

Change &
Challenge

Driving Growth



The UBE Group Vision

“Wings of technology and spirit of innovation. That’s our DNA driving our global success. The UBE Group will embrace a frontier spirit in seeking to achieve coexistence with the global community driven by the limitless possibilities of technology, while continuing to create value for the next generation.”

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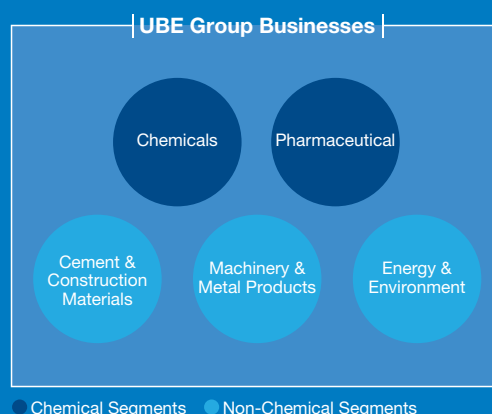
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Profile

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. Today, we continue to challenge ourselves to creatively apply technology to develop and prosper together with our stakeholders.



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 2014 in the text is the year ended March 31, 2015.

Completed in 1982, the Kosan-Ohashi Highway Bridge is part of a 31.94 km roadway for the exclusive use of the UBE Group.

To Our Stakeholders



My first year as President and CEO of the UBE Group will involve addressing structural change in the UBE Group's operating environment as we complete the three-year medium-term management plan "Change & Challenge – Driving Growth" set in motion by my predecessor, Michio Takeshita. While the UBE Group continued to make steady progress in the Cement & Construction Materials segment and other non-chemical businesses in fiscal 2014, ended March 31, 2015, the operating environment remained challenging in our chemical business. We will rely on the core strategies now in place to resolve issues in each of our businesses with a sense of urgency.

The global economy lacked vigor during fiscal 2014. The U.S. economy continued to recover and the European economy seemed to gain momentum. However, economic growth was modest in China and other Asian countries. In Japan, the economy continued to recover moderately, with the benefits of various government policies and improved corporate results offsetting the drag on consumer spending caused by an increase in the consumption tax.

Under these conditions, the UBE Group implemented an array of strategies to generate overall expansion with differentiated chemical businesses driving growth and non-chemical businesses adding stability to earnings. As a result, consolidated net sales decreased by ¥8.7 billion from the previous fiscal year to ¥641.7 billion, operating income decreased by ¥0.2

billion to ¥24.1 billion, and net income increased by ¥2.0 billion to ¥14.6 billion.

During fiscal 2015 we will take a fresh look at our strategies given the intense change in our businesses while also accelerating initiatives, from developing globally to assiduously reducing costs. We also integrated the former Chemicals & Plastics and Specialty Chemicals & Products segments in April 2015 to create the Chemicals segment with a new organization that is committed to restoring growth.

The UBE Group believes that CSR equates to Group management that fulfills its responsibilities as a public institution and member of society. We therefore enhance compliance, risk management and other corporate functions to ensure fair corporate conduct. The UBE Group also embraces its founding principle of coexisting with society in the spirit of living and prospering together with the local community. We are committed to deepening the confidence of all stakeholders, including shareholders, capital markets, customers, business partners, employees and local communities. I look forward to your support.

Yuzuru Yamamoto
President and CEO

Company History

A Unique and Evolving Business Structure

The UBE Group has devoted all of its capabilities and an entrepreneurial spirit to evolving its businesses for coexistence and mutual prosperity with the local community.

1897 Coal

The UBE Group has a history of over 110 years since its establishment. We began in the coal mining business in our home region of Ube, Japan.



Coexistence and Mutual Prosperity

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

1933 Ammonia and Fertilizer

The Chemicals segment evolved from using coal as a raw material to manufacture ammonium sulfate for chemical fertilizer.



Used as a raw material

1923 Cement

The Cement & Construction Materials segment began by using the coal, mine spoil and limestone that was widely available in the Ube region.



Used as a raw material

1914 Machinery

The Machinery & Metal Products segment got its start by manufacturing and servicing machinery used in coal mining.

