SHOWA DENKO K.K.

Consolidated Financial Statements

For the first three quarters ended September 30, 2014

Ⅰ. Consolidated Financial Results

(1) Results of operations: (¥ in millions, US$ in thousands, except for net income (loss) per share)

	Results for the first three quarters (Jan.1–Sep.30)			
	2013	2014	Increase (Decrease)	2014
	¥	¥	%	$
Net sales	617,536	647,560	4.9	5,916,489
Operating income	15,848	18,229	15.0	166,555
Ordinary income	12,354	17,057	38.1	155,842
Net income (loss)	6,750	2,179	(67.7)	19,909
Net income (loss) per share: Basic	4.51	1.46	—	0.01
Net income (loss) per share: Diluted	—	—	—	—

Notes
Comprehensive income :
Results for the first three quarters (September 30, 2014) ¥6,697million
Results for the first three quarters (September 30, 2013) ¥25,314million

(2) Financial position: (¥ in millions, US$ in thousands, except for net income (loss) per share)

	Dec. 31, 2013	Sep.30, 2014	Sep.30, 2014
	¥	¥	$
Total assets	985,771	996,009	9,100,131
Total equity	345,811	314,567	2,874,067
	%	%	%
Stockholders' equity ratio	30.6	29.5	29.5

(3) Dividends:

	2013	2014 Forecast
Q1 dividends per share (¥)	—	—
Q2 dividends per share (¥)	0.00	0.00
Q3 dividends per share (¥)	—	—
End of Term dividends per share (¥)	3.00	3.00
Annual dividends per share (¥)	3.00	3.00

Ⅱ. Forecast of performance for the year ending December 31, 2014

(¥ in millions, US$ in thousands, except for net income per share)

	fiscal year	
	¥	$
Net sales	895,000	8,177,250
Operating income	32,000	292,371
Ordinary income	26,000	237,551
Net income	7,000	63,956
Net income per share	4.68	0.04

*The above forecast is based on the information available as of today and assumptions as of today regarding risk factors that could affect our future performance. Actual results may differ materially from forecast due to a variety of risk factors, including, but not limited to, the economic conditions, costs of naphtha and other raw materials, demand for our products, market conditions, and foreign exchange rates. We undertake no obligation to update the forward-looking statements unless required by law.

Note
The English version is provided by translating main points only of the original version in Japanese for the convenience of investors.
The U.S. dollar is valued at ¥109.45 throughout this statement for convenience only.

[Business Results and Financial Conditions]
1. Analysis of business results

(1) Summary

During the first three quarters of 2014 (January 1 - September 30), the Japanese economy experienced the last-minute demand increase before the consumption tax hike and afterward the reactive demand decrease. During the second half of the year, the effect of the reactive fall in consumer spending was easing gradually. However, the speed of economic recovery was slightly slowing down due partly to unseasonable weather during the summertime. As for overseas economies, though the recovery in Europe was not strong, those of the United States and other developed countries recovered generally, and China continued its moderate growth with gradual slowdown. Meanwhile, weakness was observed in emerging economies. In the petrochemicals industry, operating rates at domestic plants continued at high levels during the first half of the year, reflecting strong demand in China. However, in the second half of the year, there was a lull in the demand for petrochemicals from the automotive and other industries in Japan due partly to the said demand decrease in reaction to the last-minute demand increase before the consumption tax hike. The electronic parts/materials industry remained steady, due mainly to increased overseas production of semiconductors.

Under these circumstances, the Showa Denko Group launched in January this year "PEGASUS Phase II" business plan for the 2014-2015 period, the latter part of the five-year plan PEGASUS. To establish ourselves as a chemical company with a strong presence on the global market, we will continue to promote growth strategies in which our HD media and graphite electrode businesses serve as our "Wings." At the same time, we will focus our efforts on strengthening the four businesses newly classified in the "Growth" category, namely, aluminum cans, high-purity aluminum foil, semiconductor-processing high-purity gases, and functional chemicals, accelerating their expansions mainly in the growing Asian market.

The Group recorded consolidated net sales of ¥647,560 million in the January-September period of 2014, up 4.9% from the same period of the previous year. While sales in the Petrochemicals segment decreased due to the fall in production following the large-scale maintenance shutdown of our ethylene production facilities, sales in the other five segments increased, due mainly to higher shipment volumes. Operating income increased 15.0%, to ¥18,229 million. While the Petrochemicals, Inorganics, and Aluminum segments recorded lower income, the Electronics, Chemicals, and Others segments recorded higher income. The Group recorded an ordinary income of ¥17,057 million, up 38.1%, due partly to the increase in dividends income. However, the group posted a net income of ¥2,179 million, down 67.7%, due partly to the increase in loss on valuation of investment securities and impairment loss.

