UBE

Value through Innovation, Worldwide

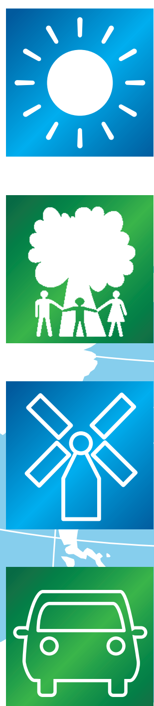
UBE INDUSTRIES, LTD.

ANNUAL REPORT 2012

Year ended March 31, 2012

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. This long-standing tradition and core identity of UBE is captured in its Group Vision for the 21st century:

"Wings of technology and spirit of innovation. That's our DNA driving our global success."

Our history and our vision are the basis for Stage Up 2012 — New Challenges, the UBE Group's mid-term management plan for the three-year period ending in March 2013. We are emphasizing speed, innovation and globalization while cooperating with stakeholders to achieve mutual benefit. As always, we will deploy our strengths in the differentiated business sectors in which we excel, with the aim of further increasing the UBE Group's corporate value.

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 2011 in the text is the year ended March 31, 2012.

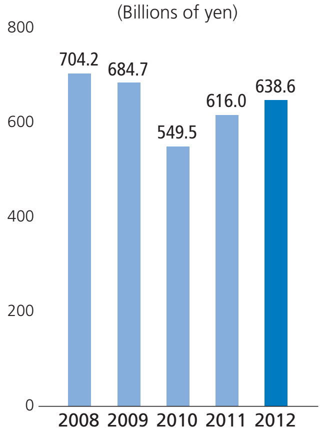
Consolidated Financial Highlights

Ube Industries, Ltd. and Consolidated Subsidiaries
For the years ended March 31, 2012, 2011 and 2010

	Millions of yen			% change	Thousands of U.S. dollars (Note 1)
	2012	2011	2010	**2012**/2011	**2012**
For the year:					
Net sales	**¥638,653**	¥616,062	¥549,556	3.7%	**$7,788,451**
Operating income	**46,006**	44,363	27,595	3.7	**561,048**
Income before income taxes and minority interests	**37,595**	28,747	15,592	30.8	**458,475**
Net income	**22,969**	17,267	8,217	33.0	**280,109**
Capital expenditures	**44,423**	35,334	24,684	25.7	**541,744**
Depreciation and amortization	**32,984**	33,128	33,434	(0.4)	**402,244**
Research and development costs	**13,782**	13,749	13,032	0.2	**168,073**
At year-end:					
Total assets	**664,965**	661,512	654,793	0.5	**8,109,329**
Total net assets	**224,407**	211,449	202,190	6.1	**2,736,670**
Equity capital (Note 2)	**199,473**	187,014	178,839	6.7	**2,432,597**
Interest-bearing debt	**253,981**	260,583	281,374	(2.5)	**3,097,329**
Net debt (Note 3)	**220,874**	211,061	244,093	4.6	**2,693,585**
Cash and cash equivalents	**33,107**	49,522	37,281	(33.1)	**403,744**
	Yen				U.S. dollars
Per share data:					
Net income, primary (Note 4)	**¥ 22.85**	¥ 17.18	¥ 8.17	33.0%	**$ 0.279**
Cash dividends applicable to the period	**5.00**	5.00	4.00	0.0	**0.061**
Net assets	**198.41**	186.02	177.88	6.7	**2.42**
Ratios:					
Operating margin (%)	**7.2**	7.2	5.0		
ROA (%) (Note 5)	**7.2**	7.2	4.4		
ROE (%)	**11.9**	9.4	4.7		
Net debt/equity ratio (times)	**1.1**	1.1	1.4		
Equity ratio (%)	**30.0**	28.3	27.3		
Number of employees at the end of the year	**11,081**	11,026	11,108	0.5%	

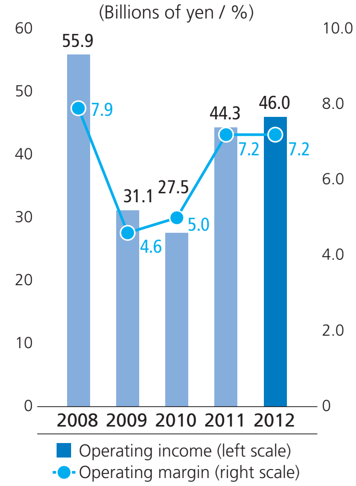
Notes: 1. U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥82=US$1, the approximate rate of exchange on March 31, 2012.
2. Equity capital = Net assets – Share subscription rights – Minority interests
3. Net debt = Interest-bearing debt – Cash and cash equivalents
4. 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)



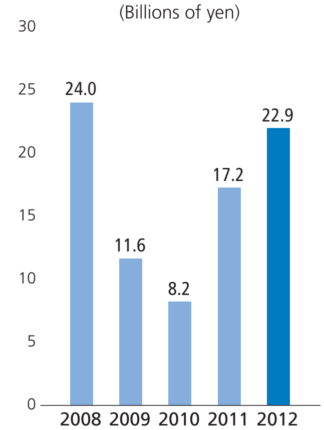
(Years to March 31)

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



(Years to March 31)

Net Income
(Billions of yen)



(Years to March 31)

To Our Shareholders, Customers and Business Partners

The UBE Group has steadily earned external recognition for strengthening its profitability and financial structure. We will continue to balance strategic growth businesses and core platform businesses while establishing a platform for profitability with the aim of sustainable growth.

Michio Takeshita, President and CEO

Results for Fiscal 2011 (Ended March 31, 2012)

In the UBE Group's operating environment during fiscal 2011, economic expansion continued in China and other Asian countries, but at a slower pace. Moderate recovery continued in the United States, while growth ground to a halt in Europe because of the financial crisis and high unemployment. Consequently, the global economy remains unpredictable.

Japan's economy showed signs of a rebound as supply chains recovered relatively smoothly from the disruption caused by the Great East Japan Earthquake. However, conditions remained challenging due to factors such as the strong yen and slack overseas demand.

Under these circumstances, the UBE Group emphasized speed and innovation as it worked to further improve performance to quickly achieve our management targets based on the policies of Stage Up 2012, our mid-term management plan. As a result, consolidated net sales increased ¥22.5 billion compared with the previous fiscal year to ¥638.6 billion, operating income increased ¥1.6 billion to ¥46.0 billion, and net income increased ¥5.7 billion to ¥22.9 billion.

Progress during Year Two of Stage Up 2012 and Initiatives for Year Three

The subtitle of Stage Up 2012 is New Challenges. The UBE Group shares the understanding that this subtitle refers to the challenge of growth, the challenge of paradigm shifts, and the challenge of trying once again to achieve the targets of the previous management plan.

Our results for fiscal 2010, the first year of Stage Up 2012, exceeded plan as China and Asian markets drove economic growth. In fiscal 2011, the second year, the disastrous Great East Japan Earthquake near the start of the fiscal year had a relatively light impact on the UBE Group. We were therefore able to achieve a second consecutive year of growth in sales and earnings despite the effects of the financial crisis in Europe and tighter credit in China and other emerging countries.

We are leveraging the unique characteristics of our businesses, expanding globally and focusing on key products that can drive growth.

Establish a Platform for Profitability That Enables Sustainable Growth

Under Stage Up 2012, the UBE Group is balancing strategic growth businesses and core platform businesses while targeting sustainable growth throughout its portfolio of businesses.

Core Platform Businesses

The UBE Group is leveraging the unique characteristics of its businesses to expand globally, focusing on the caprolactam chain, synthetic rubber and machinery businesses to further strengthen its platform for profitability.

In the caprolactam chain and synthetic rubber businesses, we are expanding our bases in Thailand and strengthening collaboration with local companies in targeting growth markets such as China and India. We are also concentrating on expansion in South America using our base in Spain. In fiscal 2011, strong demand in Asian markets supported market growth, and these businesses contributed substantially to fiscal 2011 earnings despite slowing demand in China in the second half of the fiscal year.

We responded to increasing demand for caprolactam by completing capacity expansions of 5,000 tonnes at the Sakai Factory in April 2011 and 20,000 tonnes in Thailand in December 2011. We will ensure that these expanded production facilities contribute fully to results, and will quickly act on plans to build a second factory in Thailand.

In the machinery business, we are responding to structural changes in the market such as the shift of our customer base to emerging countries by enhancing our global service network and developing new products that meet the needs of emerging markets. We are steadily building an order backlog by investing in markets quickly. In fiscal 2011, factors including the strong yen intensified competition with overseas manufacturers, but we will make design changes to meticulously reduce costs while accelerating the shift to overseas manufacturing and procurement.

At the same time, reconstruction demand has emerged in Japan and the cement and ready-mixed concrete business has bottomed out. Moreover, electricity supplies have tightened because Japan's nuclear reactors are out of service. We will use our stable supply networks to meet projected demand and maximize earnings in the electric power, coal, and cement and ready-mixed concrete businesses.

Mid-Term Management Plan Stage Up 2012 Basic Strategies

Establish a Platform for Profitability That Enables Sustainable Growth

Continue to optimize the business portfolio by striking a balance between strategic growth businesses and core platform businesses, to achieve sustainable growth.

- Place the highest priority on pharmaceuticals, battery materials, and fine chemicals, in order to drive growth
- Secure the next stage of growth for the polyimide chain
- Capture volume business in the emerging markets of developing nations, by means of technology innovation and product development
- Pursue strategies specifically tailored to each business segment
- In segments that are forecasted to have low or declining demand, the UBE Group will restructure the production framework, and merge or eliminate facilities in order to secure a certain level of profits

Sustained Improvement of Financial Position

- Lower the net debt/equity ratio to below 1.0 as soon as possible
  Achieve a financial position that qualifies for an A credit rating
- Continue to restrict capital expenditures to a level that equals depreciation (over three years)
  Take a proactive stance on alliances and/or mergers and acquisitions, in order to accelerate the pace of growth and transform the business structure
- Pursue a management strategy with a strict emphasis on cash flow
  Enhance inventory management, reduce logistics costs, and enhance the efficiency of management indirect expenses

Respond to and Address Global Environmental Issues

- Strengthen initiatives to reduce greenhouse gas emissions, reduce waste, and conserve energy
- Endeavor to develop environmentally friendly technologies and products
  Seize business opportunities to trigger growth

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

Management Results and Targets

		Fiscal 2009 Results	Fiscal 2010 Results	Fiscal 2011 Results	Target for Final Year of Stage Up 2012
Financial indicators	Net debt/equity ratio[1]	1.4 times	1.1 times	1.1 times	Under 1.0 times
	Equity ratio[2]	27.3%	28.3%	30.0%	30.0% +
Profit indicators	Operating margin	5.0%	7.2%	7.2%	7.5% +
	Return on total assets	4.4%	7.2%	7.2%	7.5% +
	Return on equity[3]	4.7%	9.4%	11.9%	12.0% +

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

	Fiscal 2009 Results	Fiscal 2010 Results	Fiscal 2011 Results	Target for Final Year of Stage Up 2012
Net sales	¥549.5	¥616.0	¥638.6	¥670.0 +
Operating income	¥27.5	¥44.3	¥46.0	¥53.0 +
Business income[4]	¥29.3	¥47.0	¥47.9	¥55.0 +
Net debt	¥244.0	¥211.0	¥220.8	Under ¥220.0
Equity capital[5]	¥178.8	¥187.0	¥199.4	¥225.0 +

Notes: 1. Net debt/equity ratio = Net debt (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

Strategic Growth Businesses

We are targeting steady growth in the polyimide chain business, while focusing on the three businesses of pharmaceuticals, battery materials and fine chemicals as core growth drivers.

In battery materials, demand for lithium-ion battery electrolytes and separators is expected to increase for consumer, automotive and power storage applications. We are developing products and reducing costs to support automotive applications, which require features including greater safety, long life and consistent quality. We are already mass-producing automotive separators, and in September 2011 our seventh production line went into operation to meet increased demand.

On the other hand, the strong yen and stagnant demand in Asia have impacted fine chemical products. Demand for polyimide chain products in the field of electronic and information materials has been weak because extremely challenging conditions have persisted in the domestic electronics industry, particularly in the flat panel display business.

While domestic electronics companies have been struggling, companies in China, Korea, Taiwan and elsewhere have continued to grow. The changing structure of the market is transforming the composition of the UBE Group's customer base.

In the pharmaceuticals business, antiallergy, antihypertensive and antiplatelet agents discovered by UBE have driven steady growth in sales of pharmaceutical active ingredients and intermediates as well as increased royalty income. We are using life cycle management to expand the scope of indications and dosages for our own pharmaceutical products and launch them in more regions. At the same time, the contract manufacturing business is positioned for steady growth as we leverage the expanded production capacity created by the September 2011 startup of a fourth pharmaceutical factory, which is compliant with current Good Manufacturing Practice.

Accelerating Global Expansion

Emerging countries are expected to continue driving market growth, and our competitors are also expanding their capacity to serve markets in these countries. The UBE Group reinforced its own ability to serve emerging country markets by establishing sales subsidiaries in Brazil in July 2010 and in Korea in March 2011. Moreover, in December 2011 we established a machinery business subsidiary in India and a market and sales development subsidiary in Taiwan.

Consistently superior quality, advanced technology and cost competitiveness are core themes, especially in building business in emerging countries.

The UBE Group's caprolactam chain and synthetic rubber businesses both provide niche commodity products. We need to maintain consistently superior quality with technology while considering issues such as costs throughout the supply chain from raw material procurement to customer delivery, free trade agreements in target markets and other factors that govern trade, and tax systems as we work to steadily expand our businesses and enhance our market presence.

For battery materials, fine chemicals and other specialty products, we will concentrate on finding ways to improve the value added by superior quality and performance while conducting marketing activities designed to build positive recognition of this added value among target mid-range and high-end customers. As with commodity products, building competitive supply chains will be a crucial operating theme.

An Alliance Strategy for Responding Rapidly to Changing Markets

We will respond rapidly to our changing market environment on our own as well as by energetically forming alliances with other companies to expand business by adding their strengths to ours.

In fiscal 2011, we aggressively formed alliances in the specialty products business. In December 2011, we established a joint venture, Advanced Electrolyte Technologies LLC, with The Dow Chemical Company to manufacture and market electrolytes for lithium-ion batteries, an area in which demand is expected to increase significantly for various automotive and power storage applications involving hybrid, electric and other vehicles. In August 2011 we established a joint venture, SUMaterials Co., Ltd., with Samsung Mobile Display Co., Ltd. to manufacture and supply polyimide for substrates that will be used in next-generation displays.

In fiscal 2012, we plan to use alliances to enhance the competitiveness of caprolactam, synthetic rubber and other commodity products.

Advantageous alliances are complementing our improved financial position as we work toward achieving the targets of Stage Up 2012.

Sustained Improvement of Financial Position

We are making steady progress in improving our financial position, one of our top priorities. Our target of a net debt/equity ratio below 1.0 times carried over from our previous mid-term management plan. We reduced the net debt/equity ratio from 1.4 times in fiscal 2009 to 1.1 times in fiscal 2011, and expect to get below 1.0 times in fiscal 2012. This will give the UBE Group a strong financial position. Japan Credit Rating Agency, Ltd. (JCR) has recognized the improvements we have made by raising our bond rating to A-, which we had hoped to obtain. The UBE Group also recognizes that it compares favorably with other chemical companies in terms of financial strength because of its equity ratio of 30 percent.

Respond to and Address Global Environmental Issues

The UBE Group has long taken the initiative to do what it can on its own to prevent global warming, including conserving energy and utilizing new biomass fuels. We have begun verification testing for co-firing coal and palm kernel shell procured from Indonesia and elsewhere at thermal plants, and have moved quickly to establish a biomass fuel supply framework with a view to participating in a fixed-price purchasing system for renewable energy that will begin in July 2012. Moreover, our broad technology platform enables numerous environmental businesses such as next-generation energy-related materials and recycling, which are becoming a steady source of growth.

Policies for Fiscal 2012, the Final Year of Stage Up 2012

In fiscal 2012, economic growth is forecast to continue in emerging countries, although at a slower pace, while weak recovery is expected in developed countries. Concerns about a global recession remain due to factors such as the European financial crisis. Recovery and reconstruction demand following the Great East Japan Earthquake is expected in Japan, but the shutdown of nuclear power plants is expected to constrain the supply and drive up the price of electricity. Concurrently, fuel and raw material prices and exchange rates are among the factors clouding the future. We therefore expect our operating environment to be both challenging and unpredictable.

In the final year of Stage Up 2012, the UBE Group will mobilize all of its capabilities with a sense of urgency. The Chemicals & Plastics segment will take full advantage of its new 50,000-tonne polyamide 6 factory in Thailand and its increased caprolactam production capacity to avoid decreases in earnings resulting from the softening caprolactam market. The Specialty Chemicals & Products segment must improve results in its fine chemical and polyimide businesses, in which demand decreased in fiscal 2011. It must also expand in strategic growth areas by leveraging the diol factory completed in Thailand and a polycarbonate diol factory completed in Spain during fiscal 2011 as well as production facilities for fine chemical products such as polyurethane dispersions and artificial micro carbons, and expanded production capacity for separators, silicon nitride powder and other products. In other businesses, new and expanded facilities including our fourth pharmaceutical factory and facilities to transform waste plastic into fuel will support increased earnings. These initiatives exemplify how we must continue pushing ahead in our businesses to achieve our targets.

Strong profitability, effective governance and shareholder returns will remain key emphases in fiscal 2012 and beyond.

Onward to the Next Mid-Term Management Plan

We are formulating the next mid-term management plan assuming that we will have achieved our target financial position. Our policies for steadily increasing corporate value will remain the same: enhance our platform for profitability and accelerate growth in strategic growth businesses.

These policies should incorporate three new points. First, we need to define selection and concentration more clearly to determine how we will allocate resources to strategic businesses, including commodity products, that we expect to grow.

Second, we need to focus on timely investments in order to respond rapidly to the changing structure of markets in Japan and overseas. Naturally, this is predicated on accurately determining investments that will generate sufficient cash in the future. While we have strengthened our financial position, we still have work to do, and our commitment to further steady improvement will not change.

Third, we need to increase the profitability of UBE Group companies, particularly those in Japan. Our consolidated sales are more than twice the level of nonconsolidated sales. We therefore need to increase cooperation at every level from raw material procurement to sales and strengthen the overall Group, including human resources, in order to realize the profitability potential of Group companies.

Corporate Governance

Establishing a corporate culture that is committed to improving corporate governance and fulfilling corporate social responsibility is important, but so is creating designated systems for keeping that culture active and assessing how well it is functioning. We have brought in four Board menbers from outside the company – two directors and two corporate auditors. Three of them are registered as independent directors/corporate auditors. We rely on them to monitor and advise management. The UBE Group is involved in businesses ranging widely from chemicals to cement, machinery and energy. We therefore look for opinions informed by extensive experience and a different mindset rather than opinions from specialists in any of our businesses, with the objective of creating a management culture that encourages frank discussion. The UBE Group's outside directors and auditors are certainly meeting this expectation.

Shareholder Returns

We believe our shareholders expect us to be a company that steadily builds corporate value over the long term rather than in short-term capital gains. Our approach to shareholder returns reflects that. Since our current mid-term management plan emphasizes an improved financial position, we are emphasizing shareholder returns in the form of stable dividends with a target consolidated payout ratio of 20 to 25 percent. We intend to increase dividends and meet shareholder expectations by strengthening Group profitability in the future.

The UBE Group has steadily earned external recognition for strengthening its profitability and financial structure. We have built businesses that generate stable, steady earnings while nurturing multiple businesses with excellent prospects. We invite you to share our enthusiasm about our growth potential, and are counting on your continued support.

July 2012

Michio Takeshita.

Michio Takeshita
President and CEO

Value through Innovation, Worldwide

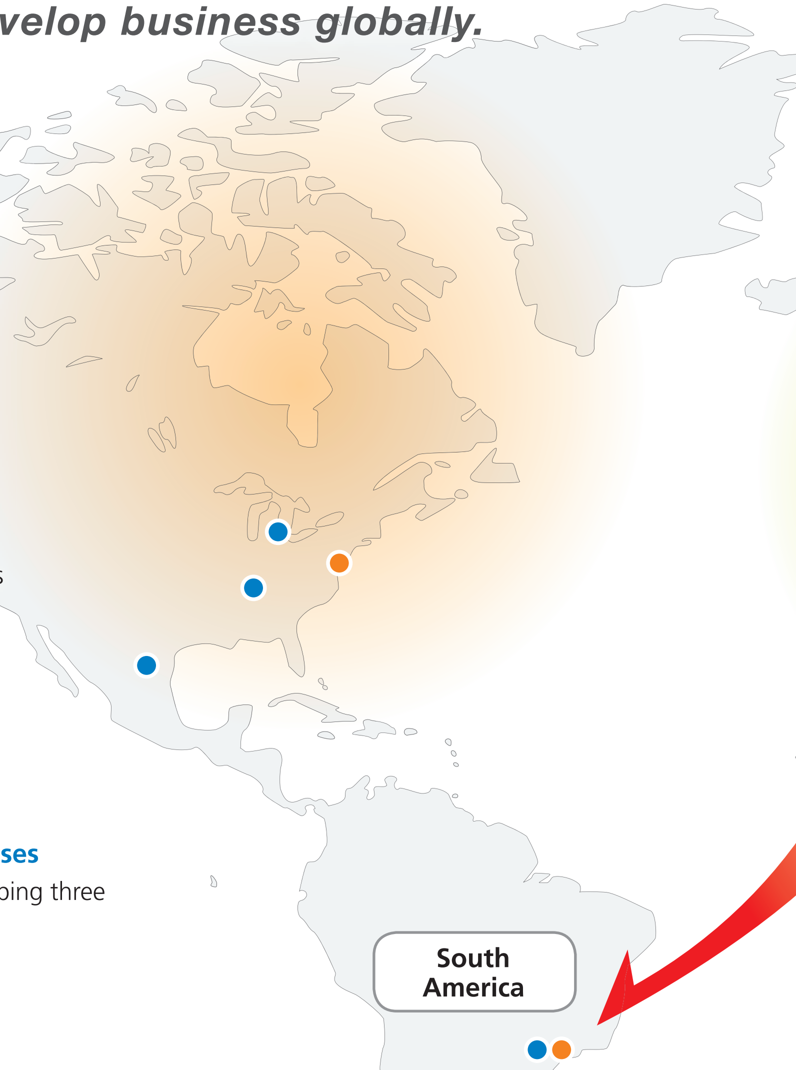
The UBE Group and Global Business Development

The UBE Group is leveraging the unique characteristics of its businesses to strategically develop business globally.

