



# Consolidated Financial Report for the Fiscal Year Ended March 31, 2017

May 11, 2017

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(Amounts rounded to the nearest million yen)

## 1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2017

(From April 1, 2016 to March 31, 2017)

### (1) Consolidated Operating Results

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
FY ended March 31, 2017	616,563	-3.9%	34,960	-15.6%	33,348	-15.8%	24,185	26.6%
FY ended March 31, 2016	641,750	-0.0%	41,408	71.5%	39,620	70.6%	19,111	30.5%

(Note) Comprehensive Income: Current FY ended March 31, 2017: 26,377 Million Yen (384.4%)  
 Previous FY ended March 31, 2016: 5,445 Million Yen (-79.1 %)

	Net income per share(Yen)	Diluted net income per share(Yen)	Return on equity (%)	Ordinary income to total assets (%)	Operating income to net sales (%)
FY ended March 31, 2017	22.85	22.78	8.7	4.8	5.7
FY ended March 31, 2016	18.06	18.01	7.2	5.7	6.5

(Note) Share of (profit) loss of entities accounted for using equity method: Current FY ended March 31, 2017 : 2,021 Million Yen  
 Previous FY ended March 31, 2016: 2,950 Million Yen

### (2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio (%)	Shareholders' equity per share (Yen)
As of March 31, 2017	709,379	310,401	40.4	270.76
As of March 31, 2016	679,783	289,622	39.2	251.90

(Reference) Shareholders' equity: FY ended March 31, 2017: 286,599 Million Yen  
 FY ended March 31, 2016: 266,562 Million Yen

[Shareholders' equity = Net assets – Subscription rights to shares – Non-controlling interests]

### (3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
FY ended March 31, 2017	53,418	-40,829	-17,686	35,806
FY ended March 31, 2016	68,628	-33,726	-31,000	41,188

## 2. Cash Dividends

	Cash dividends per share (Yen)					Total dividends paid (Annual)	Dividend payout ratio (Consolidated) (%)	Dividend on net assets ratio (Consolidated) (%)
	First quarter	Second quarter	Third quarter	Year end	Annual			
FY ended March 31, 2016	-	0.00	-	5.00	5.00	5,300	27.7	2.0
FY ended March 31, 2017	-	0.00	-	6.00	6.00	6,362	26.3	2.3
FY ending March 31, 2018 (Forecast)	-	0.00	-	6.00	6.00		25.9	

### 3. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2018

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

(% Indicates the rate of increase/decrease year on year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share(Yen)
First half ending March 31, 2018	330,000	17.4	17,000	47.6	16,000	55.1	10,000	40.7	9.45
FY ending March 31, 2018	700,000	13.5	40,000	14.4	38,000	13.9	24,500	1.3	23.15

### 4. Number of shares outstanding (common stock)

	As of March 31, 2017	As of March 31, 2016
Numbers of shares outstanding at period end	1,062,001,076	1,062,001,076
Numbers of shares of treasury stock at period end	3,506,575	3,813,962

	FY ended March 31, 2017	FY ended March 31, 2016
Weighted-average number of shares outstanding during period	1,058,420,951	1,058,045,593

### 5. Qualitative Information on Operating Results

#### (1) Overview of Operating Results

##### Overview

In the fiscal year ended March 31, 2017, the U.S. economy sustained recovery and the European economy was also on a track of modest recovery, but the slowing of the Chinese economy became more apparent in Asia; as a whole, the world economy continued modest recovery, while lacking a strength. Although improvement was delayed in some sectors, the overall Japanese economy continued to be on a track of modest recovery.

Under such circumstances, the Company Group has announced "Change & Challenge 2018," the three-year midterm plan for the next three years starting from this fiscal year. Based on the basic policies of the new midterm plan, such as "Strengthen the Business Foundation to Enable Sustainable Growth" and "Address and be Part of the Solution for Resource, Energy, and Global Environmental Issue," we will make full efforts to enhance profitability of each business segment and to overcome business challenges one by one. During the current term, consolidated operating income of the Company Group decreased due to impact of the appreciation of yen that had on overall business. In addition, the business of the Chemicals Segment was adversely affected by price rises of raw materials for some products and a cost increase resulted from periodic inspection of the domestic ammonia product factory. The Cement & Construction Materials Segment suffered from weak demand and worsened export environment in the Japanese cement market. On the other hand, current net income attributable to shareholders of the parent company increased, because large extraordinary losses were not recorded during the current term.

