July 31, 2015

Consolidated Financial Report for the First Quarter of the Fiscal Year Ending March 31, 2016

Ube Industries, Ltd.

1. Consolidated Companies

Number of companies / Fiscal period	Previous FY ended March. 31, 2015	Current first Q ended June. 30, 2015	Change
Consolidated companies	71	71	0
Companies using equity method accounting	24	24	0
Total	95	95	0

2. Consolidated Business Results for the First Quarter of the Fiscal Year Ending March 31, 2016 (April 1, 2015 to June 30, 2015)

(1) Results of Operations

(Billions of Yen – except per share data)

	Previous first Q ended June. 30, 2014	Current first Q ended June. 30, 2015	Change
Net sales	148.5	161.3	12.8
Operating income	0.2	9.5	9.3
Net interest expenses	-0.1	-0.1	-0.0
Equity in earnings of affiliates	0.0	0.8	0.8
Other non-operating income	-0.5	-0.3	0.2
Ordinary income	-0.3	9.9	10.3
Extraordinary income	0.0	0.0	-0.0
Extraordinary losses	-1.0	-0.4	0.6
Profit (loss) attributable to owners of parent	-1.1	6.3	7.5

Net income per share	-1.13 Yen	6.04 Yen	7.17 Yen

Environmental Factors

Exchange rate (Yen/US$)	102.2 Yen	121.4 Yen	19.2 Yen
Naphtha price (Yen/kl)	70,000 Yen	48,900 Yen	-21,100 Yen
Australian coal price (Yen/ton)	9,779 Yen	9,414 Yen	-365 Yen

Net Sales by Segment

(Billions of Yen)

	Previous first Q ended June. 30, 2014	Current first Q ended June. 30, 2015	Change	Comments
Chemicals	64.8	70.0	5.2	- Increase in sales volume of caprolactam, industrial chemicals and battery materials, etc.
Pharmaceutical	1.2	1.7	0.5	- Increase in sales volume of drugs manufactured under contract, etc.
Cement & Construction Materials	54.3	58.9	4.5	- Due to impact of newly consolidated subsidiary, etc.
Machinery & Metal Products	15.7	14.3	-1.3	- Decrease in shipment of industrial machines, etc.
Energy & Environment	14.4	20.4	5.9	- Increase in volume of selling electricity and in sales volume of coals, etc.
Other	4.6	4.3	-0.3	
Adjustment	-6.8	-8.4	-1.6	
Total	148.5	161.3	12.8	

Operating Income by Segment

(Billions of Yen)

	Previous first Q ended June. 30, 2014	Current first Q ended June. 30, 2015	Change	Comments
Chemicals	-2.8	3.5	6.3	- Improvement in spread between selling price and costs of raw materials for caprolactam, and in cost of raw materials of industrial chemicals, etc.
Pharmaceutical	-0.1	-0.0	0.0	
Cement & Construction Materials	2.8	4.2	1.4	- Increase in income of recycling of wastes and improvement in energy cost, etc.
Machinery & Metal Products	-0.0	0.6	0.7	- Improvement in profitability of molding machines
Energy & Environment	0.4	1.4	0.9	Increase in volume of selling electricity and in sales volume of coals, etc.
Other	0.1	0.2	0.0	
Adjustment	-0.1	-0.4	-0.2	
Total	0.2	9.5	9.3	

Note: Adjustment of operating income is calculated by totaling the company-wide cost excluding allocation to each segment and the tradeoff of businesses among segments.

The former Chemicals & Plastics segment and Specialty Chemicals & Products segment were integrated into the Chemicals segment as of April 1, 2015. Results for the previous fiscal year have been restated.