The UBE Group is leveraging the unique characteristics of its broad array of businesses to develop business globally.

In fiscal 2011, overseas sales accounted for 31 percent of consolidated net sales and for 55 percent of sales in the Chemicals & Plastics segment, which includes the caprolactam, polyamide and synthetic rubber businesses, the first of our overseas operations. Moreover, overseas sales accounted for 47 percent of Machinery & Metal Products segment sales and 30 percent of Specialty Chemicals & Products segment sales.

Under Stage Up 2012, we are putting priority on Asian markets, particularly the rapidly growing markets of China and India. In the future, we will also emphasize the markets of South America, which are expected to expand, as we 1) strengthen our strategic production framework by leveraging the unique characteristics of our businesses; 2) expand our sales and service network in growth markets; and 3) enhance global development capabilities.



1) Strengthen our strategic production framework by leveraging the unique characteristics of our businesses

The UBE Group is making steady progress in globally developing three businesses that have a high ratio of overseas sales.

■ Chemicals & Plastics Segment

We will strengthen alliances with raw material suppliers such as the PTT Group of Thailand to accommodate expanding demand in Asia for caprolactam and synthetic rubber and ensure stable supplies of raw materials, while acting on plans to construct cost competitive new factories. In the polyamide business, expanded facilities in Thailand for producing polyamide 6 resin and compounds have begun commercial operations.


Caprolactam factory in Thailand


Caprolactam factory in Spain

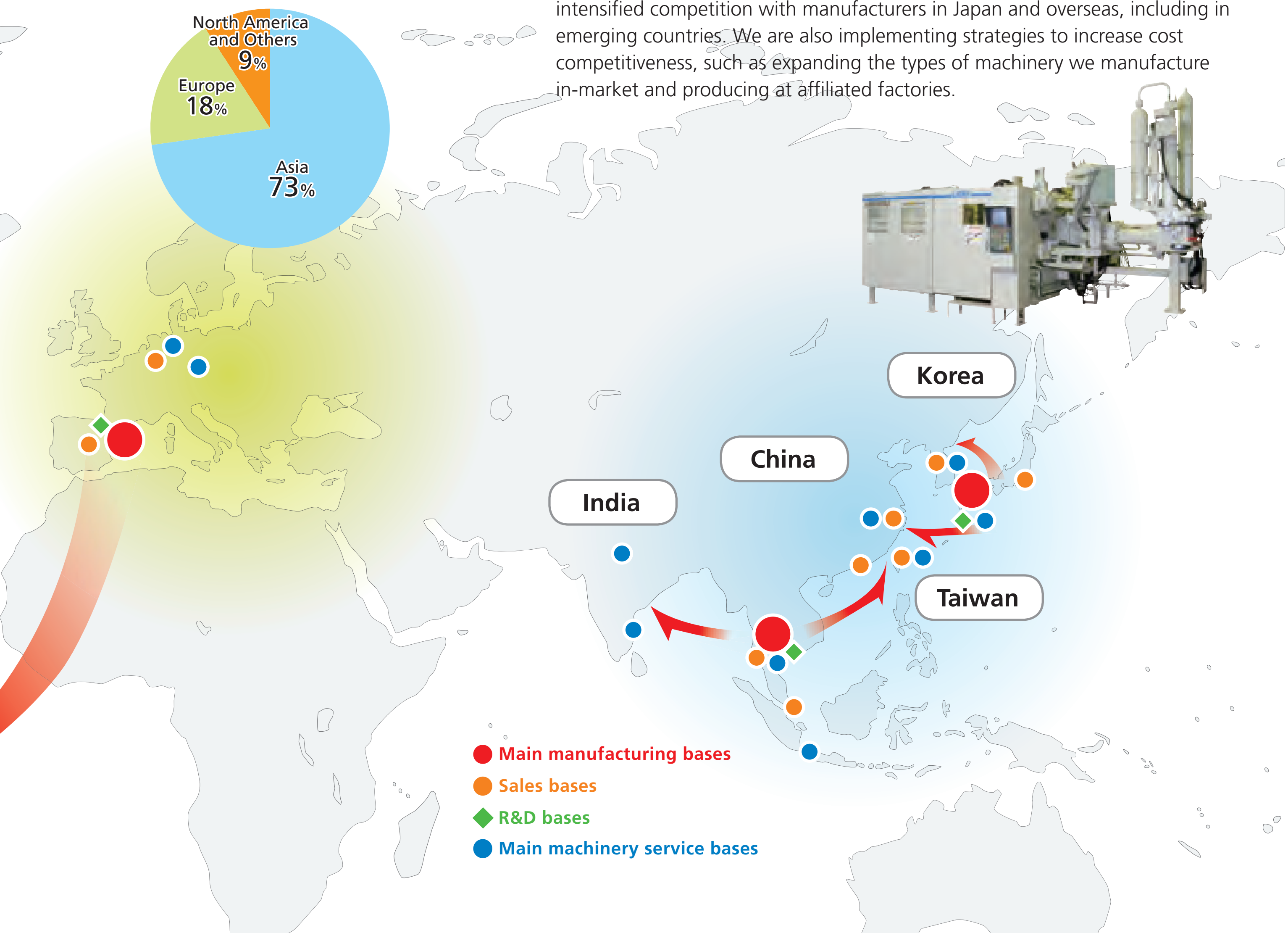
■ Specialty Chemicals & Products Segment

We established a joint venture, SUMaterials Co., Ltd., with Samsung Mobile Display Co., Ltd. to manufacture and supply polyimide for substrates to be used in next-generation displays. It is now constructing a factory in Korea.

In the battery materials business, we established a joint venture, Advanced Electrolyte Technologies LLC, with The Dow Chemical Company to manufacture and market electrolytes for lithium-ion batteries. It will build new factories successively in the United States, China and Europe.

In the fine chemicals business, a 1,6-hexanediol factory in Thailand and a second production line for polycarbonate diol in Spain began operating in 2011 and 2012, respectively. In China, we licensed technology to produce ethylene glycol from coal and agreed to establish a dimethyl carbonate (DMC) manufacturing joint venture with a coal company to ensure stable supplies of DMC as an electrolyte solvent, for which demand is expected to expand.

Overseas Sales by Region (Fiscal 2011)



Machinery & Metal Products Segment

The UBE Group is increasing its overseas production ratio to respond to intensified competition with manufacturers in Japan and overseas, including in emerging countries. We are also implementing strategies to increase cost competitiveness, such as expanding the types of machinery we manufacture in-market and producing at affiliated factories.

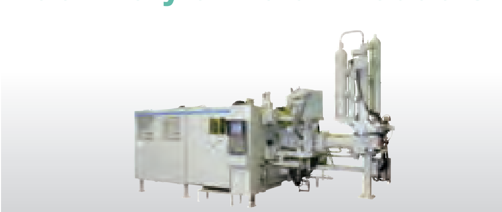
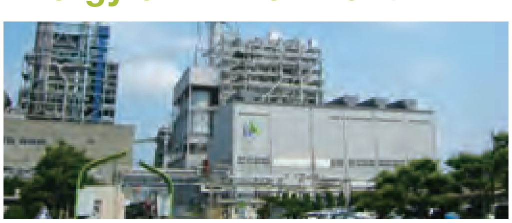
2) Expand our sales and service network in growth markets

Since fiscal 2010, the first year of Stage Up 2012, we have expanded our sales and service network by establishing bases in Brazil, Korea, Taiwan and India, and strengthened market development capabilities.

3) Enhance global development capabilities

Key overseas production bases in Spain and Thailand are strengthening their development capabilities. In December 2010, we established an innovation center within the technical center in Thailand to complement the R&D center in Spain, where we are enhancing electrolyte development capabilities. Both facilities will contribute to the global R&D of the UBE Group as a whole.

Business Overview

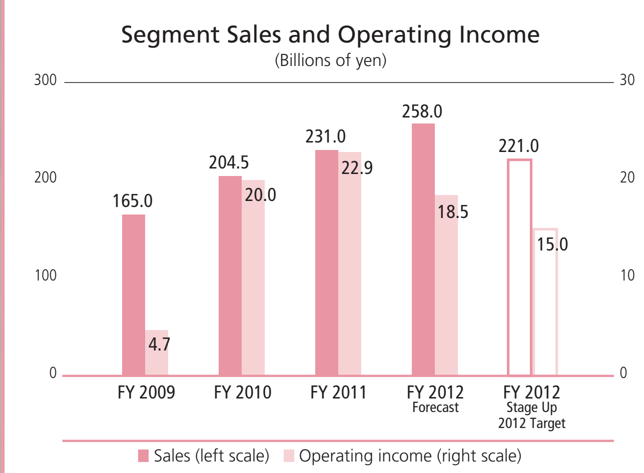
Segment	Share of Net Sales	Share of Operating Income	Share of Assets	Principal Products/Businesses
Chemicals & Plastics 	36%	50%	29%	● **Synthetic rubber** ● **Caprolactam chain** • Caprolactam • Polyamide resins • Industrial chemicals
Specialty Chemicals & Products 	10%	12%	13%	● **Specialty products** • Polyimide • Battery materials (Electrolytes and separators) • High purity chemicals • Separation membranes • Ceramics • Telecommunications devices • Aerospace materials ● **Fine chemicals**
Pharmaceutical 	2%	8%	2%	● **Pharmaceuticals** (Active ingredients, intermediates)
Cement & Construction Materials 	33%	19%	30%	● **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%	7%	9%	● **Machinery** • Molding machines (Die-casting machines and injection molding machines) • Industrial machinery, bridges and steel structures • Steelmaking products
Energy & Environment 	10%	7%	8%	● **Coal** ● **Power**

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

Market Trends	Fiscal 2011 Results
• Caprolactam prices and spreads set records in the first half because of booming demand in Asia, but slowed in the second half. • Polyamide resin demand was stable for extrusion and recovered for injection molding because of expanded automobile production. • Sales of synthetic rubber for tire applications in Japan were solid, but in the second half demand weakened in Japan and overseas for applications such as high-impact polystyrene and footwear.	• Consolidated segment sales increased by 13.0 percent year-on-year to ¥231.0 billion, and operating income increased by 14.8 percent to ¥22.9 billion. • UBE completed caprolactam capacity expansions in Thailand and at the domestic Sakai Factory totaling 25,000 tonnes. • UBE concentrated on securing spreads by dealing with raw material price volatility in the synthetic rubber business.
• Demand for polyimide film decreased because of flat panel inventory adjustment throughout fiscal 2011. • Battery material prices trended downward even though the overall market expanded because the consumer lithium-ion battery (LIB) market grew and automotive applications increased. • Demand for fine chemicals weakened from the second quarter of fiscal 2011, primarily for urethane applications, and sales prices fell. • Silicon nitride powder demand for solar batteries weakened from the second half of fiscal 2011, but demand for bearing and cutting tool applications was robust.	• Consolidated segment sales decreased by 6.4 percent year-on-year to ¥64.3 billion, and operating income decreased by 37.4 percent to ¥5.4 billion. • UBE established a joint venture with The Dow Chemical Company to manufacture and market electrolytes for LIBs. • Responding to steady growth in LIB separators for automotive applications, UBE began commercial operation of its seventh separator production line. • A 1,6-hexanediol factory was completed in Thailand. • Capacity expansion of silicon nitride powder production facilities was completed.
• Sales of *Talion*® and *Calblock*®, products discovered by UBE, remained strong. • Sales of Prasugrel (Product name: *Effient*® in the United States and *Efient*® in Europe), a product UBE discovered, are expanding steadily. • Contract manufacturing was impacted by intensifying price competition due to the strong yen.	• Consolidated segment sales increased by 26.4 percent year-on-year to ¥11.1 billion, and operating income increased by 61.6 percent to ¥3.7 billion. • A clinical trial for an additional *Effient*® indication in the United States is now in phase III. • UBE completed its fourth pharmaceutical factory.
• Fiscal 2011 demand for cement in Japan increased 2.5 percent year-on-year to 42.6 million tonnes because of emerging reconstruction demand. • Demand for calcia for steel production slumped, but thermal power plant demand for magnesia products increased. • Demand for specialty inorganic materials decreased because of weakness in the semiconductor and home appliance markets.	• Consolidated segment sales increased by 4.3 percent year-on-year to ¥209.1 billion, and operating income increased by 7.1 percent to ¥8.6 billion. • The cement business continued to operate at full capacity.
• Orders for molding machines were firm, especially in emerging countries in Asia, while the North American market trended toward recovery. • Demand for industrial machines was firm among steel and electric power companies, although competition intensified. • Demand for steelmaking products decreased in Japan and overseas.	• Consolidated segment sales decreased by 13.0 percent year-on-year to ¥72.5 billion, and operating income increased by 74.9 percent to ¥3.0 billion. • Orders for global standard molding machine models increased, particularly in emerging countries. • UBE expanded overseas bases in India, Brazil and elsewhere.
• Coal prices trended downward because of the global economic slowdown. • Power shortages occurred in Japan because the operation of all nuclear power plants was suspended.	• Consolidated segment sales increased by 5.7 percent year-on-year to ¥62.5 billion, and operating income decreased by 16.5 percent to ¥3.3 billion. • The coal business was affected by the disruptions following the Great East Japan Earthquake, which reduced the acceptance capacity of the Coal Center (a coal storage facility). • Profitability increased in the in-house power generation business with increased sales of surplus power.

Chemicals & Plastics

A core UBE Group business, the Chemicals & Plastics segment is generating growth by expanding production facilities while improving production technology and reducing costs to strengthen competitiveness. With sales balanced between stability and growth, the Chemicals & Plastics segment is creating a framework that will enable further earnings growth when economic conditions improve.



Basic Strategies of Stage Up 2012

Synthetic Rubber Business

- Expand the market for metallocene butadiene rubber, a new product.

Caprolactam Chain Business

- Designate the Asian market as a priority target and meet demand with full production and product marketing. In particular, commence full-scale commercial operations to secure full operating levels for polyamide polymers at expanded production facilities in Thailand.
- Strive to maintain or enlarge the spread between selling prices and raw materials; expand the polyamide compound business and increase the ratio of specialized items in synthetic rubber to provide added value.
- Conduct feasibility studies on new production facilities for caprolactam and synthetic rubber as a measure to meet needs in the Asian market, which will continue to grow.

Strategic Focus: Caprolactam

Caprolactam, a core product of the UBE Group, is a raw material for the polyamide 6 fibers and resins that are widely used in finished products such as clothing, industrial materials, food packaging films and engineering plastics. The UBE Group is enhancing the production capacity and cost competitiveness of caprolactam production bases in Japan, Asia and Europe because demand is forecast to expand further in the future, primarily in emerging countries. For example, de-bottlenecking during fiscal 2011 increased production capacity by 25,000 tonnes. In addition, in May 2012 UBE reached an agreement with IRPC Public Company Limited (IRPC) of Thailand to invest in UBE Chemicals (Asia) Public Company Limited, a major caprolactam production base. IRPC is a core company of the PTT Group, which is primarily involved in natural gas- and petroleum-related businesses, and Thailand's largest public company.

The agreement ensures stable supplies of utilities and other inputs and increases the cost competitiveness of UBE Chemicals (Asia), and UBE anticipates collaboration with IRPC in new projects.

UBE will continue to strengthen the caprolactam business to further expand its earnings.

Caprolactam factory in Thailand

Fiscal 2011 Results

Consolidated segment sales increased by 13.0 percent, or ¥26.5 billion, compared with the previous year to ¥231.0 billion, and operating income increased by 14.8 percent, or ¥2.9 billion, to ¥22.9 billion.

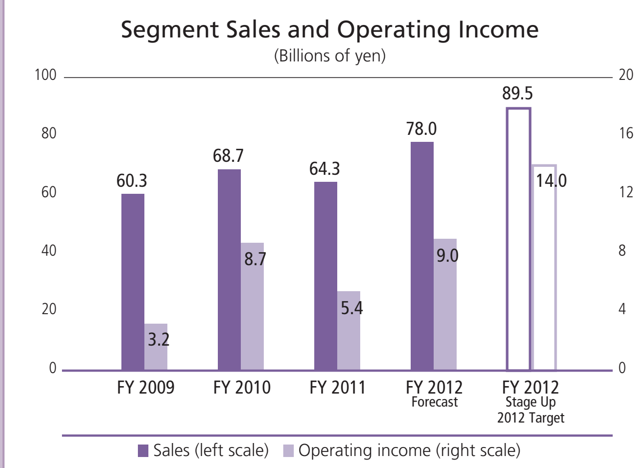
Booming demand in Asian markets has supported ongoing price increases for caprolactam, a raw material for polyamide. While the market slowed from fall 2011 due to factors including concerns about lower economic growth, for fiscal 2011 as a whole the spread between selling prices and the cost of raw materials for caprolactam widened substantially compared with the previous fiscal year. Sales of polybutadiene, a synthetic rubber, were firm, because the impact of the Great East Japan Earthquake and flooding in Thailand was light in areas of concern including raw material procurement and automotive industry demand. The start of operations at a new factory in Thailand supported strong sales of polyamide 6 resin, while sales of industrial chemicals were firm overall.

Synthetic rubber factory in Thailand

Fiscal 2011 Initiatives	Fiscal 2012 Strategies
Overall ● Concentrated on maximizing sales to meet growing Asian demand for UBE products. ● Strengthened the performance of products in step with expansion in Asian markets and maintained and expanded their market presence.	◆ Strengthen the overall profitability of the caprolactam chain. ◆ Ensure stable operations and quality at new and existing production facilities.
Synthetic Rubber Business ● Market trends: The impact of the Great East Japan Earthquake and flooding in Thailand was light, and domestic demand for use in tires was firm. ● Concentrated on securing spreads by dealing with raw material price volatility.	◆ Increase production capacity at domestic butadiene rubber production facilities through de-bottlenecking. ◆ Strengthen product competitiveness through stable procurement of raw materials.
Caprolactam Business ● Market trends: Caprolactam prices and spreads set records in the first half because of booming demand in Asia, but weakened in the second half due to factors including the global slowdown. ● De-bottlenecking at factories in Japan and Thailand increased production capacity.	◆ Finalize plans for new caprolactam production facilities and begin construction. ◆ Further strengthen cost competitiveness because supply and demand dynamics are expected to change from the second half of the fiscal year as competitors bring new factories onstream.
Polyamide Business ● Market trends: The impact of the Great East Japan Earthquake and flooding in Thailand caused a temporary drop in demand, primarily in automobile applications, but demand recovered as user companies increased production. ● Concentrated on stable operations and quality at the polyamide 6 production facility completed in Thailand in 2010.	◆ Secure appropriate spreads through timely reflection of raw material price changes. ◆ The operation of expanded production facilities in Thailand will strengthen the compound business.
Industrial Chemical Business ● Market trends: Ammonia demand was firm, primarily for use in thermal power generation. ● A favorable supply and demand environment allowed UBE to increase prices to reflect rising raw material prices.	◆ Focus on stable operation of ammonia production facilities.

Specialty Chemicals & Products

With the rapid changes in the market environment directly impacting many businesses in this segment, we will move quickly to cultivate new customers and develop new grades of products. We will also work to expand sales and earnings by quickly getting new factories and joint venture operations up and running.



Basic Strategies of Stage Up 2012

Battery Materials Business

- Maintain our competitive edge in electrolytes with differentiation through our unique patents, our ability to develop additives that meet leading-edge, diverse customer needs, and other means, and establish an infrastructure to prepare for growing demand for lithium-ion batteries (LIBs) for vehicles. For separators, expand production capacity and strengthen cost competitiveness to meet growing demand, and lead the market by promoting use in new vehicle LIBs.

Fine Chemicals Business

- Increase revenues from 1,6-hexanediol with the startup of a new factory in Thailand and by coordinating and optimizing global production and sales. Also, launch polyurethane dispersion (PUD), an eco-friendly product.