(Unit: millions of yen)

	2013 1Q - 3Q (Jan.-Sept.)	2014 1Q - 3Q (Jan.-Sept.)	Increase/ decrease	2013 July-Sept.	2014 July-Sept.	Increase/ decrease
Sales	617,536	647,560	30,024	216,126	233,954	17,828
Operating income	15,848	18,229	2,381	9,126	7,687	-1,439
Ordinary income	12,354	17,057	4,703	6,967	9,847	2,879
Net income	6,750	2,179	-4,571	4,592	5,612	1,020

(2) A breakdown of net sales and operating income by segment (January 1 - September 30, 2014)

[Petrochemicals segment]
The Petrochemicals segment's sales decreased 2.4%, to ¥202,601 million. Production of ethylene and propylene decreased from the same period of the previous year, reflecting the shutdown maintenance (from early March to late April) of our ethylene production facilities. The shutdown maintenance is conducted once in every four years. Sales of olefins decreased due to lower shipment volumes, reflecting the shutdown maintenance. Sales of organic chemicals were up due to higher shipment volumes of vinyl acetate and other products. The segment recorded an operating loss of ¥595 million, down ¥2,566 million.

(Unit: millions of yen)

	2013 1Q - 3Q (Jan.-Sept.)	2014 1Q - 3Q (Jan.-Sept.)	Increase/ decrease	2013 July-Sept.	2014 July-Sept.	Increase/ decrease
Sales	207,575	202,601	-4,975	72,156	82,874	10,719
Operating income	1,972	-595	-2,566	2,017	1,346	-671

[Chemicals segment]
The Chemicals segment's sales increased 7.2%, to ¥102,418 million. Production of liquefied ammonia was maintained at the level of the same period of the previous year. Sales of liquefied ammonia decreased from the same period of the previous year. Sales of acrylonitrile increased following the rise in market prices, and sales of chloroprene rubber grew due to higher shipment volumes to overseas markets. As a result, overall sales of basic chemicals increased. Sales of industrial gases and functional chemicals slightly increased. Sales of electronic chemicals increased due to higher export volumes of semiconductor-processing high-purity gases. Operating income of the segment jumped 150.3%, to ¥3,182 million.

(Unit: millions of yen)

	2013 1Q - 3Q (Jan.-Sept.)	2014 1Q - 3Q (Jan.-Sept.)	Increase/ decrease	2013 July-Sept.	2014 July-Sept.	Increase/ decrease
Sales	95,525	102,418	6,894	33,604	35,082	1,478
Operating income	1,271	3,182	1,911	713	1,796	1,083

[Electronics segment]
The Electronics segment's sales increased 3.4%, to ¥102,630 million. Production of HD media was maintained at the level of the same period of the previous year. Sales of HD media increased due to steady shipment volumes for PC and other applications. Sales of rare earth magnetic alloys slightly increased due to higher shipment volumes. Sales of compound semiconductors increased due to higher shipment volumes. Operating income of the segment rose 33.3%, to ¥18,881 million.

(Unit: millions of yen)

	2013 1Q - 3Q (Jan.-Sept.)	2014 1Q - 3Q (Jan.-Sept.)	Increase/ decrease	2013 July-Sept.	2014 July-Sept.	Increase/ decrease
Sales	99,233	102,630	3,397	33,060	33,121	61
Operating income	14,169	18,881	4,713	5,813	5,679	-134

[Inorganics segment]
The Inorganics segment's sales rose 4.0%, to ¥50,925 million. Production of graphite electrodes increased from the same period of the previous year. Sales of graphite electrodes increased due to higher shipment volumes, reflecting gradual recovery in the United States and Japan, notwithstanding continued serious oversupply situation in Asia. Sales of ceramics increased due mainly to higher shipment volumes of abrasives. The segment recorded operating loss of ¥729 million, down ¥413 million, due partly to the cost increase in the ceramics business.

(Unit: millions of yen)

	2013 1Q - 3Q (Jan.-Sept.)	2014 1Q - 3Q (Jan.-Sept.)	Increase/ decrease	2013 July-Sept.	2014 July-Sept.	Increase/ decrease
Sales	48,954	50,925	1,970	17,929	17,578	-351
Operating income	-315	-729	-413	327	32	-295

[Aluminum segment]
The Aluminum segment's sales rose 5.5%, to ¥70,865 million. Production of high-purity foil for aluminum electrolytic capacitors increased from the same period of the previous year, as capacitor manufacturers increased production for use in home electric appliances and cars. Sales of rolled products increased as a result. Sales of aluminum specialty components increased due to higher shipment volumes for automotive applications and others. Sales of aluminum cans were down due to lower shipment volumes. Operating income of the segment decreased 47.9%, to ¥2,520 million, due mainly to the influence of sharp increases in aluminum metal and fuel costs.

(Unit: millions of yen)

	2013 1Q - 3Q (Jan.-Sept.)	2014 1Q - 3Q (Jan.-Sept.)	Increase/ decrease	2013 July-Sept.	2014 July-Sept.	Increase/ decrease
Sales	67,195	70,865	3,671	23,531	25,056	1,526
Operating income	4,837	2,520	-2,317	1,906	727	-1,179

[Others segment]
The Others segment's sales increased 17.8%, to ¥149,965 million. Sales of lithium ion battery (LIB) materials were maintained at the level of the same period of the previous year. Shoko Co. Ltd.'s sales increased due mainly to higher sales in overseas operations. The segment recorded operating income of ¥477 million, up ¥1,284 million.