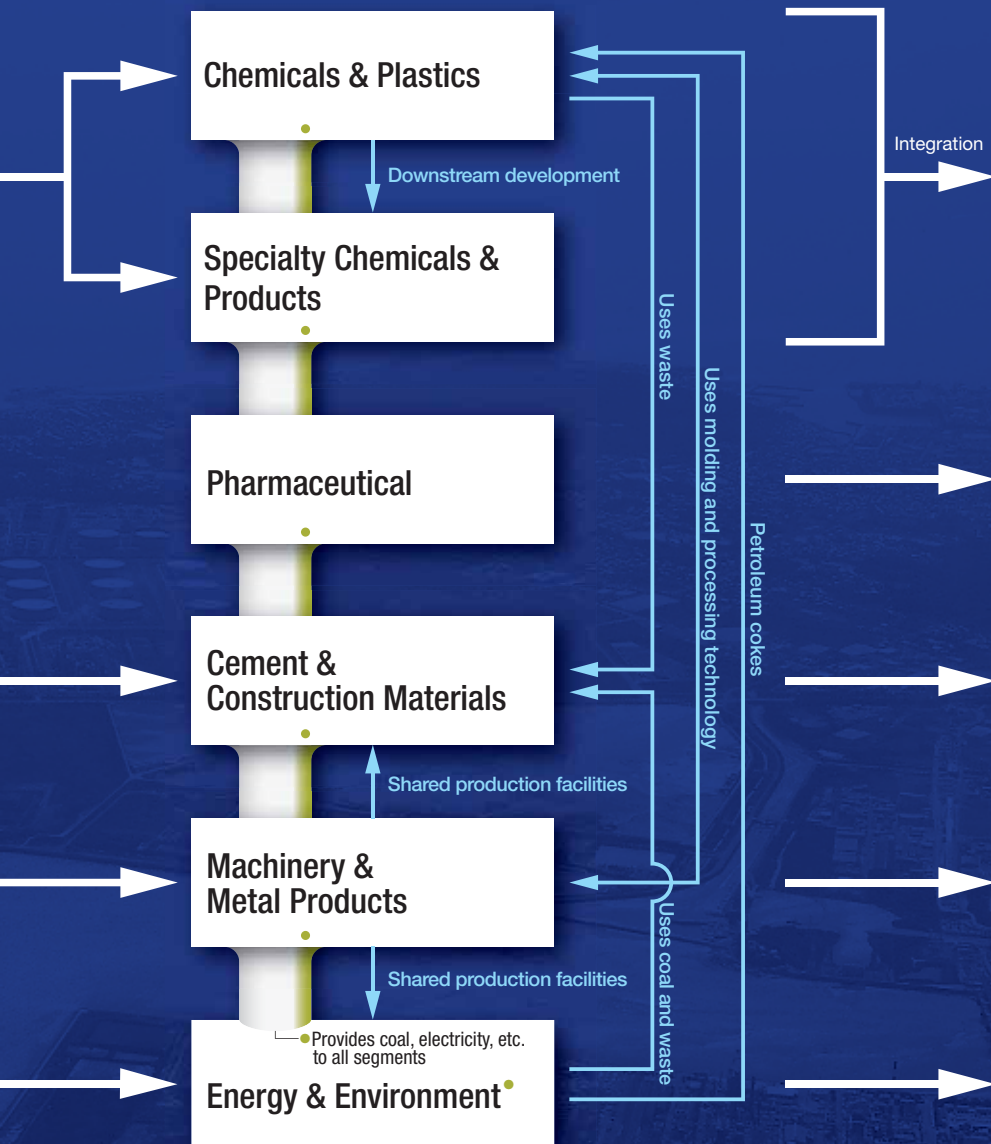


Used in mining

Used for crushers

April 2015

To 2014



The history of Ube Industries began in 1897 when it entered the coal mining business in Ube. Driven by founder Sukesaku Watanabe's vision of "creating industries with infinite possibilities from the finite resources of coal, to bring long-term prosperity to communities," the people of Ube Industries continued to enter new businesses to meet the needs of society. The machinery business evolved from manufacturing and servicing machinery used in coal mining, and the cement business leveraged coal resources in the Ube area and widely available limestone and spoil (overburden) from coal mining in the surrounding region. The chemical business evolved from using coal raw materials to manufacture ammonium sulfate for chemical fertilizer. These three businesses form the cornerstones of the UBE Group today.

We are adapting to the evolution of manufacturing by constantly taking on new technological challenges and transforming ourselves. As we do so, technology and innovation are the constants underlying the UBE Group's identity. For more than a century, the UBE Group's operations worldwide have shared a frontier spirit that we expressed in fiscal 2015 by integrating the Chemicals & Plastics and Specialty Chemicals & Products segments into a single organization that will create new value. We embrace continuous change to meet the demands of modern manufacturing for unique technologies. Our vision statement is, "Wings of technology and spirit of innovation. That's our DNA driving our global success." It expresses the core UBE Group identity that inspires our total commitment to the evolution of our businesses.