Polyimide Business

- Expand sales of film for flat panel displays to chip-on-film applications in addition to tape-automated bonding. Work to boost demand in growth fields and markets, including flexible solar batteries and substrates for next-generation displays.

Strategic Focus: Strategic Alliances in the Battery Materials Business

The evolution of smartphones and other mobile devices, the increasing popularity of eco-cars and changes in Japan's electric power policies in the wake of the Great East Japan Earthquake have contributed to rapid expansion of the LIB market. At the same time, the pace of change in the market and technological innovation is speeding up.

Under these conditions, UBE is leveraging the technology it has built up over many years to pursue a flexible alliance strategy aimed at expanding the battery materials business, which focuses on high-performance, high-quality electrolytes and separators that are essential materials in small, lightweight, high-capacity LIBs.

In the electrolyte business, we established a joint venture with The Dow Chemical Company of the United States in December 2011, and are building a global manufacturing and sales organization. With the synergy between our electrolyte development capabilities and Dow Chemical's production and sales organization, we will capitalize on growth in demand, particularly for automotive applications.

Separators are increasingly used in automotive applications in addition to their conventional applications in consumer electronics. We are making a series of capacity expansions to keep pace with growth in demand. Furthermore, we will respond appropriately to market growth by expanding our product portfolio through our joint venture with Hitachi Maxell, Ltd., which is developing a coated film with inorganic fine particles for separators that significantly improves the safety of LIBs.

We have also added multilayer carbon nanotubes to our lineup as a conductive additive to boost LIB performance. Upgrading existing products in this category and introducing new products will increase earnings in the battery materials business.

Fiscal 2011 Results

Consolidated segment sales decreased by 6.4 percent, or ¥4.4 billion, year-on-year to ¥64.3 billion, and operating income decreased by 37.4 percent, or ¥3.2 billion, to ¥5.4 billion.

Sales of electrolytes and separators for lithium-ion batteries were firm overall. Sales of ceramic products were also solid as a result of steady demand for use in applications including bearings and cutting tools. However, shipments and prices of polyimide and several other products decreased because of sluggish demand for flat-panel displays (FPD) and other products in the field of electronics and information materials. In addition, sales of fine chemical products were affected by sluggish demand in Asian markets and the strong yen.

The new diol factory in Thailand

Fiscal 2011 Initiatives / Fiscal 2012 Strategies

Polyimide Business

Fiscal 2011 Initiatives

- Market trend: Film demand slumped due to a declining market for FPDs.
- Established a joint venture with Samsung Mobile Display Co., Ltd. (SMD) to produce substrate materials for use in next-generation displays.

Fiscal 2012 Strategies

- ◆ Work to further increase share for circuit board applications, focusing on FPDs and smartphones.
- ◆ Begin production of substrate materials for use in next-generation displays through a joint venture with SMD.
- ◆ Promote sales of polyimide-related products including varnishes and raw materials.

Battery Materials Business (Materials for Lithium-Ion Batteries)

Fiscal 2011 Initiatives

- Market trend: Demand for consumer electronics applications remained firm and automotive and power storage applications also expanded; however, prices fell due to an influx of new market entrants.
- Established a joint venture with The Dow Chemical Company of the United States to manufacture and market electrolytes for LIBs.
- Seventh production facility for battery separators began commercial operations.

Fiscal 2012 Strategies

- ◆ Continue to reinforce sales, development and production operations to respond to the expanding consumer electronics market and the automotive market, where rapid growth is expected.
- ◆ Establish a global supply network for electrolytes by starting up manufacturing and sales bases in the United States, China and Europe in a timely manner to meet growing demand.
- ◆ Expand production facilities at second separator base in Japan.

Gas Separation Membrane Business

Fiscal 2011 Initiatives

- Market trend: Demand for nitrogen gas separation membranes began to recover in the second half, mainly for anti-explosive applications, and demand for dehydration membranes for use in railway cars and other applications remained solid.

Fiscal 2012 Strategies

- ◆ Focus on developing environmental market for products such as alcohol dehydration membranes for bioethanol and CO_2 gas separation membranes, in addition to core products nitrogen gas separation membranes and dehydration membranes.

Fine Chemicals Business

Fiscal 2011 Initiatives

- Market trend: Demand declined for most products, notably diol and dihydric phenol products, due to the economic slowdown caused by the European debt crisis and monetary tightening in China.
- New diol factory in Thailand began operations.
- Second polycarbonate diol production line in Spain started up.

Fiscal 2012 Strategies

- ◆ Establish a supply organization and accelerate market development for globally supplied products (diol, DMC, etc.)
- ◆ In Japan, focus on building the market for high-value-added products such as PUD and artificial micro carbon.
- ◆ Develop licensing business centered on C1 chemicals.

Semiconductor-Related Business

Fiscal 2011 Initiatives

- Market trend: Demand for encapsulation materials weakened due to the slumping LCD and semiconductor markets. Demand for metal organic (MO) compounds was solid due to the rapid shift to LEDs for LCD backlights and growth of energy-efficient LED lighting.
- Meiwa Plastic Industries, Ltd. began operation of its fourth phenol resin production facility.

Fiscal 2012 Strategies

- ◆ Start up second MO factory to meet rising demand for LED applications.
- ◆ Accelerate development of eco-friendly encapsulation materials.

Silicon Nitride Powder Business

Fiscal 2011 Initiatives

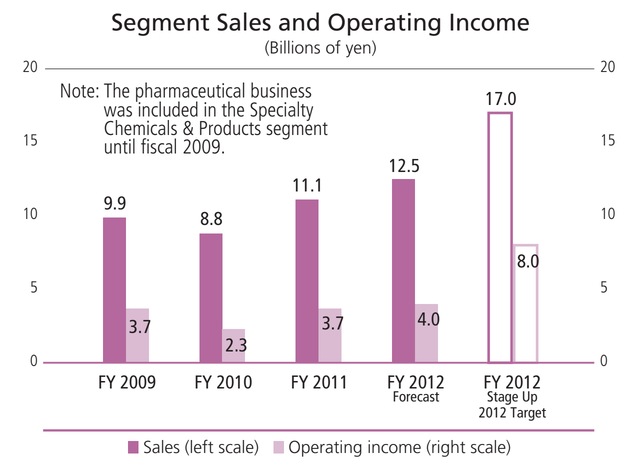
- Market trend: Demand weakened for solar battery manufacturing applications, but was solid for bearings and cutting tools.
- Expanded capacity of production facilities to meet robust demand.

Fiscal 2012 Strategies

- ◆ Begin construction of next capacity expansion while focusing on stable operation in line with market growth.

Pharmaceutical

We are focusing on strengthening the supply chain, expanding life cycle management of our existing products and promoting new drug development to keep our growth strategy for the drug discovery and co-development business and contract manufacturing business on track.



Basic Strategies of Stage Up 2012

Drug Discovery and Co-Development Business

- UBE will expand its pipeline to develop new products to follow its three existing agents, and will strengthen collaboration with major pharmaceutical companies to further accelerate the pace of development. In addition, UBE will carry out life cycle management of existing products and take measures to deal with the expected future entry of generics.

Contract Manufacturing Business

- Drawing on its extensive experience and track record in the development of industrialized processes and the manufacture of fine chemicals, the UBE Group manufactures active pharmaceutical ingredients (API) and intermediates for new drugs under contract for Japanese and international pharmaceutical companies. The Group will work to increase profits by expanding production capacity with a fourth pharmaceutical factory that is compliant with current Good Manufacturing Practice, and by raising the level of Chemistry, Manufacturing and Controls (CMC).

Strategic Focus: Expanding Indications for the Antiplatelet Agent Prasugrel

Prasugrel (product name: *Effient*® in the United States and *Efient*® in Europe), is an antiplatelet agent co-developed by UBE with Daiichi Sankyo Co., Ltd. It is currently marketed primarily in the United States and Europe as a treatment to inhibit syndromes induced by arterial thrombosis, including myocardial infarction and stroke. Phase III clinical trials are now under way for an additional indication in the United States. These trials are being conducted on acute coronary syndrome patients without stents, and an early approval and launch is targeted. Clinical development for pediatric use is also proceeding.

In Japan, Phase III clinical trials focusing on cardiac syndromes are under way, and we are accelerating evaluation in cerebral syndromes.

Fiscal 2011 Results

Consolidated segment sales increased by 26.4 percent, or ¥2.3 billion, year-on-year to ¥11.1 billion. Operating income increased 61.6 percent, or ¥1.4 billion, to ¥3.7 billion.

UBE's own antiallergy, antihypertensive and antiplatelet agents drove steady growth in sales of APIs and intermediates. Royalty income also increased.

UBE's fourth pharmaceutical factory

Fiscal 2011 Initiatives

Drug Discovery and Co-Development Business

- Entered into a licensing and co-development agreement with Santen Pharmaceutical Co., Ltd. for a glaucoma treatment.
- Sales of the antihypertensive agent *Rezaltas*®, a combination drug containing UBE's product *Calblock*® and Daiichi Sankyo's *Olmetec*®, increased significantly.
- Partner company Mitsubishi Tanabe Pharma Corporation continued marketing the antiallergy agent *Talion*® as an eye drop formulation and developing it for the additional indication of pediatric allergic rhinitis overseas. Domestic market share and sales volume both expanded.
- Sales of the antiplatelet agent Prasugrel, which is approved in 70 countries, increased steadily.

Contract Manufacturing Business

- Market trend: The strong yen eroded cost competitiveness under intense competition for contracts.
- UBE focused on winning new contract manufacturing orders using the increased capacity from the startup of its fourth pharmaceutical factory.
- UBE strengthened cost competitiveness and the supply chain by upgrading technologies and expanding procurement of APIs and intermediates from newly industrialized countries.

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

- Commercial operation of a fourth pharmaceutical factory began.

Fiscal 2012 Strategies

Drug Discovery and Co-Development Business:

- ◆ Move forward with clinical development of *Effient*® for an additional indication in the United States, and aim for a launch in Japan in 2015.

Contract Manufacturing Business:

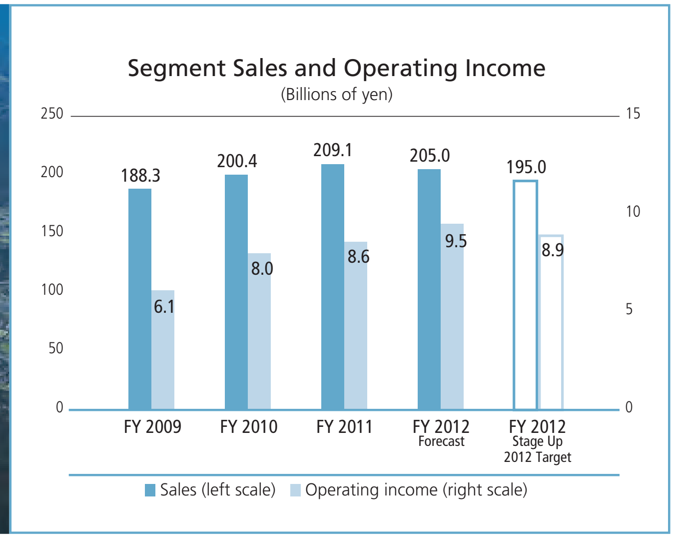
- ◆ Fortify sales operations by using our technological capabilities to make manufacturing process proposals.
- ◆ Use approaches such as incorporating APIs of approved drugs to expand contract manufacturing business.

Other:

- ◆ Ensure the trust of users by expanding production capacity and maintaining rigorous quality control.

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



Basic Strategies of Stage Up 2012

Cement and Ready-Mixed Concrete Business

- Continue to operate facilities at full capacity and respond flexibly to demand trends in Japan and overseas.

Resource Recycling Business

- Waste processing at cement kilns is an important source of profit, with demand for recycling in the cement production process already high and forecast to grow, and we will implement technical development and planned investment to further expand the business.

Calcia, Magnesia and Specialty Inorganic Materials Business

- Strengthen profitability of the business platform and display business potential with growth of new markets and new products.

Building Materials Business

- Develop new uses for self-leveling materials and expand into the repair market to increase the scale of business.

Strategic Focus: Contributing to Earthquake Reconstruction

The UBE Group is contributing to both the creation of an environment for reconstruction and the supply of building materials to help residents of the areas devastated by the Great East Japan Earthquake of March 2011 rebuild their lives.

Cement & Construction Materials Segment Products That Contribute to Reconstruction

Company	Products and Services
● Ube-Mitsubishi Cement Corporation	◆ Various types of cement and solidifiers (civil engineering materials used for ports and roads)
● Ube Board Co., Ltd.	◆ Boards and slate
● Ube Material Industries, Ltd.	◆ Lime solidifiers (civil engineering materials used for ports and roads) Calcium hydroxide for treating exhaust gas (*Calbreed*) Use of calcium as a salt removal agent
● Samekawa Ready-mixed Concrete Co., Ltd.	◆ Ready-mixed concrete and ancillary products
● Daikyo Kigyo Co., Ltd. ● Ube Construction Materials Sales Co., Ltd.	◆ Support for ready-mixed concrete trucks, and ready-mixed concrete testing and consulting services

Fiscal 2011 Results

Consolidated segment sales increased by 4.3 percent, or ¥8.6 billion, compared with the previous year to ¥209.1 billion, and operating income increased by 7.1 percent, or ¥0.5 billion, to ¥8.6 billion.

Sales of cement, ready-mixed concrete and building materials increased because of recovery in condominium and housing starts and corporate capital investment. Emerging reconstruction demand after the Great East Japan Earthquake also supported sales. The UBE Group's cement factories operated at full capacity because strong overseas demand compensated for the impact of rising energy costs. The UBE Group also expanded the volume of waste it recycles as fuel and raw materials. Sales of calcia and magnesia products were weak overall due to factors including a slump in crude steel production.

A kiln at an UBE cement factory

Fiscal 2011 Initiatives

Cement and Ready-Mixed Concrete Business

- Market trend: Domestic cement demand increased for the first time in seven years because of recovery in condominium and housing starts, corporate capital investment and emerging reconstruction demand after the Great East Japan Earthquake.
- Booming overseas demand helped UBE maintain full operation at production facilities.
- With energy costs rising, UBE reduced production costs by expanding the use of low-grade coal and waste.
- Ready-mixed concrete sales volume increased, but varied by region.

Resource Recycling Business

- Market trend: Increased acceptance capacity for waste materials in response to recovery in cement production.
- The volume of waste accepted for use as raw materials expanded.

Calcia and Magnesia Business

- Market trends: Calcia and magnesia demand decreased for steelmaking due to a slump in crude steel production. However, increased thermal power plant capacity utilization increased demand for desulfurization applications.

Specialty Inorganic Materials Business

- The impact of the Great East Japan Earthquake contributed to reduced demand for electronic materials and automobile applications.

Building Materials Business

- Market trend: Demand recovered in tandem with recovery in condominium and housing starts and corporate capital investment.

Fiscal 2012 Strategies

Cement and Ready-Mixed Concrete Business:

- ◆ Continue to reduce costs because energy prices are forecast to remain at high levels over the medium and long term.
- ◆ Secure appropriate prices, which are crucial to business continuity.
- ◆ In the ready-mixed concrete business, promote structural reform and streamlining through consolidation of production facilities.

Resource Recycling Business:

- ◆ Raise prices of waste accepted for use as raw materials and increase the volume of municipal incinerator ash accepted to expand waste disposal revenues.
- ◆ Stabilize the operation of facilities to transform waste plastic into fuel and strengthen waste plastic collection to support an increase in the volume of waste used as fuel.

Calcia and Magnesia Business:

- ◆ Crude steel production is forecast to be about the same as in fiscal 2011.
- ◆ Continue working to expand sales for thermal power generation.

Specialty Inorganic Materials Business:

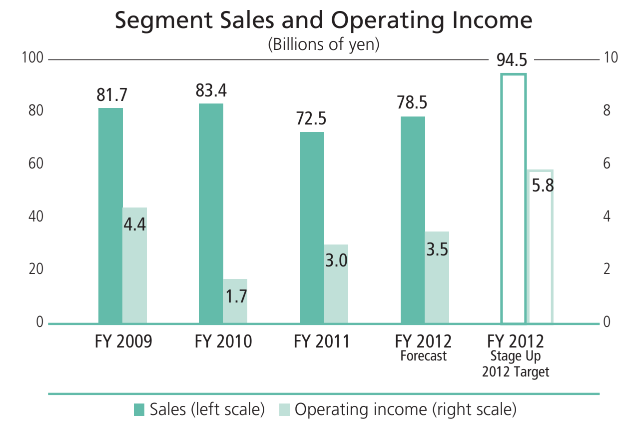
- ◆ Accelerate the development of new products and applications, and the launch of new products.

Building Materials Business:

- ◆ Meet demand resulting from increased urban condominium and housing starts and repairs.

Machinery & Metal Products

We will globalize our operations by expanding and upgrading overseas operating bases with a focus on emerging markets such as Asia, Mexico and South America. At the same time, we will expand services by creating a business model that combines tangible and intangible elements.



Basic Strategies of Stage Up 2012

Molding Machinery Business
- Rebuild the business by expanding in newly industrialized economies and strengthening the service network.

Industrial Machinery Business
- Strengthen overseas sales and procurement to maintain profitability.

Steel Products Business
- Maintain profitability by expanding markets and customers.

Marine Machinery Business
- Maintain and expand high-profit models and make unprofitable models into earners to secure a stable profit structure.

Fiscal 2011 Results

Consolidated segment sales decreased by 13.0 percent, or ¥10.8 billion, year-on-year to ¥72.5 billion, partly reflecting UBE's decision to withdraw from the aluminum wheel business in March 2011. Operating income increased by 74.9 percent, or ¥1.3 billion, to ¥3.0 billion.

Shipments and orders of molding machines increased, primarily for new models for the automobile industry in emerging countries. However, shipments and orders of industrial machinery such as vertical mills and conveyors decreased. Market conditions for both molding and industrial machines remained challenging largely due to the appreciation of the yen and intensifying price competition with overseas and domestic manufacturers, but UBE improved the profitability of these businesses by reducing costs and rationalizing operations. Shipments of steel products were firm, but the strong yen impacted profitability.

A vertical mill

Fiscal 2011 Initiatives

Overall
- Steadily reinforced global capabilities in line with the strategies of Stage Up 2012, including establishing a local subsidiary in India, and assigning staff dedicated to the machinery business to UBE Latin America Serviços Ltda. in Brazil and service representatives to Mexico and Vietnam.

Molding Machinery Business
- Market trend: Despite increase in orders due to growth in newly industrialized countries and increased investment in overseas facilities by Japanese customers, the strong yen and intensifying competition with domestic and foreign manufacturers continued to erode profits.
- Orders for lower-cost products increased.

Industrial Machinery Business
- Market trend: The strong yen/weak euro and intensifying competition with domestic and foreign manufacturers continued to erode profits.
- Focused on orders for vertical mills and conveyors, for which demand is solid due to infrastructure investment in newly industrialized countries.

Steel Products Business
- Market trend: Demand declined in Japan and Korea.
- Cultivated new markets and new customers while maintaining and strengthening relationships with existing customers.

Fiscal 2012 Strategies

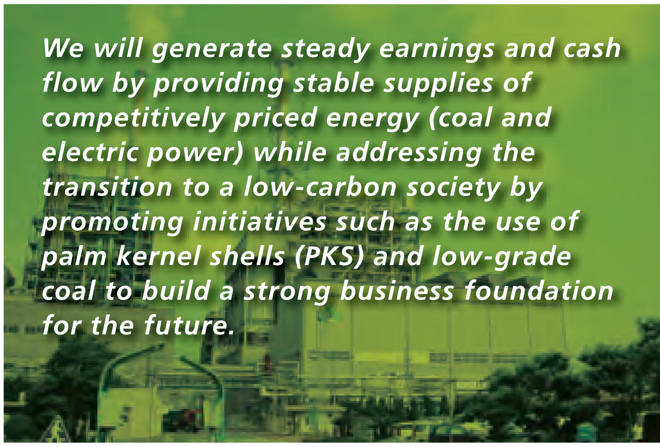
Overall:
- ◆ Further promote development of products tailored to local needs in the growing markets of newly industrialized countries.
- ◆ Work to strengthen the functions of overseas bases and develop their human resources.

Molding Machinery Business:
- ◆ Continue to focus on launching and expanding sales of new products for newly industrialized countries.
- ◆ Increase earnings by further strengthening global service organization.

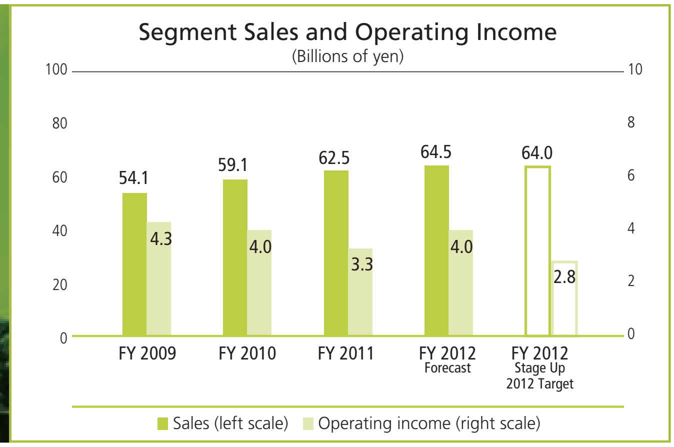
Industrial Machinery Business:
- ◆ Raise cost competitiveness by expanding overseas procurement and focus on new product development.
- ◆ Work to expand orders with joint market development between sales and service divisions.