(Billions of yen)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent
FY ended March 31, 2017	616.5	34.9	33.3	24.1
FY ended March 31, 2016	641.7	41.4	39.6	19.1
Percentage change	-3.9%	-15.6%	-15.8%	26.6%

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

#### Chemicals Segment

Shipment of polyamide resins was steady because of a steady increase in sales of the products used for food wrap films, but was affected by price rises of raw materials. Although state of supply excess continued in the China market, some signs of recovery were seen in the business of caprolactam, which is a material used for polyamide. In the overseas markets, price falls of auxiliary materials such as

ammonia also contributed to the business of the products. Shipment of ammonia products was weak, due to periodic inspection of the factory. Shipment of polybutadiene rubber (synthetic rubber) was steady as a whole, including the products used for eco tires, but was affected by price rises of raw materials.

Shipment of both separators and electrolyte for lithium-ion batteries increased, thanks to application on vehicles such as eco-cars. Shipment of polyimide films and fine chemicals was steady as a whole.

(Billions of yen)

	Net sales	Operating income
FY ended March 31, 2017	258.3	9.6
FY ended March 31, 2016	266.7	12.0
Percentage change	-3.1%	-20.1%

#### Pharmaceutical Segment

Shipment of active ingredients respectively for hypotensive agent, antiallergic drugs and antiplatelet agent developed by UBE increased. Shipment of active ingredients and intermediates for drugs manufactured under contract was steady as a whole.

(Billions of yen)

	Net sales	Operating income
FY ended March 31, 2017	10.9	2.4
FY ended March 31, 2016	9.2	1.1
Percentage change	18.3%	125.9%

#### Cement & Construction Materials Segment

Domestic shipment of cement and ready-mixed concrete was affected by sluggish demand. Shipment of exported cement continued to be strong, but the market prices stayed relatively low. In this third quarter, price rises of coal also affected the business. Shipment of calcia and magnesia products was steady as a whole.

(Billions of yen)

	Net sales	Operating income
FY ended March 31, 2017	227.2	16.2
FY ended March 31, 2016	237.3	19.8
Percentage change	-4.3%	-18.0%

#### Machinery Segment

Shipment of industrial machines such as vertical mills and conveyers was weak in both domestic and overseas markets. Shipment of molding machines mainly supplied to the automobile industries was steady in the domestic market, but export of them was weak due to an adverse effect of foreign exchange rates. Business performance of machinery services of those products and shipment of steel products remained at a steady level.

(Billions of yen)

	Net sales	Operating income
FY ended March 31, 2017	71.6	3.6
FY ended March 31, 2016	73.4	4.6
Percentage change	-2.4%	-20.2%

## Energy & Environment Segment

In the coal business, sales volumes of salable coal and volume of coal dealing at UBE's Coal Center (a coal storage facility) respectively decreased in comparison with the same period in the previous year. The power producer business was affected by periodic inspection of UBE's in-house power plant.

	(Billions of yen)	
	Net sales	Operating income
FY ended March 31, 2017	59.7	2.8
FY ended March 31, 2016	69.0	3.8
Percentage change	-13.4%	-26.0%

### **Main measures implemented in the current term**

#### - Chemicals Segment -

- ◆ Ube Industries, Ltd. opened "Osaka Research and Development Center." (August 2016)
- ◆ Ube Industries Ltd. will expand production capacity for lithium-ion battery separators. (September 2016)
- ◆ Ube Industries, Ltd. decided and started work to increase production capacity of nylon 6 by 40,000 tons per year in UBE Corporation Europe, S.A.U. in Castellon (Spain). (October 2016)
- ◆ Ube Industries, Ltd. and Mitsubishi Chemical Corporation have agreed to a tie-up for the lithium-ion battery electrolyte business in China. (October 2016)
- ◆ Ube Industries, Ltd. signed a licensing agreement with Future Ink Corporation, a start-up launched from Yamagata University, concerning an n-type organic semiconductor material that is soluble in organic solvents and that was jointly developed with Yamagata University. (February 2017)
- ◆ Ube Industries, Ltd., Mitsubishi Rayon Co., Ltd. (current Mitsubishi Chemical Corporation) and JSR Corporation reached the final agreement for integration of ABS resin business. (March 2017)