An Interview with President and CEO Yuzuru Yamamoto



Profile

Yuzuru Yamamoto

Apr. 1977:	Joined the Company
Jun. 2001:	Executive Officer, Ube Machinery Corporation, Ltd.
Jun. 2003:	Executive Officer, General Manager of Machinery Div., Machinery & Metal Products segment, Ube Industries, Ltd., and Representative Director, Ube Machinery Corporation, Ltd.
Apr. 2007:	Managing Executive Director, Vice President of Machinery & Metal Products segment, and General Manager of Machinery Div., Ube Industries, Ltd.
Apr. 2010:	Senior Managing Executive Officer and President of Machinery & Metal Products segment, Ube Industries, Ltd.
Jun. 2010:	Chairman of the Board, Ube Machinery Corporation, Ltd.
Apr. 2013:	Senior Managing Executive Officer, Special Assistant to the President, Group CCO, and General Manager of Procurement & Logistic Div., with the responsibility for General Affairs & Human Resources Office
Jun. 2013:	Representative Director
Apr. 2015:	President & Representative Director, President & Executive Officer, and Group CEO (current position)

Innovation and Speed Are Essential for Further Growth

UBE's Transformation and Sustainable Growth

If our people change, the Group will change.

The UBE Group is changing dramatically to revitalize performance and generate further growth.

Question 1:

How do you assess and analyze the UBE Group now that you are the President and CEO?

We need to revitalize the UBE Group by overcoming multiple challenges.

Since its establishment about 120 years ago, the UBE Group has expanded into various businesses from its origins in coal. The frontier spirit and entrepreneurial mindset represented by the Company founders' vision of "creating industries with infinite possibilities from the finite resources of coal," led us to enter new markets, as did our commitment to harmonious coexistence and mutual prosperity with the local community. These principles supported the UBE Group as it diversified into new businesses before World War II. Our commitment to innovation that drives our businesses forward is the backbone of the modern UBE Group, which pivoted from coal to oil to address the postwar energy revolution, expanded overseas and entered new businesses. At the same time, the UBE Group constantly needs to push itself to overcome the intrinsic and problematic conservatism typical of the basic materials industry.

Conditions are challenging in several of the UBE Group's businesses, so our top priority is learning to make timely changes more quickly. We have been slow to adapt to the significant changes in the structure of our industries over the past 10 years. I want the UBE Group to revitalize its performance by transforming itself in stages.

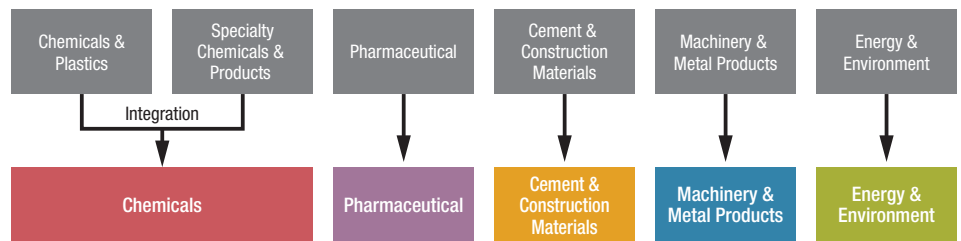
Question 2:

Please discuss the UBE Group's performance in fiscal 2014.

Rebuilding our chemical business was our top priority.

In fiscal 2014, non-chemical segments such as Cement & Construction Materials performed well, but operating conditions remained challenging in our chemical business. As a result, net sales decreased 1.3 percent from the previous year, and operating income was down 1.1 percent. Net income increased 16.1 percent due to factors including the effect of foreign exchange rates.

The chemical business is the core of the UBE Group, and we expect it to expand earnings in overseas markets. We intend to rebuild this business with a sense of urgency by capturing opportunities for further global growth and focusing on untapped markets. We will continue to strengthen the chemical business in the next medium-term management plan, which will start in fiscal 2016. In our Pharmaceutical



segment, we will make well-targeted, long-term investments in development, and Cement & Construction Materials will promptly anticipate and resolve issues in the domestic market. Machinery & Metal Products will increase profitability by establishing a business cycle of manufacturing, sales and after-sale service. Energy & Environment will create technologies and products that contribute to preservation of the environment. Administrative and support operations will help raise efficiency, as will the reorganization of internal companies we implemented in April 2015.