Steel Products Business:
- ◆ Work to expand grades of specialty steel billets and grow sales in Japan and Asian markets.

Energy & Environment



We will generate steady earnings and cash flow by providing stable supplies of competitively priced energy (coal and electric power) while addressing the transition to a low-carbon society by promoting initiatives such as the use of palm kernel shells (PKS) and low-grade coal to build a strong business foundation for the future.



Basic Strategies of Stage Up 2012

Energy & Environment Business

- This business functions as a shared infrastructure division of the UBE Group, and works to ensure a stable, competitively priced supply of energy (coal and electricity) to Group companies. In addition, as one of UBE's core platform businesses, it is reinforcing its operations to generate steadier earnings and cash flow.
- Opposition to coal has been weakening for several years, and full operation of coal-fired power is expected in the near term, reflecting the impact of the accident at the Fukushima Daiichi nuclear power facility on new nuclear power facility plans. In the medium-to-long term, however, efforts to counter global warming will gain strength. Therefore, this segment will take proactive measures for the future, including establishment of a biomass fuel supply business.

Fiscal 2011 Results

Consolidated segment sales increased by 5.7 percent, or ¥3.3 billion, year-on-year to ¥62.5 billion, but operating income decreased by 16.5 percent, or ¥0.6 billion, to ¥3.3 billion.

Demand for coal for sale and storage was solid, primarily for electric power companies. However, coal storage volume at UBE's Okinoyama Coal Center (a coal storage facility) decreased year-on-year because of receiving capacity constraints. The profitability of the electricity business was firm because selling prices for electric power increased along with rising coal prices.

The Okinoyama Coal Center

Fiscal 2011 Initiatives

Coal Business

- Market trend: Market conditions softened after the Australian FOB benchmark for steaming coal was set, partly because of slowing growth in China.
- Coal demand decreased due to the shutdown of coal-fired power plants in the Tohoku region as a result of the earthquake.
- Receiving capacity for coal storage at the Okinoyama Coal Center decreased due to high stockpile levels since the beginning of the year and the resulting increase in demurrage.
- Worked to commercialize PKS for fuel as a global warming countermeasure.

Electricity Business

- Market trend: After the earthquake, nuclear power plants in Japan suspended operation in succession, leading to power shortages nationwide.
- Performance was solid due to sales of surplus power from in-house power generators and full operation in the independent power producer (IPP) business.

Fiscal 2012 Strategies

Coal Business

- ◆ Market trend: Coal demand is projected to remain slack due to economic slowdown in Europe, China and other countries.
- ◆ Business initiatives: Raise cost-competitiveness by working to procure coal at low prices and lower freight costs while expanding use of low-grade coal.
- ◆ Increase coal storage volume at the Okinoyama Coal Center through rigorous inventory control and efficient operation.
- ◆ Begin all-out efforts toward commercialization of PKS fuel.

Electricity Business

- ◆ Market trend: Power shortages are expected to continue, as prospects for restarting domestic nuclear power plants are unclear.
- ◆ Business initiatives: Work to maximize earnings by raising the operating rate of in-house power generation and the IPP business and maintaining stable operation.

Research and Development

In its R&D operations, the UBE Group is working to create next-generation businesses by focusing on enhancing and expanding its technology platform and maintaining its technological tradition.

Basic Strategies of Stage Up 2012

- R&D costs over the three years will be ¥45.0 billion, of which two-thirds will be allocated to strategic growth businesses and developing businesses.
- Corporate R&D will focus on commercialization of optical materials and new eco-friendly materials identified as developing businesses. It will also conduct research in next-generation areas such as next-generation battery materials and new chemical core materials, with a focus on paradigm shifts.

Fiscal 2011 Initiatives

In the second year of Stage Up 2012, we continued our efforts to expand strategic growth businesses, quickly transition developing businesses to strategic growth businesses, and develop human resources.

Expanding Strategic Growth Businesses

In the field of health care, UBE's research achievements have resulted in a licensing and co-development agreement with Santen Pharmaceutical Co., Ltd. for a therapeutic drug for glaucoma and ocular hypertension. In addition, we are raising our overall drug discovery and development capabilities by coordinating drug discovery at the Pharmaceuticals Research Laboratory with robust process development based on the CMC of the Organic Chemistry Research Laboratory, which provides integrated chemical research that supports drug manufacturing and quality control.

In specialty inorganic materials, we are bringing together the accumulated technologies that are dispersed among the UBE Group's sites and strengthening collaboration between Group companies, including co-research and co-development, to generate powerful synergy.

Transitioning Developing Businesses to Strategic Growth Businesses

● Aerospace Materials

Aerospace materials require a longer period from development to commercialization than products in the UBE Group's other businesses. In fiscal 2011, we made steady progress in evaluations of polyimide foams with excellent heat and fire resistance. Designed for use as insulating materials in air ducts for aircraft, they are scheduled for use in 2012. In addition, we are steadily commercializing and preparing for full-scale production of advanced materials that are expected to see growing demand, including resins for composite materials and *Tyrannohex*.

● Optical Materials

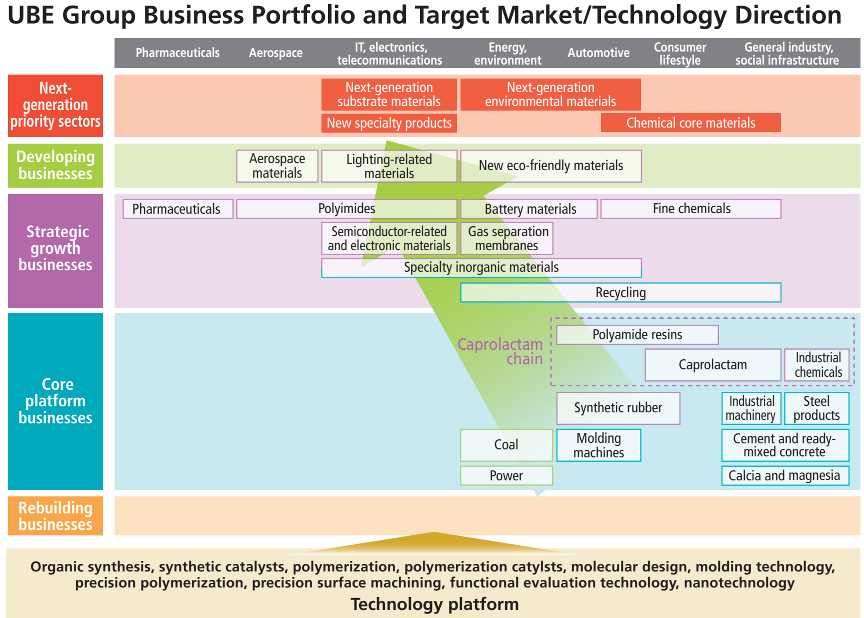
UBE is working toward the early development and commercialization of a Melt Growth Composite (MGC) light conversion material and organic electroluminescent (EL) materials as new fluorescent materials for next-generation energy-saving LEDs. The MGC light conversion material incorporates a light conversion function in a ceramic single-crystal composite developed by UBE, and has excellent durability and heat resistance. It has potential applications in high-luminosity LEDs, a market where growth is anticipated. In fiscal 2011, we began co-development of this material with customers, and a mass production facility is currently under consideration.

In organic EL materials, UBE is developing pure blue phosphorescent materials and peripheral materials that deliver better light-emitting efficiency and long device life.

● New Eco-Friendly Materials

Products in this area include *Heliotropin*, a 100% synthetic fragrance that is an alternative to fragrances derived from natural woods and therefore helps to prevent deforestation. We are assessing market needs to determine the best timing for the start of mass production. Waterborne polyurethane dispersion (PUD) materials provide an alternative to materials that emit volatile organic compounds (VOCs). The UBE Group will endeavor to rapidly launch mass production and expand commercial sales of these and other new eco-friendly fine chemicals. In addition, we are developing and building the commercial potential of new eco-friendly materials. For example, to speed up commercialization of photocatalytic fibers,

UBE Group Business Portfolio and Target Market/Technology Direction



which exhibit outstanding organic decomposition and bactericidal performance, we are focusing on carefully targeted applications. *Heliofresh*, developed with UBE's original production process, received the 60th Chemistry Technology Award from the Chemical Society of Japan, after earlier winning the 10th Green & Sustainable Chemistry (GSC) Award.

Developing Human Resources

UBE is continuously fostering its research talent. We are expanding the management-by-objectives (MBO) system designed to motivate researchers to independently tackle challenges and fostering job satisfaction. In addition, management issues are shared and studied in serious discussion sessions between the General Manager of Corporate Research & Development and site managers. One concrete initiative in fiscal 2011 and 2010 was the "Best Idea Discovery Contest" planned and run by junior researchers. In this contest, researchers contribute numerous ideas, both practical and out of the ordinary. This is an effective way of increasing researchers' initiative and autonomy so that they make proposals proactively.

In the Year 2030 Dream Project, which has been ongoing since 2009, researchers mainly in their thirties consider which research areas UBE should target for the year 2030. This project has led to in-depth discussions on topics such as how UBE should approach the energy and environment field and the information and communications field, where future advances can be expected.

Moreover, we are globalizing R&D by strengthening collaboration with Group companies in Thailand and assigning global R&D specialists to support them.

An Aggressive Intellectual Property Strategy

An intellectual property strategy is essential to fully mobilize our technology portfolio. UBE considers intellectual property a key asset supporting business operations, and works to create, protect and deploy strategic intellectual property using a "three-in-one" strategy that encompasses business divisions, research and development divisions and the Intellectual Property Department. Particularly for specialty products, which are positioned as developing businesses and strategic growth businesses in our business portfolio, patent strategy can have a significant impact on the ability to expand and evolve a business. Therefore, we are focusing on acquiring strategic intellectual property linked with R&D and business strategies. We intend to obtain "offensive patents" that build a strong patent network to preclude the entry of competitors as we work to secure and maintain our competitive advantage. The Intellectual Property Department, which is directly controlled by the president of UBE, takes main charge of and pursues these strategies.

Fiscal 2012 Policy

In the final year of Stage Up 2012, UBE will focus on fully achieving the plan's objectives and accelerating research activities for the next mid-term plan. Specifically, we will deploy our technologies and strengths in four new target areas: next-generation battery materials, organic electronic materials, optical functional materials, and environment and resource conservation.

Next-Generation Battery Materials

UBE is currently a leader in electrolytes and separators used in LIBs, and will maintain its focus on this area in developing materials tailored to advances in LIBs. We have already developed carbon nanotubes used as a conductive additive, and will expand our lineup of materials by cooperating with universities and research institutions to accelerate commercial development of a new binder.

Organic Electronic Materials

Flexible materials and printed electronic materials are the main products in this area. The former have potential applications such as electronic paper, and our expertise in polyimide will be the basis for development. For the latter, we plan to conduct development with universities and other institutions targeting organic semiconductors, which will be a key technology.

Optical Functional Materials

This area is centered on materials for LEDs. In addition to our MGC light conversion material, we will work toward the commercialization of pure blue organic EL materials that have dramatically higher luminous efficiency than the products of other manufacturers.

Environment and Resource Conservation

We will continue to pursue themes from diverse perspectives that enable us to broadly contribute to the environmental field. Products in this category range from CO_2 reduction technology and *Heliofresh* marine fragrance, which helps to protect biodiversity, to PUD coating materials, which provide an alternative to VOC-emitting materials. Moreover, a key theme of R&D will be development of technologies that reduce energy intensity.

Based on the motto "Nurturing People and Creating Dreams," we will reinforce our technological capabilities and create new businesses.

Due to digitalization in recent years, the technology of Japan's assembly industry in particular is being imitated in an extremely short time. On the other hand, material manufacturers have many analog components that cannot be easily copied. While Japanese lithium batteries have become less competitive, our lithium battery materials have maintained their competitive edge. I believe Japanese material manufacturers can succeed by thoroughly refining their original technologies and applying them to material development.

People are the key to strong technological capabilities and putting them to practical use. Since I became General Manager of Corporate Research & Development in spring 2011, my motto has been "Nurturing People and Creating Dreams." I am focusing on shaping an environment that encourages researchers to dream rather than just acquire knowledge and technology.

Masayuki Kinouchi
Managing Executive Officer
General Manager, Corporate Research & Development

Corporate Social Responsibility

The UBE Group conducts initiatives for sustained growth, focusing on CSR activities in the areas of "Economy (Management)," "Environment" and "Social ties" in the spirit of "Living and prospering together with the local community" that UBE has adhered to since its founding. We are committed to further enhancing these activities to deepen the confidence of all stakeholders, including shareholders, capital markets, customers, business partners, employees, and local communities.

Basic Approach To CSR

The UBE Group has formulated the following basic policies for CSR in the areas of "Economy (Management)," "Environment" and "Social ties":

• 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.

• CSR Promotion Framework

Important matters concerning the UBE Group's CSR activities are deliberated and decided by the Group CSR Committee. This committee is headed by the CEO and is made up of members of the Group Strategic Management Committee.

• Measures to Promote CSR

Based on the idea that CSR is essentially 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 between the President and foreman-level employees of factories and Group companies. The goal of these meetings is to foster a sense of unity in the UBE Group, and thus improve business performance, by reducing the perceived distance between upper management and employees in the field. Some 250 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 working to raise management efficiency and transparency, accelerate decision making, clarify management responsibilities, and strengthen the supervisory function of management.

• Corporate Governance System

(As of May 31, 2012)

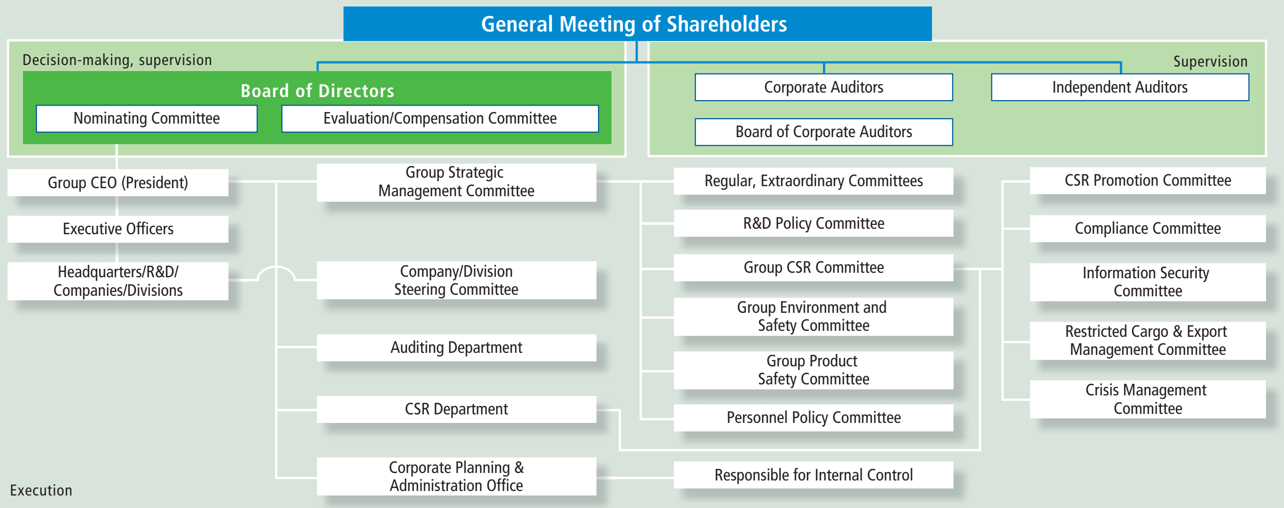
UBE adopted an executive officer system with the aim of separating governance and management functions. This allows a system where executive officers can concentrate on executing duties, accelerating the decision-making process. In addition, the Board of Directors' role is clearly set as an organ for maximizing shareholder value from a medium-to-long-term perspective, as the representative of shareholders' concerns for returns. The Board of Directors also oversees the appropriateness and efficiency of execution of duties in order to heighten transparency, maximize shareholder value and minimize risk.

To allow greater flexibility in the activities of the Board of Directors, UBE has established the Nominating Committee and Evaluation/Compensation Committee as internal committees.

UBE also appoints two outside directors to add a third-party view in the decision-making process to ensure transparency and objectivity. To realize an agile reassignment of directors and executive officers and thoroughly instill an orientation toward results that raise short-, medium- and long-term performance for the UBE Group, the terms of office for directors and executive officers are one year.

UBE considers corporate governance at all times and will continue striving for improvements in the strength and speed of corporate management's execution functions, strategic decision-making functions and corporate governance functions.

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.

Board of Directors

As the representative of shareholders' concerns for returns, 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 seven 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. (Meetings were held nearly every month in fiscal 2011.)

To allow greater flexibility in the activities of the Board of Directors, subsidiary committees responsible for director nomination, evaluation and remuneration have been established.

The Nominating Committee and the Evaluation/Compensation Committee, each comprising seven 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 the Company's execution of duties from a stance independent of the Board of Directors.

• Auditing System

UBE's auditing system 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 and hear of 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 also regularly exchange information with the Auditing Department, and maintain a close relationship with the Auditing Department through, for example, assistance by department members for corporate auditors during audits, as needed.

Internal Audits

Internal audits are conducted by UBE's Auditing Department, which reports directly to the President and CEO, and 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 any facet 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, 2012)

Revision of the Tokyo Stock Exchange's Securities Listing Regulations in December 2009 made it obligatory for listed companies to appoint an independent director who would work for the protection 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 earnings of general investors by considering their interests and expressing necessary opinions when the Board of Directors makes a decision on approval for the execution of duties. UBE has appointed outside directors Michitaka Motoda and Shoji Noguchi as independent directors and outside auditor Takeshi Iwabuchi as an independent auditor.

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 2011

(Millions of yen)

		Amount of Compensation by Type			
Category	Total compensation	Base compensation	Stock options	Bonuses	Retirement bonuses
Directors (6, excluding outside directors)	327	215	25	29	56
Auditors (3, excluding outside auditors)	71	54	—	5	11
Outside directors and auditors (7)	67	54	—	5	7

I want my audits to contribute to speed and innovation in management.

The function required of a corporate auditor is to be able to constantly ask common-sense questions. I am not an expert on UBE's business, but I try to ask simple questions such as "Is this OK?", "Why do you do this?" and "Why is this rational?"

I have had assignments at a number of companies. Every company had its own peculiar jargon and logic, so it was often difficult for me at first, but I was impressed that UBE has very few terms that are only understood in-house. Also, there is definitely an attitude of letting outside directors and auditors see management as it is. My opinions are actively sought in various situations, and management really wants to hear what people outside the company think. I've never been asked for my opinion this much at other companies, so I feel that the Board members at UBE have very high expectations for the role of outside directors and auditors. UBE is not a company with committees, but my impression is that the actual functions of governance here are ahead of companies with committees.

UBE's operating environment is undergoing drastic changes. The Company has reached a stage where it should raise management of its business portfolio to a higher level. UBE needs to speed up investment decisions and capital recovery in its business operations, so I think greater emphasis on speed is also necessary in corporate governance.

UBE has more than 90 Group companies, and how to enhance the Group's internal controls is another key theme. I regularly exchange information with the Audit Department, which conducts internal audits of the whole Group, and with staff, the independent auditors, and the auditors of subsidiaries.

I would like UBE to further clarify the division of roles and examine mechanisms to allow more flexibility in strengthening internal controls throughout the Group.

Takeshi Iwabuchi
Corporate Auditor

• Functions and Reasons for Appointment of Outside Directors (As of May 31, 2012)

Michitaka Motoda operated a think tank (he was the President & CEO of Mitsubishi UFJ Research and Consulting Co., Ltd. until June 2009), and based on this experience he provides useful, broad-based advice to the Company's management from a position of independence, including valuable opinions and economic analysis from a macro-economic standpoint.

Shoji Noguchi resigned from his position as executive managing officer of the Mizuho Corporate Bank, a financial institution that is one of the Company's main lenders, in March 2003, and has since been involved in corporate management as the head of a shipping company. He provides useful, broad-based advice to the Company's management from an independent standpoint, including valuable opinions based on his extensive experience as the head of a shipping company.

The two outside directors attended all 13 of the Board of Directors meetings that were held in fiscal 2011, and provided constructive opinions at all meetings. They also attended all Nominating Committee and Evaluation/Compensation Committee meetings.

• 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 uses mobile phone and

Proposals for Resolution	For	Against	Abstained	Approval Rate
1. Disposition of Retained Earnings	730,681	570	84	97.9%
2. Election of Seven Directors				
Hiroaki Tamura	712,236	19,083	18	95.5%
Michio Takeshita	725,120	6,200	18	97.2%
Akinori Furukawa	726,647	4,674	18	97.4%
Makoto Umetsu	726,730	4,591	18	97.4%
Masato Izumihara	723,069	8,252	18	96.9%
Michitaka Motoda	658,661	72,658	18	88.3%
Shoji Noguchi	668,470	62,849	18	89.6%
3. Election of Four Auditors				
Keisuke Fujioka	711,204	20,137	18	95.3%
Setsuro Miyake	711,224	20,117	18	95.3%
Takeshi Iwabuchi	462,512	268,829	18	62.0%
Hitoshi Sugio	470,585	260,756	18	63.1%
4. Election of One Alternate Outside Auditor	730,194	1,127	18	97.9%
5. Payment of Bonuses to Directors and Corporate Auditor	706,414	24,194	752	94.7%

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.