(2) Financial Condition

(Billions of Yen)

Assets	Previous FY ended March. 31, 2015	Current first Q ended June. 30, 2015	Change
Cash and deposits	38.1	42.1	4.0
Notes and Accounts receivable	144.9	142.2	-2.6
Inventories	78.4	89.8	11.4
Property, plant and equipment	347.4	342.9	-4.4
Intangible assets	5.3	5.3	-0.0
Investments securities	48.4	50.0	1.5
Deferred assets	0.1	0.1	-0.0
Other assets	48.6	47.2	-1.4
Total assets	711.5	720.0	8.4

Liabilities	Previous FY ended March. 31, 2015	Current first Q ended June. 30, 2015	Change
Notes and accounts payable-trade	83.8	88.8	5.0
Interest-bearing debt	239.7	239.0	-0.6
Other liabilities	98.3	100.3	1.9
Net assets	289.6	291.7	2.1
(Shareholders' Equity)	(249.3)	(250.4)	(1.0)
(Accumulated Other Comprehensive Income)	(13.9)	(15.2)	(1.2)
(Share subscription rights and non-controlling interests)	(26.2)	(26.0)	(-0.1)
Total liabilities and Net assets	711.5	720.0	8.4

Cash Flows

(Billions of Yen) (Billions of Yen)

	Current first Q ended June. 30, 2015	(Ref.) Previous first Q ended June. 30, 2014
Cash flows from operating activities	20.0 *1	11.3
Cash flows from investing activities	-8.4 *2	-12.2
Cash flows from financing activities	-8.5	2.3
(Interest-bearing debt)	(-3.1)	(7.7)
(Dividend paid and Other)	(-5.3) *3	(-5.3)
Cash and cash equivalents at end of period	41.0	31.8

*1 Income before income taxes and minority interests	9.5 billion Yen
Depreciation and amortization	8.8 billion Yen etc
*2 Acquisition of tangible/ intangible fixed assets	-8.6 billion Yen , etc
*3 Dividend paid	-5.3 billion Yen , etc

(3)Qualitative Information for business segments

Overview

During the current term, while the U.S. economy sustained recovery and the European economy showed signs of bottoming out, in Asia, the pace of economic growth became modest in China; as a whole, the world economy started to recover gradually. Domestic economy that saw some signs of bottoming out in individual spending and improvement in performance in the private sector also started to recover modestly.

Under such circumstances, the Company Group has engaged in activities to respond to changes in structural business environments in a speedy manner based on the basic policies of "Change & Challenge – Driving Growth," the three-year medium-term management plan adopted in FY 2013, and in the final year of the said three-year midterm plan, we have tackled the operational challenges in each business segment including early improvement in earnings in the Chemicals segment.

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

Chemicals

Shipment of polyamide resins remained strong, because of a steady increase in sales of the products used for food packaging films. Shipment of caprolactam, which is a material used to synthesize polyamide, was strong in spite of excess of supply in some market represented by China, and the market condition itself picked up slightly. Shipment of ammonia products continued to be strong, thanks to shift in frequency of periodic inspection of the factories to every two years. Shipment of polybutadiene rubber (synthetic rubber) was weak and was also affected by the sluggish market condition.

Shipment of both electrolyte and separators for lithium-ion batteries was strong, thanks to usage of the former in commercial-off-the-shelf products such as personal computers, as well as application of the latter on vehicles such as eco-cars. Shipment of fine chemicals and polyimide films was steady as a whole.

Pharmaceutical Segment

While shipment of pharmaceutical products may vary from quarter to quarter, that of active ingredients was weak, because distributors' inventories of hypotensive agents, anti-allergic drugs and antiplatelet agent developed by UBE were on an adjustment phase. Shipment of active ingredients and intermediates for drugs manufactured under contract was steady as a whole.

Cement & Construction Materials Segment

Domestic shipments of cement was weak due to sluggish demand in Japan, but business performance was steady as a whole, thanks to increased export to overseas countries represented by the Southeast Asian countries, as well as continued growth of recycle business of various types of waste. Shipment of calcia and magnesia products remained at the almost same level with the corresponding period of the previous year.

Machinery & Metal Products Segment

Shipment of industrial machines such as vertical mills and conveyers decreased from the same period of the previous year that saw concentrated shipment for big projects. Shipment of molding machines mainly delivered to the automobile industries was strong, thanks to new production enhancement projects implemented in North America countries, China and Korea. Business performance of machinery services of those products continued to be strong. Shipment of steel products continued to be steady, partially contributed by improvement in electric power cost.

