86 (513) 8535-5222
Fax: +86 (513) 8535-5221
② Manufacture and sales of ready-mix concrete
③ 100%

Machinery & Metal Products

㉙ UBE MACHINERY CORPORATION, LTD.
① Japan
Tel: +81 (836) 22-0072
Fax: +81 (836) 22-6457
② Manufacture and sales of diecasting machines, injection-molding machines, extrusion presses, industrial machinery, bridge, metal dies, and molds
③ 100.0%

㉚ UBE MACHINERY INC.
① U.S.A.
Tel: +1 (734) 741-7000
Fax: +1 (734) 741-7017
② Service, sales, assembly, and maintenance for metal processing and injection-molding machinery
③ 100.0%

㉛ UBE MACHINERY (SHANGHAI) LTD.
① China
Tel: +86 (21) 5868-1633
Fax: +86 (21) 5868-1634
② Services, sales, assembly and maintenance for metal processing and injection molding machinery
③ 100.0%

㉜ UBE TECHNO ENG. CO., LTD.
① Japan
Tel: +81 (836) 34-5080
Fax: +81 (836) 34-0666
② Service and maintenance of industrial machinery and equipment; manufacture and sales of automation and environment machinery
③ 100.0%

㉝ UBE STEEL CO., LTD.
① Japan
Tel: +81 (836) 35-1300
Fax: +81 (836) 35-1331
② Manufacture and sales of cast iron and steel products and rolled steel billets
③ 100.0%

㉞ FUKUSHIMA, LTD.
① Japan
Tel: +81 (24) 534-3146
Fax: +81 (24) 533-8318
② Manufacture and sales of marine, industrial and recycling machinery
③ 100.0%

Energy & Environment

㉟ UBE C&A CO., LTD.
① Japan
Tel: +81 (3) 5419-6331
Fax: +81 (3) 5419-6332
② Sales of imported steaming coal
③ 75.5%

... And 42 Other Consolidated Subsidiaries

EQUITY-METHOD AFFILIATES

㊱ UBE-MARUZEN POLYETHYLENE CO., LTD.
① Japan
Tel: +81 (3) 5419-6164
Fax: +81 (3) 5419-6249
② Manufacture and sales of low-density polyethylene
③ 50.0%

㊲ UMG ABS, LTD.
① Japan
Tel: +81 (3) 5148-5170
Fax: +81 (3) 5148-5186
② Manufacture and sales of ABS resins
③ 50.0%

㊳ UBE-MITSUBISHI CEMENT CORPORATION
① Japan
Tel: +81 (3) 3518-6670
Fax: +81 (3) 3518-6685
② Sales of cement and soil-stabilizing cement
③ 50.0%

... And 22 Other Equity-Method Affiliates

Wings of technology Spirit of innovation

UBE

UBE INDUSTRIES,LTD.

Tokyo Head Office (IR & PR Dept.)
Seavans North Bldg., 1-2-1, Shibaura, Minato-ku, Tokyo 105-8449, Japan
Phone: +81-3-5419-6110   Facsimile: +81-3-5419-6230

Ube Head Office
1978-96, Kogushi, Ube, Yamaguchi 755-8633, Japan
Phone: +81-836-31-2111   Facsimile: +81-836-21-2252

URL: http://www.ube.co.jp

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