At the General Meeting of Shareholders on June 29, 2011, a total of 20,626 shareholders exercised their voting rights (including 19,459 shareholders who exercised voting rights in writing and via the Internet), representing 74.7% of total voting rights.

System of Internal Control of Financial Reporting

In response to the internal control reporting system under the Financial Instruments and Exchange Law, the UBE Group upgrades and operates internal control of financial reporting 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, 2012 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 2011, the Compliance Promotion Secretariat went to each Group workplace to hold compliance workshops. A total of 61 workshops were held, with 1,253 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. UBE also maintains and applies its Manual for Handling Emergencies.

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

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

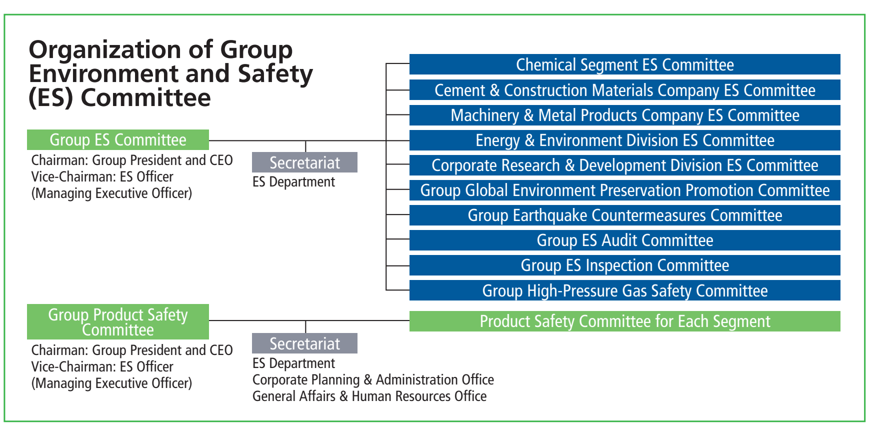
• Expansion of Eco-Friendly Business

In existing businesses, UBE is working to expand sales of products including electrolytes and separators for lithium-ion batteries, polyimide for flexible solar batteries, metal organic compounds for LEDs, gas separation membranes, a synthetic fragrance that avoids destruction of aromatic trees, and low-VOC coating materials. UBE is also promoting the conversion of products to environmental applications, including synthetic rubber to produce eco-friendly tires and nylon resins that enable weight reduction in automobiles.

Other businesses targeted for expansion include waste recycling in the cement production process and plastics recycling.

In new businesses, we will work toward the early commercialization of optical materials for LEDs and organic electroluminescence and new biomass fuels such as palm kernel shells.

With these initiatives, 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 through reduction of energy consumption and greenhouse gas emissions by encouraging widespread use of environmentally friendly products that are made from materials the UBE Group manufactures.



Contribution to Society

Since its founding in 1897, UBE has adhered to its corporate slogan "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 carry this social spirit down to the present through volunteer activities including forest preservation, provision of medical services, subsidies to scientific institutes and facilities, and cultural activities. Both in Japan and overseas, UBE strives to invigorate local communities and academics 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 95 research themes during fiscal 2011. 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 program is aimed at 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 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 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 and Spain, 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 29, 2012)

From left: Shoji Noguchi, Michio Takeshita, Masato Izumihara, Hiroaki Tamura, Michitaka Motoda, Akinori Furukawa, Tetsuro Higashi

DIRECTORS

Chairman of the Board of Directors

Hiroaki Tamura

President and Representative Director

Michio Takeshita

Representative Director

Akinori Furukawa

Directors

Masato Izumihara
Michitaka Motoda*
Shoji Noguchi*
Tetsuro Higashi*

AUDITORS

Keisuke Fujioka
Setsuro Miyake
Takeshi Iwabuchi*
Hitoshi Sugio*

*Outside Director or Auditor

EXECUTIVE OFFICERS AND RESPONSIBILITIES

Chief Executive Officer

Michio Takeshita
Group CEO

Vice-President and Executive Officers

Akinori Furukawa
Special Assistant to the President and Group CCO, with responsibility for Group CSR, Ube Industries Central Hospital and General Affairs & Human Resources Office

Senior Managing Executive Officers

Yuzuru Yamamoto
Company President of Machinery & Metal Products Company

Hideyuki Sugishita
Company President of Chemicals & Plastics Company

Managing Executive Officers

Charunya Phichitkul
General Manager of Asia Operational Unit, with responsibility for Ube Chemicals (Asia) Public Co., Ltd., Thai Synthetic Rubbers Co., Ltd. and UBE (Thailand) Co., Ltd.

Shinobu Watanabe
Company President of Specialty Chemicals & Products Company

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

Takanobu Kubota
General Manager of Procurement & Logistics Div., with responsibility for Logistics Efficiency Improvement Project and Ube Corporate Service Dept.

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

Masayuki Kinouchi
General Manager of Corporate Research & Development

Ricardo Lopez Soria
General Manager of Europe Operational Unit, with responsibility for Ube Corporation Europe, S.A., Ube Engineering Plastics, S.A. and Ube Chemical Europe, S.A.

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

Eiichi Itoguchi
General Manager of Energy & Environment Div.

Executive Officers

Shinji Ohara
Technology Officer of Specialty Chemicals & Products Company

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

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

Etsuo Matsunaga
General Manager of Production Center, Production & Technology Div. and General Manager of Ube Chemical Factory

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

Masahiko Nojima
Business Operation Officer of Chemicals & Plastics Company and General Manager of Planning & Administration Dept.

Masataka Ichikawa
Responsible for Environment & Safety Dept.

Atsushi Yamamoto
General Manager of Human Resources Dept. and General Manager of General Affairs & Human Resources Office

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

Management's Discussion and Analysis of Operations and Finances

Consolidated Six-Year Financial Summary

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

	Millions of yen					
	2012	2011	2010	2009	2008	2007
RESULTS OF OPERATIONS:						
Breakdown of net sales by reportable segment:						
Chemicals & Plastics	**¥231,026**	¥204,516	¥165,098	¥220,033	¥241,773	¥218,193
Specialty Chemicals & Products	**64,368**	68,777	60,374	89,785	95,034	90,197
Pharmaceutical*	**11,186**	8,853	9,994	—	—	—
Cement & Construction Materials	**209,155**	200,470	188,396	213,785	211,270	211,590
Machinery & Metal Products	**72,575**	83,433	81,750	111,042	121,271	115,219
Energy & Environment	**62,518**	59,145	54,155	76,864	58,164	39,697
Other	**25,911**	26,852	19,096	5,163	5,208	5,062
Adjustment	**(38,086)**	(35,984)	(29,307)	(31,969)	(28,436)	(24,350)
Net sales	**638,653**	616,062	549,556	684,703	704,284	655,608
Cost of sales	**512,447**	494,046	448,328	572,010	564,876	527,990
Selling, general and administrative expenses	**80,200**	77,653	73,633	81,530	83,508	80,756
Operating income	**46,006**	44,363	27,595	31,163	55,900	46,862
Income before income taxes and minority interests	**37,595**	28,747	15,592	13,510	40,890	36,003
Net income	**22,969**	17,267	8,217	11,664	24,031	22,013
FINANCIAL POSITION:						
Assets:						
Total current assets	**284,417**	281,701	261,587	277,553	297,893	286,991
Total property, plant and equipment, net	**313,949**	313,945	324,732	332,418	360,031	359,886
Total investments and other assets	**66,599**	65,866	68,474	68,015	62,974	67,994
Total assets	**664,965**	661,512	654,793	677,986	720,898	714,871
Liabilities and net assets:						
Total current liabilities	**267,391**	249,701	246,473	269,025	318,072	314,833
Total long-term liabilities	**173,167**	200,362	206,130	214,238	183,794	204,842
Minority interests	**24,472**	24,048	23,033	22,527	24,988	22,525
Total net assets	**224,407**	211,449	202,190	194,723	219,032	195,196
GENERAL:						
Per share data (yen):						
Net income, primary	**22.85**	17.18	8.17	11.59	23.88	21.88
Cash dividends applicable to the period	**5.00**	5.00	4.00	4.00	5.00	4.00
Net assets	**198.41**	186.02	177.88	170.92	192.72	171.49
Other data:						
Operating margin (%)	**7.2**	7.2	5.0	4.6	7.9	7.1
Return on assets (ROA)** (%)	**7.2**	7.2	4.4	4.8	8.2	7.0
Shares of common stock issued (thousand)	**1,009,165**	1,009,165	1,009,165	1,009,165	1,008,996	1,008,993
Number of consolidated subsidiaries	**67**	66	67	65	67	68
Number of shareholders with voting rights	**55,407**	57,537	59,232	60,202	56,834	63,322
Number of employees	**11,081**	11,026	11,108	11,264	11,058	10,833

* 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 mid-term management plan for the three-year period beginning in fiscal 2010, sets 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

The UBE Group has positioned Stage Up 2012 as an action plan for the next three years to realize these targets. The UBE Group aims to achieve the following numerical targets 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.

Financial Indicators	• Net debt/equity ratio • Equity ratio	Below 1.0 times 30% or higher
Profit indicators	• Operating margin • Return on assets • Return on equity	7.5% or higher 7.5% or higher 12% or higher

In fiscal 2011, the second year of Stage Up 2012, the UBE Group made steady progress toward its targets for the final year of the plan. The UBE Group achieved its equity ratio target of 30 percent and increased return on equity to 11.9 percent, nearly achieving the 12.0 percent target.

SCOPE OF CONSOLIDATION

The UBE Group included 67 consolidated subsidiaries as of March 31, 2012, a net increase of one subsidiary from a year earlier. Ube Advanced Materials Inc. and Ube Taiwan Co., Ltd. were added to the scope of consolidation. Ube Automotive North America Sarnia Plant, Inc. was liquidated during fiscal 2011 and removed from the scope of consolidation.

OPERATING PERFORMANCE

Results for Fiscal 2011

In the UBE Group's operating environment during fiscal 2011, ended March 31, 2012, economic expansion continued in China and elsewhere in Asia, although more slowly than in the past. Moderate economic recovery continued in the United States, while financial concerns and high unemployment brought economic conditions in Europe to a standstill. The global economy remained uncertain due to these and other factors.

Japan's economy trended toward recovery, with supply chains rebounding relatively steadily from the disruption caused by the Great East Japan Earthquake. However, the operating environment remained challenging due to factors such as the strength of the yen and stagnant overseas demand.

Under these conditions, during the second year of Stage Up 2012 — New Challenges the UBE Group worked to further improve results to quickly achieve its management targets under the basic strategies of its management plan.

As a result, the UBE Group's net sales increased by 3.7 percent, or ¥22.5 billion, compared with the previous fiscal year to ¥638.6 billion. Operating income increased by 3.7 percent, or ¥1.6 billion, to ¥46.0 billion, and net income increased by 33.0 percent, or ¥5.7 billion, to ¥22.9 billion.

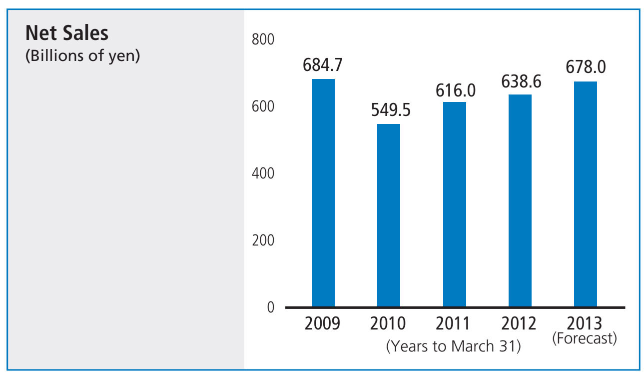
The impact of the Great East Japan Earthquake and flooding in Thailand on results for fiscal 2011 was comparatively light.

OPERATING RESULTS

Net Sales

Net sales increased by 3.7 percent, or ¥22.5 billion, compared with the previous fiscal year to ¥638.6 billion. Substantial growth in caprolactam chain sales in the Chemicals & Plastics segment drove the increase in net sales.

In addition, overseas sales increased by 11.5 percent, or ¥20.4 billion, compared with the previous fiscal year to ¥197.9 billion. The ratio of overseas sales to net sales increased by 2.2 percentage points compared with the previous fiscal year to 31.0 percent.



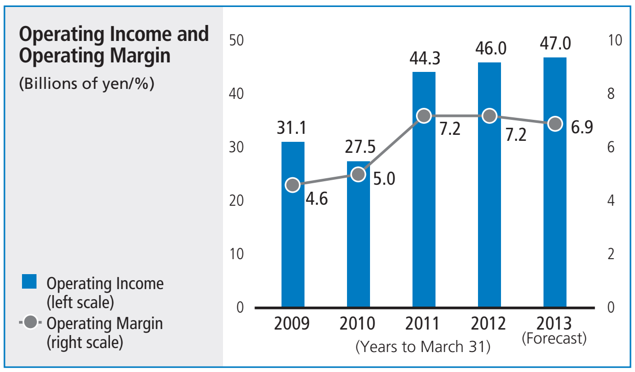
Cost of Sales and Selling, General and Administrative Expenses

Cost of sales increased by 3.7 percent, or ¥18.4 billion, compared with the previous fiscal year to ¥512.4 billion as a result of factors including the increase in net sales. The ratio of cost of sales to net sales was unchanged at 80.2 percent. Selling, general and administrative (SG&A) expenses increased by 3.3 percent, or ¥2.5 billion, compared with the previous fiscal year to ¥80.2 billion, and the ratio of SG&A expenses to net sales was unchanged at 12.6 percent.

Research and development costs, which are included in SG&A expenses, were unchanged from the previous fiscal year at ¥13.7 billion. The ratio of research and development costs to net sales decreased by 0.1 percentage points to 2.1 percent.

Operating Income

Operating income increased by 3.7 percent, or ¥1.6 billion, compared with the previous fiscal year to ¥46.0 billion. The operating margin was unchanged at 7.2 percent. Operating income increased in most segments: in the Chemicals & Plastics segment because the spread between selling prices and the cost of raw materials widened for caprolactam, a raw material for nylon; in the Pharmaceutical segment because sales volume increased; in the Cement & Construction Materials segment because cement and ready-mixed concrete sales volume increased; and in the Machinery & Metal Products segment due to the withdrawal from the aluminum wheel business and increased shipments of molding machines. Operating income decreased in two segments: the Specialty Chemicals & Products segment and the Energy & Environment segment. Segment details follow below.



Other Income (Expenses)

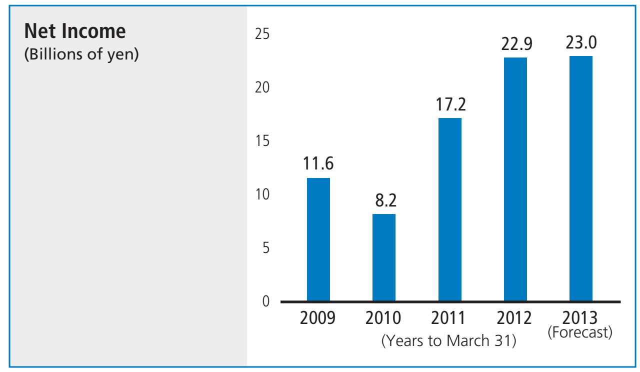
Net other expenses decreased by ¥7.2 billion from the previous fiscal year to ¥8.4 billion. Net interest expense, calculated as interest and dividend income less interest expense, decreased by 15.1 percent, or ¥0.5 billion, compared with the previous fiscal year to ¥3.1 billion. Others, net, which is disclosed in greater detail in note 13 to the consolidated financial statements, decreased by 54.1 percent, or ¥7.3 billion, to a net expense of ¥6.2 billion. Loss on impairment of fixed assets decreased by ¥2.9 billion compared with the previous fiscal year to ¥2.0 billion mainly because impairment associated with an aluminum automobile wheel manufacturing plant was significantly lower compared with the previous fiscal year. Absent charges related to the UBE Group's withdrawal from the aluminum wheel business in the previous fiscal year, loss on business restructuring decreased by ¥4.6 billion compared with the previous fiscal year to ¥0.2 billion. Loss on disposal of property, plant and equipment increased by ¥1.7 billion compared with the previous fiscal year. As a result, income before income taxes and minority interests increased by 30.8 percent, or ¥8.8 billion, compared with the previous fiscal year to ¥37.5 billion.

Net Income

The increase in income before income taxes and minority interests led to a ¥3.4 billion year-on-year increase in income taxes net of deferrals to ¥13.2 billion for fiscal 2011. After tax effect accounting, the effective tax rate for fiscal 2011 was 35.2 percent.

As a result, net income increased by 33.0 percent, or ¥5.7 billion, compared with the previous fiscal year to ¥22.9 billion. Net income per share totaled ¥22.85, compared with ¥17.18 for the previous fiscal year.

Return on equity, calculated as net income divided by average equity capital, increased by 2.5 percentage points compared with the previous fiscal year to 11.9 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 35), was unchanged at 7.2 percent.



PERFORMANCE BY SEGMENT

Chemicals & Plastics Segment

(Billions of yen)

Year to March 31	2012	2011	Change (%)
Sales	**¥231.0**	¥204.5	13.0
Operating income	**22.9**	20.0	14.8
Assets	**191.6**	189.2	1.3
Depreciation and amortization	**9.1**	8.9	2.5
Capital expenditures	**12.9**	9.1	41.9

Booming demand in Asian markets has supported ongoing price increases for caprolactam, a raw material for nylon. While the market slowed from fall 2011 due to factors including concerns about lower economic growth, for fiscal 2011 as a whole the spread between selling prices and the cost of raw materials for caprolactam widened substantially compared with the previous fiscal year. Sales of polybutadiene, a synthetic rubber, were firm, and the start of operations at a new plant in Thailand supported strong sales of nylon resin. Sales of industrial chemicals were also firm overall.

As a result, consolidated segment sales increased by 13.0 percent, or ¥26.5 billion, compared with the previous year to ¥231.0 billion, and operating income increased by 14.8 percent, or ¥2.9 billion, to ¥22.9 billion.

Specialty Chemicals & Products Segment

(Billions of yen)

Year to March 31	2012	2011	Change (%)
Sales	**¥ 64.3**	¥ 68.7	(6.4)
Operating income	**5.4**	8.7	(37.4)
Assets	**88.8**	83.2	6.7
Depreciation and amortization	**5.8**	5.3	9.9
Capital expenditures	**10.5**	7.9	32.2

Sales of electrolytes and separators for lithium-ion batteries were firm overall. Sales of ceramic products were also solid as a result of steady demand for use in products including bearings and cutting tools. However, shipments of and prices for polyimide and several other products weakened because of sluggish demand for flat-screen displays and other products in the field of electronics and information materials. In addition, sales of fine chemical products were affected by sluggish demand in Asian markets and the strong yen.

As a result, consolidated segment sales decreased by 6.4 percent, or ¥4.4 billion, compared with the previous year to ¥64.3 billion, and operating income decreased by 37.4 percent, or ¥3.2 billion, to ¥5.4 billion.

Pharmaceutical Segment

(Billions of yen)

Year to March 31	2012	2011	Change (%)
Sales	**¥11.1**	¥8.8	26.4
Operating income	**3.7**	2.3	61.6
Assets	**12.7**	9.2	38.1
Depreciation and amortization	**0.6**	0.4	50.6
Capital expenditures	**2.6**	0.5	478.2

The UBE Group's own antiallergy, antihypertensive and antiplatelet agents drove steady growth in sales of active pharmaceutical ingredients and intermediates as well as an increase in royalty income.

As a result, consolidated segment sales increased by 26.4 percent, or ¥2.3 billion, compared with the previous year to ¥11.1 billion, and operating income increased by 61.6 percent, or ¥1.4 billion, to ¥3.7 billion.

Cement & Construction Materials Segment

(Billions of yen)

Year to March 31	2012	2011	Change (%)
Sales	**¥209.1**	¥200.4	4.3
Operating income	**8.6**	8.0	7.1
Assets	**196.9**	194.5	1.2
Depreciation and amortization	**9.6**	9.4	2.4
Capital expenditures	**11.5**	8.5	34.8

Sales of cement, ready-mixed concrete and building materials increased because of recovery in condominium and housing starts and corporate capital investment. Emerging reconstruction demand after the Great East Japan Earthquake also supported sales. The UBE Group's cement plants operated at full capacity because overseas demand was strong despite the impact of rising energy costs. The UBE Group also expanded the volume of waste it recycles for use as raw materials and fuel. Sales of calcia and magnesia products were weak overall due to factors including a slump in crude steel production.

As a result, consolidated segment sales increased by 4.3 percent, or ¥8.6 billion, compared with the previous year to ¥209.1 billion, and operating income increased by 7.1 percent, or ¥0.5 billion, to ¥8.6 billion.