Question 3:

What is the UBE Group's medium-to-long-term outlook and future vision?

Our businesses will be market driven.

UBE's vision for the future is to advance the chemical business to the next level. We do not expect to achieve that during the next medium-term plan, but will explore new opportunities with the near-term goal of restoring operating results to past levels. This will involve two approaches. First, we will broaden our existing businesses and product lineup, and expand them further downstream. Our businesses will be market-driven, transforming our products to address customer needs. Second, we will build on the UBE Group's technological platform to introduce our products in completely new markets we have not traditionally served. For both approaches our priority will be addressing our weakness for developing products that capture attention rather than products that address specific customer needs. The UBE Group must better link its technological and product development capabilities to markets and earnings to achieve our best results ever. I want to ensure that the UBE Group can do this by encouraging the mindset that we are constantly moving forward and creating, even when we are involved in more conventional processes. This will lead employees to always think ahead and dedicate themselves to our mission in line with the UBE Group's overall direction.

Question 4:

What are the important corporate governance issues for the UBE Group?

Open communication and engagement are the keys.

We are a publicly listed company that is enhancing corporate governance to respond to the demands of capital markets and openly share information. Our dialogue with the UBE Group's shareholders and investors gives us insight into their expectations and requirements, which we will also reflect in our CSR efforts.

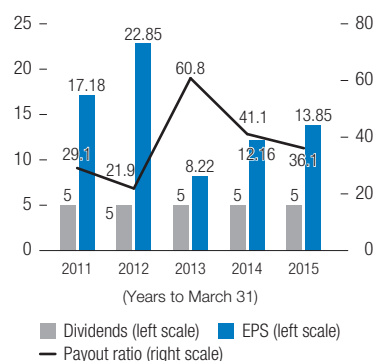
Outside directors have made up half of UBE's Board of Directors since June 2015. This creates an excellent environment at board meetings for discussing what is best for the Company, supported by the opinions of outside auditors and other external experts from various fields. Thus we ensure efficient, transparent and objective management that will drive medium- and long-term growth in corporate value as an internationally respected company.

Question 5:

Please explain the UBE Group's basic policy and outlook for dividends.

We will manage the Company to maintain stable dividends.

Consolidated Payout Ratio
(Yen / %)



The UBE Group is committed to paying dividends that are aligned with performance. At the same time, over the long term we are best able to generate the earnings we distribute to shareholders when we have ample capital resources to expand our businesses and further improve our financial integrity. We take all of these factors into consideration in setting dividends.

Question 6:

How is the UBE Group helping to realize a sustainable society?

We develop socially responsible, environmentally friendly products.

Curtailling the emission of greenhouse gases, reducing the amount of electricity and other forms of energy we use, and preserving biodiversity are among our initiatives to help realize a sustainable society. The UBE Group operates in the energy-intensive businesses of chemicals and cement, and we fully accept our social obligation to do everything we can to protect the environment. We believe that the UBE Group has a social responsibility to grow our businesses by expanding the use of renewable energy, conserving resources, and creating and popularizing technologies and products that reduce environmental impact.

Question 7:

Please close with insights for stakeholders.

We will transform UBE with a sense of urgency.

The UBE Group is focusing on the following three points:

- Increase corporate value by continuously improving earnings
- Provide safe, environmentally friendly products, services and systems
- Ensure effective corporate governance and compliance, and contribute to society

Results for fiscal 2014 were on par with the previous fiscal year because our portfolio of businesses offset lower earnings in the chemical business. We intend to address our challenges in the chemical business during fiscal 2015, and we are steadily implementing initiatives that will produce visible results. We have already integrated the former Chemicals & Plastics and Specialty Chemicals & Products segments into the Chemicals segment to improve organizational efficiency, and are emphasizing focus when we invest resources. We are not simply trying to revive our chemical business as quickly as possible; instead, the Group needs to change with a sense of urgency to restore its position of strength in chemicals. If our people change, the Group will change. I want to make the most of my opportunity as President and CEO to encourage employees to embrace change.