Energy & Environment Segment

In the coal business, both sales volume of salable coal and volume of coal dealing at UBE's Coal Center (a coal storage facility) were maintained at a steady level. In the power producer business, volume of selling electricity increased, thanks to recovery of the IPP electric power plant.

(4)Qualitative Information for Financial Condition

Total assets at the end of the first quarter of the fiscal year increased by 8.4 billion yen, comparing to the end of the previous fiscal year, to 720.0 billion yen. Although tangible fixed assets decreased by 4.4billion yen, cash on hand and in banks, and inventories, which include commercial products and manufactured goods, increased respectively by 4.0 billion yen and 11.4 billion yen.

Total liabilities increased by 6.2 billion yen to 428.2 billion yen in spite of a decrease of 1.0 billion yen in income tax payable and others, thanks to increases of 5.0 billion yen in notes and accounts payable and 3.0 billion yen in reserve for bonuses.

Net assets increased by 2.1 billion yen to 291.7 billion yen, because current net income attributable to owners of the parent increased by 6.3 billion yen in spite of a 5.3 billion yen decrease in retained earnings resulted from payment of dividends, and because valuation difference on available-for-sale securities increased by 0.8 billion yen.

3. Consolidated Earnings Forecast for the Year Ending March 31, 2016 (April 1, 2015 to March 31, 2016)

Looking into future economic conditions, while Japanese economy is expected to continue to be on a track to recovery, there is concern about downside risks resulting from uncertainty about the future of economy of the emerging countries represented by China, shifts in economic and financial policies of the U.S. and European countries, and rise in raw material/fuel prices. It is, therefore, our business environment would remain uncertain.

Although earnings of the Company Group during the current term slightly exceeded our forecast, we, in consideration of the uncertainty of future business environment, do not revise our consolidated results forecast announced on May 12, 2015.

(Billions of Yen – except per share data)

	Fiscal Year ended Mar. 31, 2015 (a)	Fiscal Year ending Mar. 31, 2016(forecast)		Change (b)-(a)
		Interim Period	Full Year (b)	
Net sales	641.7	330.0	685.0	43.3
Operating income	24.1	14.0	36.0	11.9
Ordinary income	23.2	12.0	32.0	8.8
Extraordinary income (losses), net	-4.7	-1.0	-7.0	-2.3
Profit attributable to owners of parent	14.6	7.0	17.0	2.4
Net income per share	13.85 Yen	6.62 Yen	16.07 Yen	2.22 Yen
Dividend per share	5.0 Yen		5.0 Yen	0.0 Yen

Business Conditions

Exchange rate (yen/ US$)	109.9 Yen	120.0 Yen	10.1 yen
Naphtha price (yen/kl)	63,400 Yen	52,000 Yen	-11,400 yen
Australian coal price (yen/ton)	9,981 Yen	9,266 Yen	-715 yen

(Reference)

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

	Previous first Q ended June. 30, 2014	Current first Q ended June. 30, 2015	Fiscal Year ending Mar. 31, 2016 (forecast)	Fiscal Year ended Mar. 31, 2015
Capital investment	11.0	5.8	38.0	42.5
Depreciation and amortization	8.0	8.8	36.5	33.5
Research and development expenses	3.4	3.3	14.5	13.8
Adjusted operating income *1	0.8	10.8	37.5	26.6
Interest-bearing debt	253.4	239.0	222.0	239.7
Net debt *2	221.5	198.0	195.0	202.7
Equity capital*3	235.7	265.7	275.0	263.3
Total assets	698.8	720.0	725.0	711.5
Net D/E ratio (times)	0.94	0.75	0.71	0.77
Equity ratio (%)	33.7	36.9	37.9	37.0
Return on sales (%)	0.2	5.9	5.3	3.8
Return on assets - ROA (%) *4	-	-	5.2	3.8
Return on equity – ROE (%)	-	-	6.3	5.8
Number of employees	11,361	10,863	10,900	10,702

*1 Adjusted operating income: Operating income + Interest and dividend income + Equity in earnings of unconsolidated subsidiaries and affiliated companies

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

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

*4 ROA: Adjusted operating income / Average total assets