Machinery & Metal Products Segment

(Billions of yen)

Year to March 31	2012	2011	Change (%)
Sales	**¥72.5**	¥83.4	(13.0)
Operating income	**3.0**	1.7	174.9
Assets	**59.7**	60.7	(1.6)
Depreciation and amortization	**1.3**	2.7	(51.8)
Capital expenditures	**1.6**	3.0	(47.3)

Shipments and orders for molding machines increased, primarily for new models for the automobile industry in emerging countries. However, shipments and orders for industrial machines such as vertical mills and conveyors decreased. Market conditions for both molding and industrial machines remained challenging due to the appreciation of the yen and intensifying price competition with overseas and domestic manufacturers, but the UBE Group improved the profitability of these product lines by reducing costs and rationalizing operations. Shipments of steel industry products were firm, but the strong yen impacted profitability.

In addition to the above, the UBE Group decided to withdraw from the aluminum wheel business in March 2011. As a result, consolidated segment sales decreased by 13.0 percent, or ¥10.8 billion, compared with the previous year to ¥72.5 billion, while operating income increased by 74.9 percent, or ¥1.3 billion, to ¥3.0 billion.

Energy & Environment Segment

(Billions of yen)

Year to March 31	2012	2011	Change (%)
Sales	**¥62.5**	¥59.1	5.7
Operating income	**3.3**	4.0	(16.5)
Assets	**50.3**	49.8	1.1
Depreciation and amortization	**2.8**	2.8	—
Capital expenditures	**0.9**	1.8	(49.8)

Shipments of coal for sale were solid. Coal storage volume at UBE's Okinoyama Coal Center (a coal storage facility) was strong, especially to electric power companies, but decreased year on year because of capacity restraints. The profitability of the in-house power generation business was firm because selling prices for electric power increased along with rising coal prices.

As a result, consolidated segment sales increased by 5.7 percent, or ¥3.3 billion, compared with the previous year to ¥62.5 billion, while operating income decreased by 16.5 percent, or ¥0.6 billion, to ¥3.3 billion.

Other

Consolidated segment sales decreased by 3.5 percent, or ¥0.9 billion, compared with the previous year to ¥25.9 billion, and operating income decreased by 8.4 percent, or ¥0.09 billion, to ¥1.0 billion.

FINANCIAL POSITION

Cash Flow

Net cash provided by operating activities decreased by ¥26.4 billion compared with the previous fiscal year to ¥40.6 billion. Income before income taxes and minority interests increased by ¥8.8 billion to ¥37.5 billion. Depreciation and amortization, a non-cash item, totaled ¥32.9 billion. Increase in receivables used cash totaling ¥16.8 billion, increase in inventories used cash totaling ¥9.3 billion, and income tax payment used cash totaling ¥8.3 billion.

Net cash used in investing activities totaled ¥43.5 billion. Factors included acquisition of property, plant and equipment totaling ¥42.4 billion, which included outlays for new lithium-ion battery separator facilities at Ube Chemical Factory and for caprolactam production capacity increases at the Sakai Factory and in Thailand.

Net cash used in financing activities decreased ¥12.3 billion compared with the previous fiscal year to ¥12.6 billion. Proceeds from long-term bond issues provided cash totaling ¥14.9 billion and proceeds from long-term borrowings provided cash totaling ¥14.3 billion. Repayments of long-term borrowings used cash totaling ¥29.7 billion, and net decrease in short-term loans payable used cash totaling ¥5.6 billion. In addition, cash dividend paid used cash totaling ¥5.0 billion.

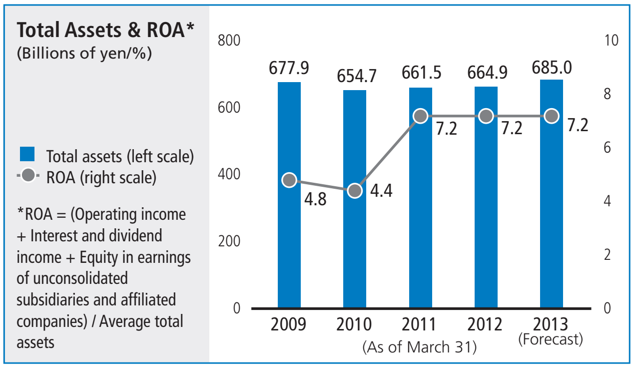
As a result, cash and cash equivalents at the end of the year decreased by ¥16.4 billion compared with the previous fiscal year-end to ¥33.1 billion.

Assets, Liabilities and Net Assets

Total assets at March 31, 2012 increased by 0.5 percent, or ¥3.4 billion, from a year earlier to ¥664.9 billion. Current assets increased by 1.0 percent, or ¥2.7 billion, from a year earlier to ¥284.4 billion. While cash and cash equivalents decreased, trade notes and accounts receivable increased by ¥15.1 billion, and inventories including finished goods, work in process, raw materials and supplies increased by ¥8.0 billion. The inventory turnover ratio decreased to 6.6 times from 6.9 times for the previous fiscal year.

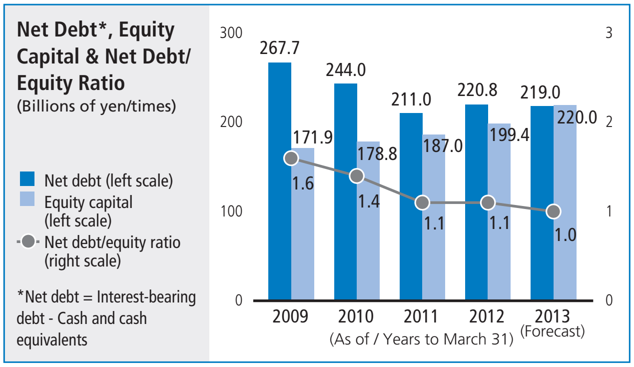
Property, plant and equipment was essentially unchanged from a year earlier at ¥313.9 billion. Investments and other assets increased by ¥0.7 billion from a year earlier to ¥66.5 billion.

Total liabilities at March 31, 2012 decreased by 2.1 percent, or ¥9.5 billion, from a year earlier to ¥440.5 billion. Current liabilities increased by ¥17.6 billion from a year earlier to ¥267.3 billion. Short-term loans payable decreased by ¥5.9 billion, while the current portion of long-term debt increased by ¥21.1 billion and trade notes and accounts payable decreased by ¥0.3 billion. The current ratio was 106.4 percent, compared to 112.8 percent a year earlier.



Long-term liabilities decreased by 13.6 percent, or ¥27.1 billion, from a year earlier to ¥173.1 billion. The principal factor was an ¥21.9 billion decrease in long-term debt less current portion. 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 totaling ¥1.6 billion included in other current and long-term liabilities, decreased by ¥6.6 billion from a year earlier to ¥253.9 billion.

Total net assets at March 31, 2012 increased by 6.1 percent, or ¥12.9 billion, from a year earlier to ¥224.4 billion. Factors including the addition of net income for the year increased retained earnings by ¥17.9 billion, while foreign currency translation adjustments reduced net assets by ¥5.7 billion more than a year earlier. The ratio of equity capital to total assets, or the equity ratio, increased by 1.7 percentage points from a year earlier to 30.0 percent. The net debt/equity ratio was unchanged at 1.1 times. Net assets per share increased to ¥198.41 from ¥186.02 a year earlier.



BASIC POLICY FOR DISTRIBUTION OF EARNINGS AND DIVIDENDS FOR FISCAL 2011

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 Stage Up 2012 — New Challenges mid-term management plan, 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 2011, for a consolidated payout ratio of 21.9 percent. UBE plans to pay cash dividends of ¥5.00 per share for fiscal 2012, and has the goal of increasing dividends as a result of improving performance.

PERFORMANCE FORECAST FOR FISCAL 2012

We expect our business environment to remain challenging and unpredictable. Economic growth is expected to continue in emerging countries, but at a slower rate. While a moderate economic recovery is expected in developed countries, concerns remain that the global economy could enter a recession because of the impact of the financial crisis in Europe. Japan's economy should benefit from demand related to reconstruction and recovery from the Great East Japan earthquake, but remains subject to uncertainties including fuel and raw material prices and currency exchange rates. Electricity supply constraints and the impact of the nuclear power plant accident are additional concerns. Given present economic conditions, the UBE Group has made the following performance forecast for fiscal 2012, assuming an exchange rate of ¥80 to US$1.00 and a domestic naphtha price of ¥54,800/kiloliter.

We forecast that consolidated net sales will increase to ¥678.0 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 slightly year on year to ¥47.0 billion, mainly because we expect increased sales volume in the Specialty Chemicals & Products and Cement & Construction Materials segments to compensate for a lower spread between selling prices and the cost of raw materials for caprolactam in the Chemicals & Plastics segment. We also forecast consolidated net income of ¥23.0 billion.

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 28, 2012. 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

Amid decreasing automobile industry demand for facilities stemming from lower sales volumes in developed countries, the molding machinery business of the Machinery & Metal Products segment is working to enhance sales and services in newly industrialized countries, where automobile production is increasing rapidly, and to expand into non-automotive markets. 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 11 lawsuits seeking compensation for damages in the Tokyo District Court, the Yokohama District Court, the Sapporo District Court, the Kyoto District Court, the Osaka District Court and the Fukuoka District Court. On May 25, 2012, the Yokohama District Court dismissed all of the plaintiffs' claims in two of these lawsuits. The plaintiffs subsequently appealed. The 11 lawsuits seek damages jointly and severally totaling ¥17,440 million on behalf of 453 construction workers residing in the Tokyo area and Kanagawa Prefecture, Hokkaido Prefecture, the Kinki region, Tokushima Prefecture, and the Kyushu region alleging that the defendants are responsible for asbestos-related disease that affected the plaintiffs after they inhaled asbestos particles from asbestos building materials used at construction sites.

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. Mid-Term Management Plan

The UBE Group is now executing Stage Up 2012 — New Challenges, a three-year mid-term management plan initiated in fiscal 2010. The basic strategies of this plan are to 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 targeted management indicators for fiscal 2012, the final year of the plan, are net debt/equity ratio below 1.0 times, equity ratio of 30 percent or higher, operating margin and return on assets of 7.5 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 mid-term management plan as originally conceived or achieve the targeted management indicators of the plan.

Consolidated Balance Sheets

Ube Industries, Ltd. and Consolidated Subsidiaries
March 31, 2012 and 2011

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	**2012**
ASSETS			
Current assets:			
Cash and cash equivalents (Note 4)	**¥ 33,107**	¥ 49,522	**$ 403,744**
Time deposits (Note 4)	**160**	189	**1,951**
Receivables (Notes 4, 8 and 22):			
Trade notes and accounts	**150,108**	134,914	**1,830,585**
Others	**10,396**	11,590	**126,780**
Allowance for doubtful accounts	**(509)**	(378)	**(6,207)**
Inventories (Note 6)	**81,266**	73,247	**991,049**
Deferred tax assets (Note 15)	**5,989**	8,449	**73,037**
Other current assets	**3,900**	4,168	**47,561**
Total current assets	**284,417**	281,701	**3,468,500**
Property, plant and equipment (Notes 8, 14 and 20)**:**			
Land	**84,093**	82,604	**1,025,524**
Buildings and structures	**254,778**	250,927	**3,107,049**
Machinery and equipment	**629,264**	620,376	**7,673,951**
Construction in progress	**17,157**	20,695	**209,232**
Accumulated depreciation	**(671,343)**	(660,657)	**(8,187,110)**
Total property, plant and equipment, net	**313,949**	313,945	**3,828,646**
Investments and other assets:			
Investment securities (Notes 4, 5 and 8)	**34,883**	33,684	**425,402**
Long-term loans receivable	**254**	404	**3,098**
Long-term deferred tax assets (Note 15)	**7,527**	9,459	**91,793**
Other non-current assets	**25,911**	24,451	**315,988**
Allowance for doubtful accounts	**(1,976)**	(2,132)	**(24,098)**
Total investments and other assets	**66,599**	65,866	**812,183**
Total assets	**¥ 664,965**	¥ 661,512	**$ 8,109,329**

See accompanying notes.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	**2012**
LIABILITIES AND NET ASSETS			
Current liabilities:			
Short-term loans payable (Notes 4, 7 and 8)	**¥ 61,548**	¥ 67,480	**$ 750,585**
Commercial paper (Note 4)	**2,999**	3,000	**36,573**
Current portion of long-term debt (Notes 4, 7 and 8)	**50,525**	29,419	**616,159**
Payables (Note 4):			
Trade notes and accounts	**88,811**	89,135	**1,083,061**
Others	**31,995**	29,476	**390,183**
Accrued employees' bonuses	**7,415**	7,435	**90,427**
Accrued income taxes (Note 4)	**6,570**	5,405	**80,122**
Other current liabilities	**17,528**	18,351	**213,756**
Total current liabilities	**267,391**	249,701	**3,260,866**
Long-term liabilities:			
Long-term debt less current portion (Notes 4, 7 and 8)	**137,251**	159,182	**1,673,793**
Accrued retirement benefits (Note 19)	**6,534**	7,026	**79,683**
Long-term deferred tax liabilities (Note 15)	**4,163**	5,880	**50,768**
Other long-term liabilities	**25,219**	28,274	**307,549**
Total long-term liabilities	**173,167**	200,362	**2,111,793**
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, 2012 and 2011	**58,435**	58,435	**712,622**
Capital surplus	**28,459**	28,451	**347,061**
Retained earnings	**132,751**	114,817	**1,618,915**
Treasury stock			
3,810,090 shares at March 31, 2012 and			
3,824,295 shares at March 31, 2011	**(784)**	(783)	**(9,561)**
Valuation difference on securities	**1,427**	1,152	**17,402**
Deferred hedge loss, net	**(193)**	(161)	**(2,354)**
Foreign currency translation adjustments	**(20,622)**	(14,897)	**(251,488)**
Share subscription rights (Note 21)	**462**	387	**5,634**
Minority interests	**24,472**	24,048	**298,439**
Total net assets	**224,407**	211,449	**2,736,670**
Total liabilities and net assets	**¥664,965**	¥661,512	**$8,109,329**

Consolidated Statements of Income

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

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Net sales (Note 22)	¥638,653	¥616,062	$7,788,451
Cost of sales	512,447	494,046	6,249,354
Gross profit	126,206	122,016	1,539,097
Selling, general and administrative expenses (Notes 11, 12 and 21)	80,200	77,653	978,049
Operating income	46,006	44,363	561,048
Other income (expenses):			
Interest and dividend income	1,030	1,120	12,561
Amortization of negative goodwill	157	174	1,915
Interest expense	(4,187)	(4,838)	(51,061)
Equity in earnings of unconsolidated subsidiaries and affiliated companies	871	1,608	10,622
Others, net (Note 13)	(6,282)	(13,680)	(76,610)
	(8,411)	(15,616)	(102,573)
Income before income taxes and minority interests	37,595	28,747	458,475
Income taxes (Note 15)**:**			
Current	10,249	8,015	124,988
Deferred	2,992	1,824	36,488
	13,241	9,839	161,476
Income before minority interests	24,354	18,908	297,000
Minority interests	(1,385)	(1,641)	(16,890)
Net income	¥ 22,969	¥ 17,267	$ 280,109

	Yen		U.S. dollars (Note 1)
	2012	2011	2012
Per share:			
Net income:			
Primary	¥ 22.85	¥ 17.18	$ 0.279
Diluted	22.81	17.15	0.278
Cash dividends applicable to the period	5.00	5.00	0.061

See accompanying notes.

Consolidated Statements of Comprehensive Income

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

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Income before minority interests	¥24,354	¥18,908	$297,000
Valuation difference on securities	257	(401)	3,134
Deferred hedge gain (loss), net	(30)	92	(366)
Foreign currency translation adjustments	(6,116)	(4,847)	(74,585)
Share of other comprehensive income of companies accounted for by the equity method	(52)	(146)	(634)
Other comprehensive income	(5,941)	(5,302)	(72,451)
Total comprehensive income	¥18,413	¥13,606	$224,549
Attributable to:			
Shareholders of Ube Industries, Ltd.	¥17,487	¥12,211	$213,256
Minority interests	926	1,395	11,293

See accompanying notes.

Consolidated Statements of Changes in Net Assets

Ube Industries, Ltd. and Consolidated Subsidiaries

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, 2011	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	¥28,445	¥101,579	¥(770)	¥1,556	¥(251)	¥(10,155)	¥318	¥23,033
Acquisition of treasury stock	—	—	—	—	(24)	—	—	—	—	—
Disposal of treasury stock	—	—	6	—	11	—	—	—	—	—
Cash dividends at ¥4.00 per share	—	—	—	(4,029)	—	—	—	—	—	—
Net income for the year	—	—	—	17,267	—	—	—	—	—	—
Net other changes during the year	—	—	—	—	—	404	90	(4,742)	69	1,015
Closing balance	1,009,165	¥58,435	¥28,451	¥114,817	¥(783)	¥1,152	¥(161)	¥(14,897)	¥387	¥24,048

For the year ended March 31, 2012	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	**$712,622**	**$346,963**	**$1,400,207**	**$(9,549)**	**$14,049**	**$(1,964)**	**$(181,671)**	**$4,720**	**$293,268**
Acquisition of treasury stock	**—**	**—**	**—**	**(122)**	**—**	**—**	**—**	**—**	**—**
Disposal of treasury stock	**—**	**98**	**—**	**110**	**—**	**—**	**—**	**—**	**—**
Cash dividends at ¥5.00 per share	**—**	**—**	**(61,402)**	**—**	**—**	**—**	**—**	**—**	**—**
Net income for the year	**—**	**—**	**280,110**	**—**	**—**	**—**	**—**	**—**	**—**
Net other changes during the year	**—**	**—**	**—**	**—**	**(3,353)**	**(390)**	**(69,817)**	**914**	**5,171**
Closing balance	**$712,622**	**$347,061**	**$1,618,915**	**$(9,561)**	**$17,402**	**$(2,354)**	**$(251,488)**	**$5,634**	**$298,439**

See accompanying notes.

Consolidated Statements of Cash Flows

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

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 37,595	¥ 28,747	$ 458,476
Depreciation and amortization	32,984	33,128	402,244
Loss on impairment of fixed assets	2,058	4,993	25,098
Interest and dividend income	(1,030)	(1,120)	(12,561)
Interest expense	4,187	4,838	51,061
Gain on sale of property, plant and equipment, net	(159)	(626)	(1,939)
Loss on sale of investment securities, net	41	43	500
Increase in receivables	(16,871)	(3,918)	(205,744)
Increase in inventories	(9,341)	(4,919)	(113,915)
Increase in payables	2,687	12,333	32,768
Loss on business restructuring	280	4,957	3,414
Decrease in accrued loss on business restructuring	(2,143)	(273)	(26,134)
Others, net	1,010	(3,484)	12,317
Subtotal	51,298	74,699	625,585
Interest and dividend received	1,829	1,560	22,305
Interest payment	(4,157)	(4,914)	(50,695)
Income tax payment	(8,352)	(4,832)	(101,853)
Others, net	12	568	146
Net cash provided by operating activities	40,630	67,081	495,488
Cash flows from investing activities:			
Proceeds from sale of property, plant and equipment	812	1,599	9,902
Acquisition of property, plant and equipment	(42,488)	(29,751)	(518,146)
Proceeds from sale of investment securities	970	178	11,829
Acquisition of investment securities	(2,748)	(577)	(33,512)
Net decrease (increase) in loans receivable	154	(475)	1,878
Others, net	(250)	341	(3,049)
Net cash used in investing activities	(43,550)	(28,685)	(531,098)
Cash flows from financing activities:			
Proceeds from long-term borrowings	14,358	21,659	175,098
Proceeds from long-term bonds	14,919	—	181,939
Repayments of long-term borrowings	(29,788)	(31,042)	(363,268)
Repayments of long-term bonds	(40)	(560)	(488)
Net decrease in short-term loans payable	(5,622)	(12,835)	(68,561)
Net (decrease) increase in commercial paper	(1)	3,000	(12)
Cash dividend paid	(5,018)	(4,008)	(61,195)
Cash dividend paid to minority shareholders	(414)	(312)	(5,049)
Others, net	(1,089)	(975)	(13,281)
Net cash used in financing activities	(12,695)	(25,073)	(154,817)
Effect of exchange rate changes on cash and cash equivalents	(800)	(1,082)	(9,756)
Net (decrease) increase in cash and cash equivalents	(16,415)	12,241	(200,183)
Cash and cash equivalents at beginning of the year	49,522	37,281	603,927
Cash and cash equivalents at end of the year	¥ 33,107	¥ 49,522	$ 403,744

See accompanying notes.

Notes to Consolidated Financial Statements

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

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 ¥82=US$1, the approximate rate of exchange on March 30, 2012. 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 and 66 companies for the years ended March 31, 2012 and 2011, respectively). 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 and 24 companies for the years ended March 31, 2012 and 2011, respectively). 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. The negative goodwill in the amounts of ¥2,077 million (US$25,329 thousand) and ¥2,232 million is included in "Other long-term liabilities" on the consolidated balance sheets at March 31, 2012 and 2011, 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 which will be in effect when the differences are expected to reverse.

Valuation allowance is provided for the deferred tax assets which are not realizable based on a scheduling for 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 16, 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 sheets is stated by the devaluation method based on declines in profitability.

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

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$380,988 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.