#### - Cement & Construction Materials Segment -

- ◆ Ube Material Industries, Ltd., has established a company for the manufacturing and marketing of MOS-HIGE magnesium oxysulfate whisker in Bangkok, Thailand. (September 2016)
- ◆ Cumulative output of limestone at Ube Isa Mine reached 500 million tons. (November 2016)

#### - Machinery Segment -

- ◆ Ube Machinery Inc. established its sales and servicing office in Kentucky, USA. (August 2016)
- ◆ Having signed an agreement on transfer of shares of Mitsubishi Heavy Industries Plastic Technology Co., Ltd., a group company of Mitsubishi Heavy Industries, Ltd., Ube Machinery Corporation, Ltd. (Ube Machinery) completed such share transfer on January 2017. As a result of the share transfer, Mitsubishi Heavy Industries Plastic Technology Co., Ltd. has relaunched operations under a new structure and a new corporate name: U-MHI Platech Co., Ltd. (U-MHIPT). Simultaneously, Ube Machinery has begun operations at a newly established entity, named U&M Plastic Solutions Co., Ltd., charged with marketing products produced by both Ube Machinery and U-MHIPT.

## (2) Overview of Financial Condition

Total assets increased by 29.5 billion yen to 709.3 billion yen. While cash on hand and in banks decreased by 5.8 billion yen, notes and accounts receivable, inventories which include commercial products and manufactured goods and tangible fixed assets increased respectively by 18.3 billion yen, 6.7 billion yen, and 7.6 billion yen.

Total liabilities increased by 8.8 billion yen to 398.9 billion yen. While interest-bearing debt decreased by 6.2 billion yen, notes and accounts payable-trade increased by 18.0 billion yen.

Net assets increased by 20.7 billion yen to 310.4 billion yen. While retained earnings decreased by 5.3 billion yen for the reason of payment of dividends, profit attributable to owners of parent increased by 24.1 billion yen.

## (3) Overview of cash flow

Net cash provided by operating activities totaled 53.4 billion yen, which was mainly comprised of profit before income taxes for the year of 32.9 billion yen, depreciation and amortization of 34.4 billion yen, which is a non-fund entry, and income taxes paid of 10.2 billion yen.

Net cash used in investment activities totaled 40.8 billion yen, which was mainly comprised of purchase of property, plant and equipment and intangible assets of 41.8 billion yen.

Net cash used in financing activities totaled 17.6 billion yen, which was mainly comprised of repayment of long-term loans payable of 21.3 billion yen, which offset proceeds from long-term loans receivable of 20.5 billion yen, and redemption of bonds of 15.0 billion yen.

The balance of interest-bearing debt at the end of the term decreased by 6.2 billion yen compared to the end of the previous term to 210.4 billion yen.

The balance of cash and cash equivalents at the end of the term increased by 5.3 billion yen compared to the end of the previous term to 35.8 billion yen.

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

Recognizing that payment of dividends is our key responsibility for shareholders, we set a basic policy to pay the dividends corresponding to the business performance to shareholders. On the other hand, we think that it is also important for us to accumulate sufficient internal reserves to strengthen our financial standings and expand our business further. Considering the above policies in a comprehensive manner, we develop the proposal for the stock dividends to be resolved at the general meeting of shareholders.

In the three-year midterm plan to be concluded in the current term, we set a policy to target the consolidated dividend payout ratio of 30% or more of current consolidated profit attributable to owners of parent, and plan to pay the year-end dividends of 6 yen per share for the current term.

For the next term, we plan to the year-end dividends of 6 yen per share, setting out to achieve a dividend increase steadily in conjunction with improvement of our business performance.

## (5) Forecast for the next Fiscal Year (April 1, 2017 to March 31, 2018)

Looking into future economic conditions, we expect that while Japanese economy would continue modest recovery, the global economy would continue to experience greater uncertainty for the reasons of future fluctuation of foreign exchange rate and fuel prices, and changes in administrative, economic and financial policies in the U.S. and European countries.