Consolidated Financial and Non-Financial Highlights

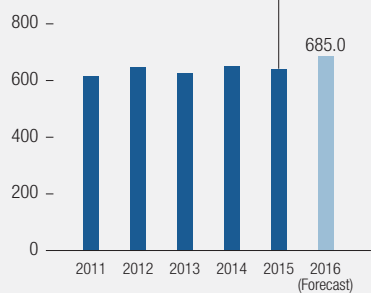
Ube Industries, Ltd. and Consolidated Subsidiaries

For the years ended March 31, 2011, 2012, 2013, 2014 and 2015

Net Sales

(Billions of yen)

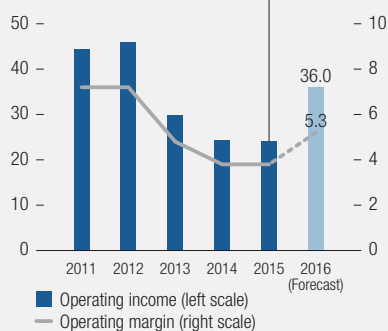
¥641.7 billion



Operating Income & Operating Margin

(Billions of yen / %)

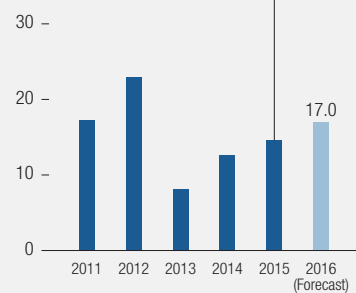
¥24.1 billion 3.8%



Net Income

(Billions of yen)

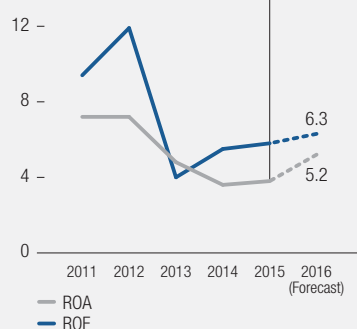
¥14.6 billion



ROA¹ & ROE

(%)

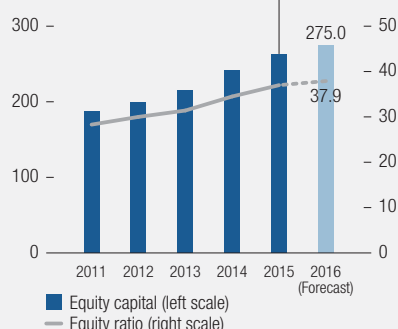
ROA 3.8% ROE 5.8%



Equity Capital² & Equity Ratio

(Billions of yen / %)

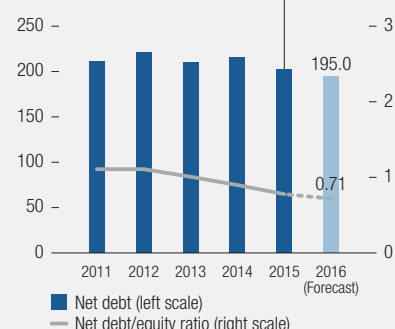
¥263.3 billion 37.0%



Net Debt³ & Net Debt/Equity Ratio

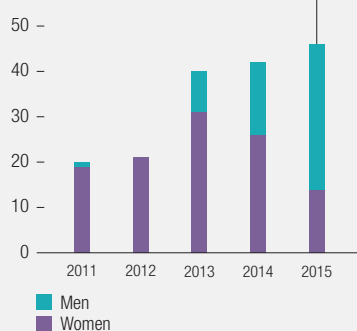
(Billions of yen / times)

¥202.7 billion 0.77 times



Child-Care Leave System Users⁴

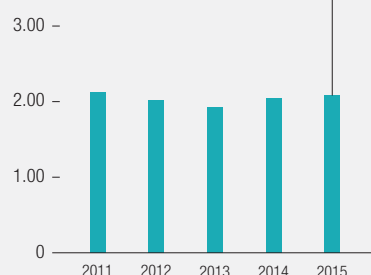
Men 32 Women 14



Percentage of Employees with Disabilities⁴

(%)

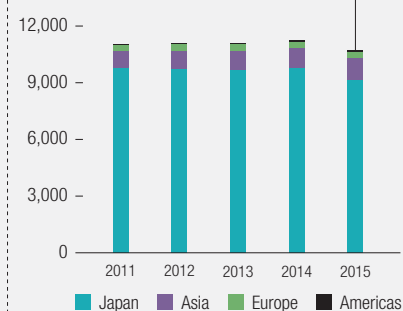
2.08%



Consolidated Employees by Region⁴

(Number of employees)

10,702



Notes: 1. ROA = (Operating income + Interest and dividend income + Equity in earnings of unconsolidated subsidiaries and affiliated companies) / Average total assets

2. Equity capital = Net assets - Share subscription rights - Minority interests

3. Net debt = Interest-bearing debt - Cash and cash equivalents

4. Data for Ube Industries, Ltd. and consolidated subsidiaries