(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 (1,005,294 thousand shares and 1,005,335 thousand shares for the years ended March 31, 2012 and 2011, 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 (1,647 thousand shares and 1,291 thousand shares for the years ended March 31, 2012 and 2011, 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 ¥79 million (US$963 thousand) and ¥78 million are included in "Other current liabilities" on the consolidated balance sheets at March 31, 2012 and 2011, 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 probable 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 ¥339 million (US$4,134 thousand) and ¥628 million are included in "Other current liabilities" on the consolidated balance sheets at March 31, 2012 and 2011, 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 ¥1,032 million (US$12,585 thousand) and ¥1,019 million are included in "Other long-term liabilities" on the consolidated balance sheets at March 31, 2012 and 2011, respectively.

(r) Accrual for losses on business restructuring

Accrual for losses on business restructuring is provided to cover the losses, which are probable 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 ¥2,347 million (US$28,622 thousand) and ¥4,957 million are included in "Other long-term liabilities" on the consolidated balance sheets at March 31, 2012 and 2011, respectively.

3. ACCOUNTING CHANGES

(a) Accounting standard for accounting changes and error corrections

The Company and its consolidated subsidiaries have adopted the accounting standard for accounting changes and error corrections and the related implementation guidance effective the year ended March 31, 2012.

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 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 papers are 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 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 16, 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, 2012 and 2011. 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		
	2012			2012		
	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
Assets						
Cash and cash equivalents	¥ 33,107	¥ 33,107	¥ —	$ 403,744	$ 403,744	$ —
Time deposits	160	160	—	1,951	1,951	—
Trade notes and accounts receivable	150,108	150,108	—	1,830,585	1,830,585	—
Investment securities	6,940	6,940	—	84,634	84,634	—
Total assets	¥190,315	¥190,315	¥ —	$2,320,914	$2,320,914	$ —
Liabilities						
Trade notes and accounts payable	¥ 88,811	¥ 88,811	¥ —	$1,083,061	$1,083,061	$ —
Short-term loans payable	61,548	61,548	—	750,585	750,585	—
Commercial paper	2,999	2,999	—	36,573	36,573	—
Other payables	31,995	31,995	—	390,183	390,183	—
Accrued income taxes	6,570	6,570	—	80,122	80,122	—
Long-term debt*	187,776	190,566	2,790	2,289,951	2,323,976	34,025
Total liabilities	¥379,699	¥382,489	¥2,790	$4,630,475	$4,664,500	$34,025
Derivative financial transactions**	¥ 36	¥ 36	¥ —	$ 439	$ 439	$ —

* Current portions of long-term borrowings of ¥35,525 million (US$433,232 thousand) and bonds of ¥15,000 million (US$182,927 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 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 16 Derivative Financial Instruments in these notes to the consolidated financial statements.

	Millions of yen		
	2011		
	Carrying amount	Fair value	Difference
Assets			
Cash and cash equivalents	¥ 49,522	¥ 49,522	¥ —
Time deposits	189	189	—
Trade notes and accounts receivable	134,914	134,914	—
Investment securities	5,683	5,683	—
Total assets	¥190,308	¥190,308	¥ —
Liabilities			
Trade notes and accounts payable	¥ 89,135	¥ 89,135	¥ —
Short-term loans payable	67,480	67,480	—
Commercial paper	3,000	3,000	—
Other payables	29,476	29,476	—
Accrued income taxes	5,405	5,405	—
Long-term debt*	188,601	191,530	2,929
Total liabilities	¥383,097	¥386,026	¥2,929
Derivative financial transactions**	¥ 83	¥ 83	¥ —

* Current portions of long-term borrowings of ¥29,379 million and bonds of ¥40 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, 2012 and 2011 consist of the following:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Unconsolidated subsidiaries and affiliates securities	¥22,804	¥20,877	$278,098
Non-listed equity securities	4,834	6,818	58,951
Others	305	306	3,720

The annual maturities of financial assets and investment securities with contractual maturities subsequent to March 31, 2012 and 2011 are as follows:

	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	¥ —	¥ —

	Thousands of U.S. dollars			
	2012			
	Within one year	After one year through five years	After five years through ten years	After ten years
Cash and cash equivalents	$ 403,220	$ —	$ —	$ —
Time deposits	1,951	—	—	—
Trade notes and accounts receivable	1,830,585	—	—	—
Debt securities	—	817	—	—
	$2,235,756	$817	$ —	$ —

	Millions of yen			
	2011			
	Within one year	After one year through five years	After five years through ten years	After ten years
Cash and cash equivalents	¥ 49,478	¥ —	¥ —	¥ —
Time deposits	189	—	—	—
Trade notes and accounts receivable	134,914	—	—	—
Debt securities	—	52	—	—
	¥184,581	¥ 52	¥ —	¥ —

The annual maturities of long-term debt and other interest-bearing debt subsequent to March 31, 2012 and 2011 are as follows:

	Millions of yen			
	2012			
	Within one year	After one year through five years	After five years through ten years	After ten years
Short-term loans payable	**¥ 61,548**	**¥ —**	**¥ —**	**¥ —**
Commercial paper	**2,999**	**—**	**—**	**—**
Long-term debt	**50,525**	**123,576**	**13,509**	**166**
	¥115,072	**¥123,576**	**¥13,509**	**¥166**

	Thousands of U.S. dollars			
	2012			
	Within one year	After one year through five years	After five years through ten years	After ten years
Short-term loans payable	**$ 750,585**	**$ —**	**$ —**	**$ —**
Commercial paper	**36,573**	**—**	**—**	**—**
Long-term debt	**616,159**	**1,507,024**	**164,744**	**2,024**
	$1,403,317	**$1,507,024**	**$164,744**	**$2,024**

	Millions of yen			
	2011			
	Within one year	After one year through five years	After five years through ten years	After ten years
Short-term loans payable	¥67,480	¥ —	¥ —	¥ —
Commercial paper	3,000	—	—	—
Long-term debt	29,419	141,252	17,701	229
	¥99,899	¥141,252	¥17,701	¥229

5. SECURITIES

Investment securities at March 31, 2012 and 2011 consist of the following:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	**2012**
Investment securities:			
Unconsolidated subsidiaries and affiliated companies	**¥22,804**	¥20,877	**$278,098**
Others	**12,079**	12,807	**147,304**
	¥34,883	¥33,684	**$425,402**

Marketable securities classified as other securities at March 31, 2012 and 2011 are as follows:

	Millions of yen						Thousands of U.S. dollars		
	2012			2011			2012		
	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	¥5,662	¥3,224	¥2,438	¥5,117	¥3,008	¥2,109	$69,049	$39,317	$29,732
Debt securities	—	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—	—
Subtotal	5,662	3,224	2,438	5,117	3,008	2,109	69,049	39,317	29,732
Securities whose acquisition cost exceeds their carrying value:									
Stock	1,211	1,436	(225)	514	668	(154)	14,767	17,512	(2,745)
Debt securities	67	67	(0)	52	52	(0)	818	818	(0)
Others	—	—	—	—	—	—	—	—	—
Subtotal	1,278	1,503	(225)	566	720	(154)	15,585	18,330	(2,745)
Total	¥6,940	¥4,727	¥2,213	¥5,683	¥3,728	¥1,955	$84,634	$57,647	$26,987

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

Impairment losses in the amounts of ¥2 million were recognized for the year ended at March 31, 2011.

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, 2012.

6. INVENTORIES

Inventories at March 31, 2012 and 2011 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Finished goods	¥34,988	¥30,093	$426,683
Work in process	18,697	16,808	228,012
Raw materials and supplies	27,581	26,346	336,354
	¥81,266	¥73,247	$991,049

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

Short-term loans payable represent bank loans, with average interest rates of 0.65% and 0.75% per annum at March 31, 2012 and 2011, respectively.

Long-term debt at March 31, 2012 and 2011 consists of the following:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
1.32% unsecured bonds due 2011	¥ —	¥ 40	$ —
1.67% unsecured bonds due 2012	15,000	15,000	182,927
0.93% unsecured bonds due 2014	100	100	1,219
0.77% unsecured bonds due 2016	15,000	—	182,927
Loans principally from banks and insurance companies:			
Secured, at 0.71% to 3.95%, maturing through 2020	—	18,826	—
Secured, at 0.8% to 3.95%, maturing through 2019	17,516	—	213,610
Unsecured, at 0.00% to 5.78%, maturing through 2025	—	154,635	—
Unsecured, at 0.00% to 6.76%, maturing through 2026	140,160	—	1,709,268
	187,776	188,601	2,289,951
Less current portion	50,525	29,419	616,158
	¥137,251	¥159,182	$1,673,793

The Company and certain consolidated subsidiaries have entered into loan commitment agreements amounting to ¥21,670 million (US$264,268 thousand) with certain banks. Loans payable outstanding at March 31, 2012 under these loan commitment agreements amounted to ¥444 million (US$5,415 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
2014	¥ 39,866	$ 486,171
2015	33,118	403,878
2016	24,618	300,220
2017	25,974	316,756
2018 and thereafter	13,675	166,768
	¥137,251	$1,673,793

8. PLEDGED ASSETS

The assets pledged as collateral for short-term and long-term borrowings, guarantees and borrowings of affiliated companies at March 31, 2012 and 2011 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	**2012**
Assets pledged as collateral:			
Trade notes receivable	**¥ 1,600**	¥ 1,600	**$ 19,512**
Property, plant and equipment, at net book value	**117,685**	114,138	**1,435,183**
Investment securities	**2,442**	2,364	**29,781**
	¥121,727	¥118,102	**$1,484,476**

9. CONTINGENT LIABILITIES

At March 31, 2012 and 2011, the Company and its consolidated subsidiaries are contingently liable as follows:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	**2012**
As endorser of trade notes discounted or endorsed	**¥1,294**	¥1,281	**$15,780**
As guarantor of employees' housing loans	**560**	795	**6,829**
As guarantor of indebtedness principally of unconsolidated subsidiaries and affiliated companies	**1,669**	2,185	**20,354**

The guaranteed amount includes similar commitments of ¥859 million (US$10,476 thousand) and ¥1,058 million at March 31, 2012 and 2011, 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 28, 2012, the distribution of retained earnings for the year ended March 31, 2012 was approved as follows:

	Millions of yen	Thousands of U.S. dollars
Cash dividends (¥5.00 per share)	¥5,035	$61,402

11. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Major components of selling, general and administrative expenses for the years ended March 31, 2012 and 2011 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Freight and storage	¥19,678	¥19,590	$239,976
Salaries and benefits	26,341	25,807	321,232

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, 2012 and 2011 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Research and development costs	¥13,782	¥13,749	$168,073

13. OTHER INCOME (EXPENSES)

"Other income (expenses) — Others, net" for the years ended March 31, 2012 and 2011 consists of the following:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Loss on sale of investment securities, net	¥ (41)	¥ (43)	$ (500)
Gain on sale of property, plant and equipment, net	159	626	1,939
Loss on disposal of property, plant and equipment	(3,139)	(1,434)	(38,280)
Loss on impairment of fixed assets (Note 14)	(2,058)	(4,993)	(25,098)
Write-down of investment securities	(1,047)	(146)	(12,768)
Loss on business restructuring	(280)	(4,957)	(3,415)
Write-down of inventories	—	(707)	—
Loss on foreign currency exchange, net	(389)	(134)	(4,744)
Others, net	513	(1,892)	6,256
	¥(6,282)	¥(13,680)	$(76,610)

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, 2012 consists of the following:

	Millions of yen	Thousands of U.S. dollars
	2012	2012
Idle property and rental property:		
Land	¥ (56)	$ (683)
Machinery	(81)	(988)
Business assets in use:		
Aluminum automobile wheels manufacturing plant and land (Ube Aluminum Wheels Ltd.)	(626)	(7,634)
Construction products manufacturing plant (Ube Board Co., Ltd.)	(1,295)	(15,793)
	¥(2,058)	$(25,098)

(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 (US$1,671 thousand) 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 (US$683 thousand) and "Machinery" in the amount of ¥ 81 million (US$988 thousand).

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

Ube Aluminum Wheels Ltd. had resolved its liquidation in March 2011, however, the company reconsidered the utilization plan of its business assets in March 2012. As a result, in addition to the book value of the aluminum automobile wheels manufacturing plant being reduced to its nominal amount and that of the land was reduced to its recoverable amounts which was measured as the net selling price based on an appraisal evaluation.

Additional impairment losses of ¥466 million (US$5,683 thousand) for "Building" and ¥160 million (US$1,952 thousand) for "Land" were recognized for the year ended March 31, 2012.

Ube Board Co., Ltd. reduced the book value of the construction products manufacturing plant to its recoverable amount due to a decline in profitability. This reduction of ¥1,295 million (US$15,793 thousand) was recognized as impairment loss. The components of impairment loss were "Machinery" in the amount of ¥589 million (US$7,183 thousand), "Building" in the amount of ¥295 million (US$3,598 thousand) and "Others" in the amount of ¥411 million (US$5,012 thousand).

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%.

Loss on impairment of fixed assets for the year ended March 31, 2011 consists of the following:

	Millions of yen
	2011
Idle property and rental property:	
Land	¥ (537)
Business assets in use:	
Aluminum automobile wheels manufacturing plant (Ube Aluminum Wheels Ltd.)	(4,251)
Tubes manufacturing plant (Ube-Nitto Kasei Co., Ltd.)	(205)
	¥(4,993)

(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 ¥537 million were reduced to their recoverable amounts and were recognized as impairment loss for the year ended March 31, 2011. The component of impairment loss was "Land."

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

Ube Aluminum Wheels Ltd. resolved its liquidation and reduced the book value of the aluminum automobile wheels manufacturing plant to its nominal amount. This reduction of ¥4,251 million was recognized as impairment loss. The components of impairment loss were "Machinery" in the amount of ¥3,762 million and "Others" in the amount of ¥489 million.

Ube-Nitto Kasei Co., Ltd. reduced the book value of the tubes manufacturing plant to its recoverable amount due to sluggish business results. This reduction of ¥205 million was recognized as impairment loss. The components of impairment loss were "Machinery" in the amount of ¥189 million and "Others" in the amount of ¥16 million.

The recoverable amount of the asset group is measured by value in use based on estimated future cash flows discounted at 4.72%.

15. INCOME TAXES

Income taxes applicable to the Company comprise corporation, enterprise and inhabitants' taxes which, in the aggregate, result in a statutory tax rate of approximately 40.4% for the years ended March 31, 2012 and 2011.

The effective tax rates reflected in the consolidated statements of income for the years ended March 31, 2012 and 2011 differ from the statutory tax rate for the following reasons.

	Percentage	
	2012	2011
Statutory tax rate	**40.4%**	40.4%
Effect of:		
Permanently nondeductible expenses	**0.7**	1.0
Permanently nontaxable items including dividend income	**(3.2)**	(3.9)
Loss carried forward without deferred tax assets	**2.0**	2.4
Deducted amount of loss without deferred tax assets	**(0.7)**	(0.4)
Investment profit of affiliated companies by equity method	**(0.9)**	(2.3)
Elimination of dividend income through consolidation procedures	**3.2**	3.9
Tax rate difference of overseas consolidated subsidiaries	**(3.8)**	(3.3)
Application of new tax law and revised tax rates	**(1.2)**	—
Others	**(1.3)**	(3.6)
Effective tax rate	**35.2%**	34.2%

The significant components of deferred tax assets and liabilities at March 31, 2012 and 2011 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	**2012**
Deferred tax assets:			
Accrued employees' bonuses	**¥ 2,804**	¥ 2,974	**$ 34,195**
Accrued retirement benefits	**2,884**	3,326	**35,171**
Allowance for doubtful accounts	**2,762**	2,872	**33,683**
Loss carried forward	**2,640**	5,090	**32,195**
Intercompany profit	**10,982**	12,461	**133,927**
Depreciation and amortization	**948**	1,102	**11,561**
Write-down of investment securities	**603**	339	**7,353**
Others	**6,842**	8,438	**83,439**
Gross deferred tax assets	**30,465**	36,602	**371,524**
Valuation allowance	**(5,873)**	(7,029)	**(71,622)**
Total deferred tax assets	**24,592**	29,573	**299,902**
Deferred tax liabilities:			
Deferred gain on real properties	**(4,139)**	(4,973)	**(50,476)**
Valuation difference on securities	**(804)**	(795)	**(9,805)**
Prepaid pension expenses	**(3,206)**	(3,286)	**(39,097)**
Revaluation surplus on assets	**(2,442)**	(4,252)	**(29,780)**
Others	**(4,648)**	(4,239)	**(56,683)**
Total deferred tax liabilities	**(15,239)**	(17,545)	**(185,841)**
Net deferred tax assets	**¥ 9,353**	¥ 12,028	**$ 114,061**

Note: A new tax law and revised tax rates were effective from fiscal years starting on or after April 1, 2012.
Accordingly, "deferred tax assets" and "deferred tax liabilities" are reassessed based on statutory tax rates calculated using revised tax rates, for each year in which temporary differences are to be realized. As a result, "deferred tax liabilities" after deduction of "deferred tax assets" were reduced by ¥521 million (US$6,354 thousand) and "deferred income taxes" were reduced by ¥445 million (US$5,427 thousand) as of and for the year ended March 31, 2012. "Deferred hedge loss, net" was reduced by ¥13 million (US$159 thousand) and "Valuation difference on securities" increased by ¥89 million (US$1,085 thousand) at March 31, 2012.

16. DERIVATIVE FINANCIAL INSTRUMENTS

Summarized below are the notional amounts and the estimated fair value of the derivative transactions outstanding at March 31, 2012 and 2011.

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

(a) Currency-related transactions

	Millions of yen						Thousands of U.S. dollars		
	2012			2011			**2012**		
	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:									
US$	**¥ 405**	**¥(16)**	**¥(16)**	¥130	¥ (1)	¥ (1)	**$ 4,939**	**$(195)**	**$(195)**
EUR	**48**	**0**	**0**	69	0	0	**585**	**0**	**0**
¥	**9**	**(1)**	**(1)**	48	(2)	(2)	**110**	**(12)**	**(12)**
Buy:									
US$	**657**	**36**	**36**	464	(24)	(24)	**8,012**	**439**	**439**
AU$	**20**	**(0)**	**(0)**	20	0	0	**244**	**(0)**	**(0)**
¥	**—**	**—**	**—**	—	—	—	**—**	**—**	**—**
Total	**¥1,139**	**¥ 19**	**¥ 19**	¥731	¥(27)	¥(27)	**$13,890**	**$ 232**	**$ 232**

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

(b) Interest-related transactions

	Millions of yen						Thousands of U.S. dollars		
	2012			2011			2012		
	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)	¥401	¥(11)	¥(11)	$2,073	$(24)	$(24)
Interest rate swaps:									
Receive/floating and pay/fixed	—	—	—	—	—	—	—	—	—
Total	¥170	¥(2)	¥(2)	¥401	¥(11)	¥(11)	$2,073	$(24)	$(24)

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

		Millions of yen				Thousands of U.S. dollars	
		2012		2011		2012	
		Notional amount	Fair value	Notional amount	Fair value	Notional amount	Fair value
Principle method	Forward exchange contracts:						
	Sell:						
	US$	¥ 224	¥ (8)	¥ 66	¥ (1)	$ 2,732	$ (97)
	Buy:						
	EUR	17	(0)	118	5	207	(0)
Short-cut method	Forward exchange contracts:						
	Sell:						
	US$	686	12	475	20	8,366	146
	Buy:						
	US$	57	1	61	(1)	695	12
	EUR	158	4	71	1	1,927	49
	Total	¥1,142	¥ 9	¥791	¥24	$13,927	$110

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

(b) Interest-related transactions

		Millions of yen				Thousands of U.S. dollars	
		2012		2011		2012	
		Notional amount	Fair value	Notional amount	Fair value	Notional amount	Fair value
Principle method	Interest-rate swaps:						
	Receive/floating and pay/fixed:	¥ 466	¥(20)	¥ 2,315	¥(61)	$ 5,683	$(244)
	Interest-rate cap:						
	Buy:	8,000	26	8,000	78	97,560	317
Short-cut method	Interest-rate swaps:						
	Receive/floating and pay/fixed:	56,752	*	63,575	*	692,098	*
	Total	¥65,218	¥ 6	¥73,890	¥ 17	$795,341	$ 73

* 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

		Millions of yen				Thousands of U.S. dollars	
		2012		2011		2012	
		Notional amount	Fair value	Notional amount	Fair value	Notional amount	Fair value
Principle method	Coal price swaps:						
	Receive/floating and pay/fixed:	¥1,839	¥15	¥1,587	¥100	$22,427	$183
	Total	¥1,839	¥15	¥1,587	¥100	$22,427	$183

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

17. SEGMENT INFORMATION

Reportable segments of the Company consist of the business units for which independent financial information is available that 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, 2012 and 2011 are summarized by reportable segment as follows:

	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)	—
	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