Considering the present economic condition and on the assumption that the dollar-yen exchange rate would hover at a level of 110 yen /dollar, and the prices of domestic product naphtha and Australian coal would be around 41,800 yen per 1kl and 10,932 yen per ton, respectively, from April 2017 through March 2018, we forecast the earnings as follows.

We expect that consolidated net sales increase to 700.0 billion yen thanks to sales increases of each Segment including the Chemicals Segment in which a sales increase and price improvement are expected. Consolidated operating income would reach 40 billion yen for the reason of an increase in the sales figures in the Chemicals Segment. Consolidated ordinary income and profit attributable to owners of parent are forecasted to come respectively to 38.0 billion yen and 24.5 billion yen.

The free cash flow for the next term (sum total of the net cash provided by operating activities and net cash used in investment activities) is expected to increase compared with the current term as a result of an

increase in profit before income taxes for the year.

The term-end balance of the interest-bearing debt is expected to decrease by 10.4 billion yen compared with the end of this term to 200.0 billion yen.

(Billions of yen)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent
FY ending March 31, 2018	700.0	40.0	38.0	24.5
FY ended March 31, 2017	616.5	34.9	33.3	24.1
Percentage change	13.5%	14.4%	13.9%	1.3%

#### Net Sales by Segment

(Billions of yen)

	Chemicals	Pharmaceuticals	Cement & Construction Materials	Machinery	Energy & Environment	Others	Elimination
FY ending March 31, 2018	310.0	10.0	230.0	90.0	70.0	5.0	-15.0
FY ended March 31, 2017	258.3	10.9	227.2	71.6	59.7	12.5	-23.9
Percentage change	20.0%	-8.9%	1.2%	25.6%	17.1%	-60.1%	-

#### Operating Income by Segment

(Billions of yen)

	Chemicals	Pharmaceuticals	Cement & Construction Materials	Machinery	Energy & Environment	Others	Adjustment
FY ending March 31, 2018	18.0	2.0	13.0	5.0	2.5	1.0	-1.5
FY ended March 31, 2017	9.6	2.4	16.2	3.6	2.8	0.7	-0.7
Percentage change	86.4%	-19.9%	-20.1%	36.2%	-12.4%	32.6%	-

## 6. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
<b>Assets</b>		
Current assets		
Cash and deposits	42,463	36,634
Notes and accounts receivable - trade	139,506	157,845
Merchandise and finished goods	34,389	35,922
Work in process	15,360	19,587
Raw materials and supplies	26,334	27,293
Deferred tax assets	7,809	6,834
Other	11,701	11,449
Allowance for doubtful accounts	△637	△523
Total current assets	276,925	295,041
Non-current assets		
Property, plant and equipment		
Buildings and structures	259,958	265,505
Accumulated depreciation and impairment loss	△178,782	△182,726
Buildings and structures, net	81,176	82,779
Machinery, equipment and vehicles	633,280	637,817
Accumulated depreciation and impairment loss	△492,194	△502,083
Machinery, equipment and vehicles, net	141,086	135,734
Land	84,468	84,100
Leased assets	2,590	3,206
Accumulated depreciation and impairment loss	△1,318	△1,538
Leased assets, net	1,272	1,668
Construction in progress	9,661	19,715
Other	37,322	40,112
Accumulated depreciation and impairment loss	△31,185	△32,665
Other, net	6,137	7,447
Total property, plant and equipment	323,800	331,443
Intangible assets		
Leased assets	12	6
Other	4,958	5,365
Total intangible assets	4,970	5,371
Investments and other assets		
Investment securities	48,167	51,615
Long-term loans receivable	421	326
Net defined benefit asset	7,006	7,806
Deferred tax assets	8,263	7,521
Other	10,655	10,809
Allowance for doubtful accounts	△538	△665
Total investments and other assets	73,974	77,412
Total non-current assets	402,744	414,226
Deferred assets		
Bond issuance cost	114	112
Total deferred assets	114	112
<b>Total assets</b>	<b>679,783</b>	<b>709,379</b>