	Millions of yen								
Year ended March 31, 2011	Chemicals & plastics	Specialty chemicals & products	Pharma-ceutical	Cement & construction materials	Machinery & metal products	Energy & environment	Other	Elimination & corporate	Consolidated
Sales:									
Outside customers	¥192,575	¥64,960	¥8,853	¥196,004	¥82,414	¥47,013	¥24,243	¥ —	¥616,062
Intersegment sales and transfers	11,941	3,817	—	4,466	1,019	12,132	2,609	(35,984)	—
	204,516	68,777	8,853	200,470	83,433	59,145	26,852	(35,984)	616,062
Segment operating income	¥ 20,025	¥ 8,712	¥2,308	¥ 8,098	¥ 1,764	¥ 4,022	¥ 1,129	¥ (1,695)	¥ 44,363
Segment assets	¥189,275	¥83,250	¥9,219	¥194,574	¥60,713	¥49,854	¥22,907	¥ 51,720	¥661,512
Depreciation and amortization	8,929	5,309	443	9,451	2,710	2,817	592	2,877	33,128
Equity method investments	11,181	—	—	6,237	11	141	1,343	—	18,913
Capital expenditures	9,154	7,988	556	8,546	3,034	1,806	449	3,801	35,334

	Thousands of U.S. dollars								
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	$2,639,329	$ 734,951	$135,256	$2,498,000	$868,939	$630,366	$281,610	$ —	$7,788,451
Intersegment sales and transfers	178,061	50,025	1,158	52,670	16,122	132,049	34,378	(464,463)	—
	2,817,390	784,976	136,414	2,550,670	885,061	762,415	315,988	(464,463)	7,788,451
Segment operating income	$ 280,341	$ 66,464	$ 45,475	$ 105,768	$ 37,634	$ 40,951	$ 12,610	$ (28,195)	$ 561,048
Segment assets	$2,337,366	$1,083,110	$155,305	$2,401,805	$728,268	$614,561	$263,341	$ 525,573	$8,109,329
Depreciation and amortization	111,610	71,134	8,134	118,061	15,927	34,537	7,390	35,451	402,244
Equity method investments	142,878	12,085	—	77,707	159	1,988	16,829	—	251,646
Capital expenditures	158,378	128,769	32,427	140,524	19,512	11,049	5,744	45,341	541,744

The operations of the Company and its consolidated subsidiaries for the years ended March 31, 2012 and 2011 by geographic area are as follows:

	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

	Thousands of U.S. dollars				
Year ended March 31, 2012	Japan	Asia	Europe	Other area	Consolidated
Sales	$5,373,890	$1,758,488	$435,463	$220,610	$7,788,451

	Millions of yen					
Year ended 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

	Thousands of U.S. dollars					
Year ended March 31, 2012	Japan	Thailand	Other Asia	Europe	Other area	Consolidated
Property, plant and equipment	$3,159,927	$524,134	$11,451	$129,536	$3,598	$3,828,646

	Millions of yen				
Year ended March 31, 2011	Japan	Asia	Europe	Other area	Consolidated
Sales	¥438,469	¥130,080	¥31,743	¥15,770	¥616,062

	Millions of yen					
Year ended March 31, 2011	Japan	Thailand	Other Asia	Europe	Other area	Consolidated
Property, plant and equipment	¥256,767	¥46,025	¥930	¥9,905	¥318	¥313,945

18. 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, accumulated depreciation and amortization and net book value of the leased property at March 31, 2012 and 2011 which would have been reflected in the consolidated balance sheets 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	**2012**	2011	**2012**
Acquisition costs:			
Machinery and equipment	**¥3,917**	¥5,920	**$47,768**
	¥3,917	¥5,920	**$47,768**
Accumulated depreciation and amortization:			
Machinery and equipment	**¥2,975**	¥4,408	**$36,280**
	¥2,975	¥4,408	**$36,280**
Net book value:			
Machinery and equipment	**¥ 942**	¥1,512	**$11,488**
	¥ 942	¥1,512	**$11,488**

Lease payments relating to finance leases accounted for as operating leases amounted to ¥564 million (US$6,878 thousand) and ¥1,319 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, 2012 and 2011, respectively.

Future minimum lease payments (including the interest portion thereon) subsequent to March 31, 2012 for finance leases accounted for as operating leases are summarized as follows:

Years ending March 31	Millions of yen	Thousands of U.S. dollars
2013	¥292	$ 3,561
2014 and thereafter	650	7,927
	¥942	$11,488

(b) Operating leases

Future minimum lease payments subsequent to March 31, 2012 for non-cancelable operating leases are summarized as follows:

Years ending March 31	Millions of yen	Thousands of U.S. dollars
2013	¥1,078	$13,146
2014 and thereafter	940	11,464
	¥2,018	$24,610

19. 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
	2012	2011	**2012**
Projected benefit obligations:			
Present value of projected benefit obligations	**¥ 54,794**	¥ 56,444	**$ 668,219**
Plan assets at fair value	**(47,361)**	(44,166)	**(577,573)**
Unrecognized benefit obligations at transition	**(2,541)**	(4,893)	**(30,988)**
Unrecognized actuarial loss	**(6,653)**	(7,504)	**(81,134)**
Unrecognized prior service cost	**(1,269)**	(1,451)	**(15,475)**
Retirement benefit obligations recognized in the balance sheets, net	**(3,030)**	(1,570)	**(36,951)**
Prepaid pension expenses	**(9,564)**	(8,596)	**(116,634)**
Accrued retirement benefits	**¥ 6,534**	¥ 7,026	**$ 79,683**

	Millions of yen		Thousands of U.S. dollars
	2012	2011	**2012**
Retirement benefit expenses:			
Service cost	**¥2,832**	¥2,881	**$ 34,536**
Interest cost	**1,187**	1,245	**14,476**
Expected return on plan assets	**(936)**	(882)	**(11,415)**
Amortization of prior service cost	**182**	182	**2,220**
Amortization of actuarial loss	**1,153**	993	**14,061**
Amortization of benefit obligations at transition	**2,353**	2,386	**28,695**
Others	**45**	46	**549**
Total	**¥6,816**	¥6,851	**$ 83,122**

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

	Percentage	
	2012	2011
Discount rate	**2.0-2.5%**	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

20. INVESTMENT AND RENTAL PROPERTY

The Company and its consolidated subsidiaries own idle property and rental property in Yamaguchi and other areas. The carrying amount, net changes and fair value of investment and rental property are as follows:

	Millions of yen			
	2012			
	Carrying amount			
	Opening balance	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**

	Thousands of U.S. dollars			
	2012			
	Carrying amount			
	Opening balance	During the year	Closing balance	Fair value at March 31, 2012
Idle property	$127,768	**$ 4,951**	**$132,719**	**$388,439**
Rental property	57,000	**22,183**	**79,183**	**172,988**

Notes: Carrying amounts represent the acquisition costs less accumulated depreciation and impairment losses.
Net changes for the year ended March 31, 2012 mainly consist of acquisition and change of use classification.
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.

	Millions of yen			
	2011			
	Carrying amount			
	Opening balance	During the year	Closing balance	Fair value at March 31, 2011
Idle property	¥11,597	¥(1,120)	¥10,477	¥32,182
Rental property	3,775	899	4,674	13,123

Notes: Carrying amounts represent the acquisition costs less accumulated depreciation and impairment losses.
Net changes for the year ended March 31, 2011 mainly consist of acquisition and change of use classification.
Fair value of main property at March 31, 2011 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, 2012 and 2011 are as follows:

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

	Thousands of U.S. dollars			
	2012			
	Rental income	Rental expenses	Net income	Others
Idle property	**$ —**	**$ —**	**$ —**	**$(2,146)**
Rental property	**9,207**	**5,085**	**4,122**	**(1,024)**

Notes: Others in the above table for idle property consist of taxes and dues ¥(245) million (US$(2,988) thousand), impairment loss ¥(60) million (US$(732) thousand), gain on acceptance of dredged sand ¥85 million (US$1,037 thousand) and gain on sale ¥44 million (US$537 thousand).
Others for rental property consist of impairment loss ¥(160) million (US$(1,951) thousand) and gain on sale ¥76 million (US$927 thousand).

	Millions of yen			
	2011			
	Rental income	Rental expenses	Net income	Others
Idle property	¥ —	¥ —	¥ —	¥(286)
Rental property	713	373	340	(299)

Notes: Others in the above table for idle property consist of taxes and dues ¥(253) million, impairment loss ¥(227) million, gain on acceptance of dredged sand ¥113 million and gain on sale ¥81 million.
Others for rental property consist of impairment loss ¥(310) million and gain on sale ¥11 million.

21. STOCK OPTIONS

Stock option expenses in the amounts of ¥80 million (US$976 thousand) and ¥69 million are accounted for as "Selling, general and administrative expenses" on the consolidated statements of income for the years ended March 31, 2012 and 2011, respectively.

The contents of stock options at March 31, 2012 are as follows:

	Fiscal year 2007 stock options	Fiscal year 2008 stock options	Fiscal year 2009 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
Type and number of shares	Common stock of the Company: 232,000 shares	Common stock of the Company: 225,000 shares	Common stock of the Company: 243,000 shares
Date of grant	February 22, 2007	July 13, 2007	July 14, 2008
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	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)
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)
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 2010 stock options	Fiscal year 2011 stock options	Fiscal year 2012 stock options
Position and number of grantees	Directors of the Company: 6 Executive officers of the Company: 17	Directors of the Company: 5 Executive officers of the Company: 17	Directors of the Company: 5 Executive officers of the Company: 18
Type and number of shares	Common stock of the Company: 322,000 shares	Common stock of the Company: 366,000 shares	Common stock of the Company: 355,000 shares
Date of grant	July 13, 2009	July 14, 2010	July 14, 2011
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, 2009 to June 30, 2010) Executive officers of the Company: For 1 year (From April 1, 2009 to March 31, 2010)	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)
Exercise period of rights	For 25 years from grant date (From July 13, 2009 to July 12, 2034)	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)
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	
	Yen	Yen	Yen	Yen	Yen	Yen	U.S. dollars
Exercise price	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1	$0.01
Average stock price at exercise	240	—	—	—	—	—	—
Fair value at grant date	388	351	326	223	186	227	2.77

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
Method of estimation	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%
Expected remaining period **	8 years	8 years	8 years	8 years	8 years	8 years
Expected dividend ***	¥3	¥4	¥5	¥4	¥4	¥5 (US$0.06)
Risk-free interest rate ****	1.519%	1.811 %	1.334%	1.003%	0.791%	0.764%

* 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

22. RELATED PARTY TRANSACTIONS

The Company sold goods for resale in the amount of ¥32,741 million (US$399,280 thousand) and ¥31,239 million to Ube-Mitsubishi Cement Corporation (UMCC), accounted for by the equity method, for the years ended March 31, 2012 and 2011, respectively. The balances of accounts receivable were ¥12,702 million (US$154,902 thousand) and ¥11,036 million at March 31, 2012 and 2011, 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.

23. SUBSEQUENT EVENTS

The Company and IRPC Public Company Limited ("IRPC")* have reached agreement for IRPC to participate in the business operations of UBE Chemicals (Asia) Public Company Limited ("UCHA") as a shareholder.

In early July 2012, IRPC is expected to invest approximately 5.3 billion baht to subscribe to newly issued shares of UCHA and purchase existing shares from the Company.

* IRPC is one of the group companies of PTT Public Company Limited, which is the largest publicly listed company in Thailand and is mainly engaged in the natural gas and petroleum sectors. IRPC owns and operates a refinery and petrochemical complex in Rayong Province, Thailand that manufactures transportation fuels and petrochemical products.

Outline of capital alliance is as follows:

i. Purposes of capital alliance

Enhancement of international competitiveness in the chemicals business

ii. Transfer of UCHA shares to IRPC

(a) Transferor: UBE Industries, Ltd.
(b) Number of shares to be transferred: 75,000 thousand shares
(c) Transfer price: THB1,480 million

iii. New shares to be issued by way of third-party allotment

(a) Issuer: UBE Chemicals (Asia) Public Company Limited
(b) Subscriber: IRPC Public Company Limited
(c) Number of shares: 193,481 thousand shares
(d) Amount of capital increase: THB3,819 million

iv. UBE Industries, Ltd.'s shareholding ratio

After the capital alliance: 68.99%

Independent Auditor's Report

Ube Industries, Ltd. and Consolidated Subsidiaries
March 31, 2012

ERNST & YOUNG

Ernst & Young ShinNihon LLC
Hibiya Kokusai Bldg.
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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, 2012, 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 consolidated subsidiaries at March 31, 2012, 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 28, 2012
Tokyo, Japan

Investor Information

(As of March 31, 2012)

Ube Industries, Ltd.

Head Office: Tokyo Head Office
(IR & PR Dept.)
Seavans North Bldg., 1-2-1, Shibaura,
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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: 55,407

Annual General Shareholders' Meeting: June

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

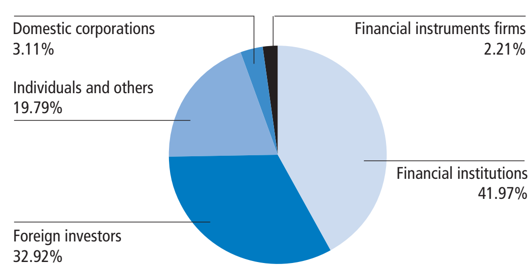
Transfer Agent and Share Registrar: Mitsubishi UFJ Trust and Banking Corporation, 1-4-5, Marunouchi, Chiyoda-ku, Tokyo 100-8212

Independent Auditors: Ernst & Young ShinNihon LLC

Principal Shareholders

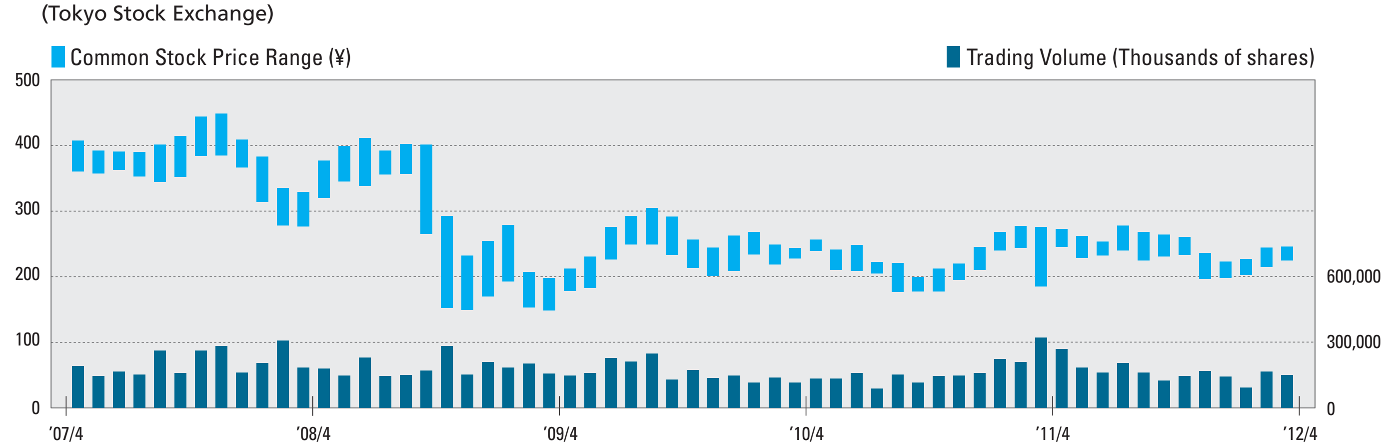
Name	Number of Shares (Thousands)	Percentage of Shareholding (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	79,949	7.92
The Master Trust Bank of Japan, Ltd. (Trust Account)	63,491	6.29
State Street Bank and Trust Company (Standing Proxy: Tokyo Branch of The Hong Kong and Shanghai Banking Corporation Limited)	33,670	3.34
Japan Agricultural Cooperative (Standing Proxy: The Master Trust Bank of Japan, Ltd.)	29,960	2.97
JP Morgan Chase Bank, N.A. (Standing Proxy: Mizuho Corporate Bank, Ltd. Settlement & Clearing Services Division)	25,296	2.51
Nippon Life Insurance Company	20,000	1.98
Sumitomo Life Insurance Company (Standing Proxy: Japan Trustee Services Bank, Ltd.)	20,000	1.98
Japan Trustee Services Bank, Ltd. (Trust Account 9)	18,425	1.83
BBH/BLACKROCK GLOBAL ALLOCATION FUND, INC. (Standing Proxy: Sumitomo Mitsui Banking Corporation)	17,230	1.71
The Nomura Trust and Banking Co., Ltd. (Trust Account)	14,230	1.41

Breakdown of Shareholders



Stock Price Range & Trading Volume

(Tokyo Stock Exchange)



Network

(As of March 31, 2012)

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

MAJOR CONSOLIDATED SUBSIDIARIES AND AFFILIATES

① Country ② Business ③ Voting Rights

Chemicals & Plastics

10 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%

11 THAI SYNTHETIC RUBBERS CO., LTD.
① Thailand
Tel: +66 (2) 263-6600
Fax: +66 (2) 685-3056
② Manufacture and sales of polybutadiene rubber
③ 73.1%

12 UBE CHEMICALS (ASIA) PUBLIC CO., LTD.
① Thailand
Tel: +66 (2) 263-6600
Fax: +66 (2) 685-4503
② Manufacture and sales of caprolactam and polyamide 6
③ 92.7%

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

14 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%

15 UBE AMMONIA INDUSTRY, LTD.
① Japan
Tel: +81 (836) 31-5858
Fax: +81 (836) 34-0472
② Manufacture and sales of ammonia, carbon dioxide, argon, oxygen, and nitrogen
③ 50.6%

16 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

17 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%

18 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%

19 UBE FINE CHEMICALS (ASIA) CO., LTD.
① Thailand
Tel: +66 (2) 263-6623
Fax: +66 (2) 263-6688
② Manufacture and sales of 1,6-Hexanediol (HDL) and 1,5-Pentanediol (PDL)
③ 100.0%

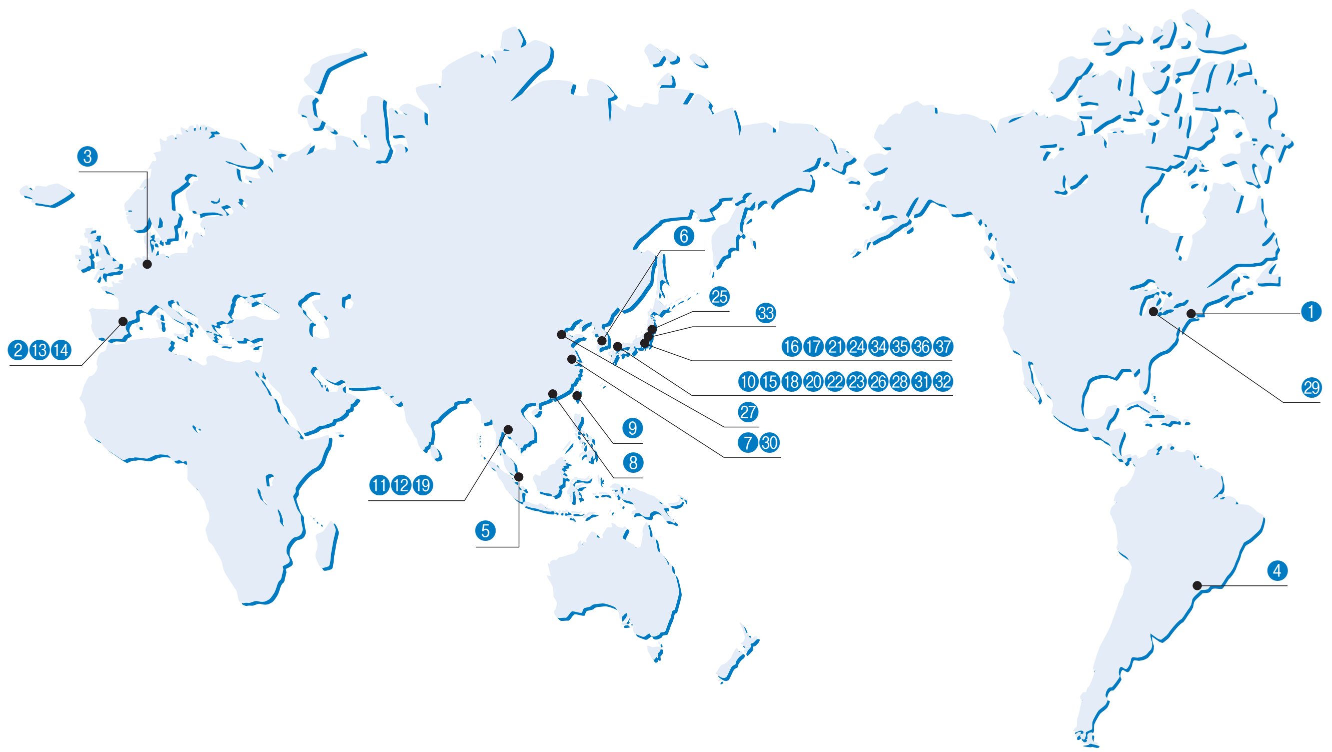
Cement & Construction Materials

20 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%

21 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%

22 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 82.2%

23 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%



24 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%

25 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%

26 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 73.3%

27 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

28 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%

29 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%

30 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%

31 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%

32 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%

33 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

34 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

35 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%

36 UMG ABS, LTD.
① Japan
Tel: +81 (3) 5148-5170
Fax: +81 (3) 5148-5186
② Manufacture and sales of ABS resins
③ 42.7%

37 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.

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