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	74,280	92,342
Short-term loans payable	79,367	65,931
Commercial papers	—	10,000
Current portion of bonds	15,020	15,020
Lease obligations	466	559
Accounts payable - other	32,225	26,813
Income taxes payable	6,766	4,546
Provision for bonuses	7,118	6,944
Provision for directors' bonuses	51	75
Provision for loss on order received	401	465
Other	17,562	23,133
Total current liabilities	233,256	245,828
Non-current liabilities		
Bonds payable	45,030	40,010
Long-term loans payable	75,839	77,655
Lease obligations	969	1,289
Deferred tax liabilities	2,142	2,271
Provision for directors' retirement benefits	807	727
Provision for special repairs	157	1,428
Provision for loss on business restructuring	267	199
Net defined benefit liability	6,727	6,850
Negative goodwill	958	808
Asset retirement obligations	1,271	1,666
Other	22,738	20,247
Total non-current liabilities	156,905	153,150
Total liabilities	390,161	398,978
<b>Net assets</b>		
Shareholders' equity		
Capital stock	58,435	58,435
Capital surplus	38,536	38,091
Retained earnings	166,862	185,747
Treasury shares	△801	△726
Total shareholders' equity	263,032	281,547
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,514	4,893
Deferred gains or losses on hedges	△13	11
Foreign currency translation adjustment	3,674	2,378
Remeasurements of defined benefit plans	△3,645	△2,230
Total accumulated other comprehensive income	3,530	5,052
Subscription rights to shares	597	623
Non-controlling interests	22,463	23,179
Total net assets	289,622	310,401
Total liabilities and net assets	679,783	709,379



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

· Consolidated Statements of Income

(Millions of yen)

	FY ended March 31, 2016	FY ended March 31, 2017
Net sales	641,750	616,563
Cost of sales	519,960	500,642
Gross profit	121,790	115,921
Selling, general and administrative expenses	80,382	80,961
Operating profit	41,408	34,960
Non-operating income		
Interest income	356	201
Dividend income	580	692
Rent income	1,214	1,220
Amortization of negative goodwill	133	138
Share of profit of entities accounted for using equity method	2,950	2,021
Other	2,994	1,855
Total non-operating income	8,227	6,127
Non-operating expenses		
Interest expenses	2,110	1,597
Rent expenses	731	646
Foreign exchange losses	1,074	183
Other	6,100	5,313
Total non-operating expenses	10,015	7,739
Ordinary profit	39,620	33,348
Extraordinary income		
Gain on sales of non-current assets	674	240
Gain on sales of investment securities	40	—
Subsidy income	1,158	724
Gain on bargain purchase	—	1,611
Reversal of accrued expenses from business withdrawal	1,596	—
Total extraordinary income	3,468	2,575
Extraordinary losses		
Loss on disposal of non-current assets	5,300	2,404
Impairment loss	9,080	586
Loss on valuation of investment securities	589	—
Provision for loss over investment cost of subsidiaries and affiliates	466	—
Total extraordinary losses	15,435	2,990
Profit before income taxes	27,653	32,933
Income taxes - current	9,400	7,989
Income taxes - deferred	△504	394
Total income taxes	8,896	8,383
Profit	18,757	24,550
Profit (loss) attributable to non-controlling interests	△354	365
Profit attributable to owners of parent	19,111	24,185

• Consolidated Statements of Comprehensive Income

(Millions of yen)

	FY ended March 31, 2016	FY ended March 31, 2017
Profit	18,757	24,550
Other comprehensive income		
Valuation difference on available-for-sale securities	Δ1,369	1,337
Deferred gains or losses on hedges	84	24
Foreign currency translation adjustment	Δ10,522	Δ605
Remeasurements of defined benefit plans, net of tax	Δ1,028	1,248
Share of other comprehensive income of entities accounted for using equity method	Δ477	Δ177
Total other comprehensive income	Δ13,312	1,827
Comprehensive income	5,445	26,377
Comprehensive income attributable to owners of parent	8,159	25,707
Comprehensive income attributable to non-controlling interests	Δ2,714	670

## (3) Consolidated Statements of Cash Flows

(Millions of yen)

	FY ended March 31, 2016	FY ended March 31, 2017
<b>Cash flows from operating activities</b>		
Profit before income taxes	27,653	32,933
Depreciation and amortization	35,574	34,490
Impairment loss	9,080	586
Loss on retirement of non-current assets	1,659	896
Amortization of negative goodwill	△133	△138
Gain on bargain purchase	—	△1,611
Interest and dividend income	△936	△893
Interest expenses	2,110	1,597
Foreign exchange losses (gains)	137	△136
Share of (profit) loss of entities accounted for using equity method	△2,950	△2,021
Loss (gain) on sales of investment securities	△40	—
Loss (gain) on valuation of investment securities	589	—
Provision for loss over investment cost of subsidiaries and affiliates	466	—
Reversal of accrued expenses from business withdrawal	△1,596	—
Loss (gain) on sales of non-current assets	△515	△142
Subsidy income	△1,158	△724
Increase (decrease) in allowance for doubtful accounts	△174	28
Increase(decrease) in defined benefit asset and liability	1,405	△686
Increase (decrease) in provision for directors' retirement benefits	20	△74
Decrease (increase) in notes and accounts receivable - trade	10,233	△19,026
Decrease (increase) in inventories	126	△6,743
Increase (decrease) in notes and accounts payable - trade	△12,453	16,961
Other, net	4,908	7,503
<b>Subtotal</b>	<b>74,005</b>	<b>62,800</b>
Interest and dividend income received	1,449	1,736
Interest expenses paid	△2,130	△1,615
Proceeds from subsidy income	1,829	724
Income taxes paid	△6,525	△10,227
<b>Net cash provided by (used in) operating activities</b>	<b>68,628</b>	<b>53,418</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment and intangible assets	△34,485	△41,867
Proceeds from sales of property, plant and equipment	1,023	488
Purchase of investment securities	△404	△448
Proceeds from sales of investment securities	58	132
Purchase of shares of subsidiaries and associates	△166	△595
Proceeds from sales of shares of subsidiaries and associates	51	56
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	—	309

Decrease (increase) in short-term loans receivable	492	47
Payments of long-term loans receivable	Δ80	Δ38
Collection of long-term loans receivable	45	48
Other, net	Δ260	1,039
Net cash provided by (used in) investing activities	Δ33,726	Δ40,829

## 7. Segment information

### (1) Summary of reportable segments

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

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

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

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

(Note) The name of the reported segment "Machinery and Metal Products Segment" has been changed to the "Machinery Segment" from April 2016. Such change is only for the sake of the segment name and has no affect on the segment information. The new reported segment name is also used in the section of the segment information of the previous consolidated fiscal year.

(2) Information concerning Net Sales and Income by Reportable Business Segment

FY Ended March 31, 2016 (April 1, 2015 to March 31, 2016)

(Millions of yen)

	Reported segment							Adjustment (note 1)	Amount recorded in consolidated financial statement (note 2)
	Chemicals	Pharma- ceuticals	Cement & Construction Materials	Machinery	Energy & Environment	Others	Total		
Net sales									
External sales	258,661	9,221	231,051	71,367	56,616	14,834	641,750	-	641,750
Internal sales or transfers	8,075	59	6,292	2,068	12,450	1,958	30,902	-30,902	-
Total	266,736	9,280	237,343	73,435	69,066	16,792	672,652	-30,902	641,750
Segment income (operating income)	12,083	1,105	19,841	4,600	3,856	1,142	42,627	-1,219	41,408
Assets	301,784	12,533	216,948	62,039	49,014	16,246	658,564	21,219	679,783
Other items									
Depreciation and amortization (Note 3)	20,491	837	8,309	1,415	2,870	609	34,531	1,043	35,574
Investment in equity-method affiliates	18,407	-	8,322	-	1,199	2,270	30,198	-	30,198
Increase in property, plant and equipment and intangible assets (Note 4)	14,610	703	14,716	1,620	1,002	570	33,221	1,208	34,429

(Note 1) Adjustments are applied to the followings:

- i ) -1,219 million yen for adjustment for Segment income includes -131 million yen for the elimination of transaction between the Segments and -1,088 million yen for company-wide cost that is not allocated to each reported Segment. Company-wide cost consists mainly of administration and general expense that is not attributed to each reported Segment.
- ii ) 21,219 million yen for adjustment for Segment assets includes -45,632 million yen for the emission of credits between the Segments and 66,851 million yen for company-wide assets that are not attributed to each reported Segment.
- iii ) 1,043 million yen for adjustment for depreciation and amortization consists of depreciation and amortization of company-wide assets that is not attributed to each reported Segment.
- iv ) 1,208 million yen for adjustment for the increase in property, plant and equipment and intangible assets consists of a company-wide assets increase that is not attributed to each reported Segment.

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

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

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

FY Ended March 31, 2017 (April 1, 2016 to March 31, 2017)

(Millions of yen)

	Reported segment							Adjustment (note 1)	Amount recorded in consolidated financial statement (note 2)
	Chemicals	Pharma- ceuticals	Cement & Construction Materials	Machinery	Energy & Environment	Others	Total		
Net sales									
External sales	254,963	10,975	221,432	69,289	49,477	10,427	616,563	-	616,563
Internal sales or transfers	3,401	-	5,804	2,379	10,305	2,093	23,982	-23,982	-
Total	258,364	10,975	227,236	71,668	59,782	12,520	640,545	-23,982	616,563
Segment income (operating income)	9,657	2,496	16,264	3,671	2,855	754	35,697	-737	34,960
Assets	324,232	12,915	219,126	75,121	48,613	14,824	694,831	14,548	709,379
Other items									
Depreciation and amortization (Note 3)	18,873	838	8,831	1,455	2,825	649	33,471	1,019	34,490
Investment in equity-method affiliates	19,323	-	8,778	-	1,219	1,903	31,223	-	31,223
Increase in property, plant and equipment and intangible assets (Note 4)	28,282	375	9,884	1,959	1,438	904	42,842	1,225	44,067

(Note 1) Adjustments are applied to the followings:

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

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

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

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

### (3) Segment Related Information Information by region

#### i ) Previous FY Ended March 31, 2016 (April 1, 2015 to March 31, 2016)

Net sales (Millions of yen)

Japan	Asia	Europe	Others	Total
458,098	117,297	36,459	29,896	641,750

(Note) Net sales corded on the basis of locations of customers are classified by country or region.

Tangible assets (Millions of yen)

Japan	Thailand	Other Asia	Europe	Others	Total
255,944	50,243	1,460	15,130	1,023	323,800

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

Net sales (Millions of yen)

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

(Note) Net sales corded on the basis of locations of customers are classified by country or region.

Tangible assets (Millions of yen)

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

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

Previous FY Ended March 31, 2016 (April 1, 2015 to March 31, 2016) (Millions of yen)

	Chemical	Pharma- ceutical	Cement & Construction Materials	Machinery	Energy & Environment	Others	Company wide / elimination	Total
Impairment Loss	8,875	-	107	-	-	-	98	9,080

Current FY Ended March 31, 2017 (April 1, 2016 to March 31, 2017) (Millions of yen)

	Chemical	Pharma- ceutical	Cement & Construction Materials	Machinery	Energy & Environment	Others	Company wide / elimination	Total
Impairment Loss	375	-	2	-	-	-	209	586

## (Reference) Consolidated Key Indicators

(Billions of yen – except where noted)

	FY Ended March 31, 2016	FY Ended March 31, 2017	FY ending March 31, 2018 (forecast)
Capital investment	34.4	44.0	42.0
Depreciation and amortization	35.5	34.4	35.0
Research and development expenses	13.7	13.6	14.5
Adjusted operating income *1	45.2	37.8	43.5
Interest-bearing debt	216.6	210.4	200.0
Shareholders' equity *2	266.5	286.5	303.0
Total assets	679.7	709.3	725.0
D/E ratio (times)	0.81	0.73	0.66
Shareholders' equity ratio (%)	39.2	40.4	41.8
Operating income to net sales (%)	6.5	5.7	5.7
Return on assets - ROA (%) *3	6.5	5.5	6.1
Return on equity – ROE (%)	7.2	8.7	8.3
Number of employees	10,764	10,928	11,000

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

\*2 Shareholders' equity: Net assets – Subscription rights to shares – Non-controlling interests

\*3 ROA: Adjusted operating income / Average total assets