(Unit: millions of yen)

	2013 1Q - 3Q (Jan.-Sept.)	2014 1Q - 3Q (Jan.-Sept.)	Increase/ decrease	2013 July-Sept.	2014 July-Sept.	Increase/ decrease
Sales	127,309	149,965	22,656	44,984	50,625	5,641
Operating income	-808	477	1,284	92	141	49

(3) Major steps taken or decided after the settlement of accounts for the first half of 2014
[General]
・Increase of capacity to produce 6" SiC epitaxial wafers for power devices
In September, SDK increased its capacity to produce silicon carbide (SiC) epitaxial wafers with a diameter of six inches for use in power devices from 400 units a month to 1,100 units a month. SDK also started shipping of a new grade of SiC epitaxial wafers with improved quality, to be used in power control modules for automobiles and other

applications that require heavy withstanding currents. When compared with the currently mainstream silicon-based semiconductors, SiC-epitaxial-wafer-based power devices can operate under relatively high-temperature, high-voltage and heavy–current conditions, while substantially reducing energy loss. With these features, SiC power devices are expected to be in greater demand for use in automobiles, power sources for servers, electric trains, decentralized power generation systems utilizing new energy sources, and other applications. The market size of SiC power devices is expected to grow to be about ¥30 billion in 2020. SDK will continue meeting market needs for quality, and contribute to the extension of SiC power device market.

・Repurchase of own shares

At its Board of Directors' meeting held on July 31, 2014, SDK resolved to repurchase its own shares in order to ensure shareholder returns and facilitate flexible implementation of capital policy in response to changes in the business environment. SDK started the repurchase on August 1, 2014 and completed it on September 22, 2014. Accumulated total number of shares repurchased was 68,261,000 (equivalent to about ¥10 billion).

[Petrochemicals segment]

・Decision to dissolve PT. Showa Esterindo Indonesia

SDK decided to terminate production of ethyl acetate at its subsidiary PT. Showa Esterindo Indonesia (SEI) by the end of this year, and dissolve and liquidate SEI after demolition and removal of the production facilities. SEI started to produce ethyl acetate in 1999 as SDK's first plant to introduce our proprietary technology to synthesize ethyl acetate by adding ethylene directly to acetic acid, and had been providing stable Southeast Asian market with ethyl acetate since then. In recent years, however, the business environment for SDI has become harder than before because of rises in material prices and expansion of the capacities of neighboring countries to supply ethyl acetate. Under these circumstances, SDK and its partners have concluded that it is difficult to continue SEI's operations, and decided to dissolve the company.

[Chemicals segment]

・Acquisition of Air Products' high-purity chlorine business in Taiwan

In order to strengthen its special material gas business, SDK decided in July to acquire a high purity chlorine business including production facilities located in Kaohsiung, Taiwan, which had been owned by Air Products San Fu Co., Ltd, a subsidiary of Air Products and Chemicals Inc. (APCI). The demand for high-purity chlorine used as an etching gas in the manufacturing process of semiconductors and LCDs is increasing, and the annual market size of the gas is expected to be about 2,000 tons in 2015. The SDK Group has production facilities for high-purity chlorine with annual production capacity of 1,000 tons in its Kawasaki Plant. By having additional high-purity chlorine production facilities in Taiwan, the SDK Group aims to ensure further stable supply of high-purity chlorine to the growing market in East Asia.

[Electronics segment]

・Starting to mass-produce highest capacity 3.5-inch HD media

The leading-edge 3.5-inch hard disk (HD) media produced and sold by SDK have been introduced into 8 TB hard disk drives (HDDs), the world's highest storage capacity HDDs to date. The 3.5-inch HD media introduced this time use the perpendicular magnetic recording (PMR) technology, and are classified as the seventh generation products of the HD media based on the PMR technology. SDK pioneered in producing and selling HD media using the PMR technology in 2005. The number of shipment of HDDs, especially those for the use in storage servers in data centers, is expected to increase very rapidly

because of the increase in data generation accompanying the extension of cloud computing. The number of shipment of HD media, which are main components of HDDs and control HDDs' storage capacities, is expected to show annual rate of increase of about 3%. As the world's largest independent HD media supplier, SDK will aim to ensure stable supply of high-capacity media. SDK will also continue meeting customer requirements in terms of quality as well as quantity.

[Inorganics segment]

・High-performance photocatalyst LUMI-RESH to be applied to membrane building material

High-performance photocatalyst LUMI-RESH™ which was developed by Showa Denko Ceramics Co., Ltd., a subsidiary of SDK, is to be applied to an indoor-use membrane building material "Hikari-Protextile" which is manufactured and marketed by Taiyo Kogyo Corporation, the leading membrane building material manufacturer and membrane structure builder. Hikari-Protextile is to be put on the market in January 2015. It has already been confirmed in our laboratory that, compared to conventional photocatalysts, which are usually activated by ultraviolet rays much included in sunlight, LUMI-RESH™ can be activated even by visible low-energy light and inactivate bacteria and viruses. The high antiviral property of LUMI-RESH™ is expected to be recognized as a technology to reduce infection risk of viruses including influenza virus and norovirus. By further improving performance of photocatalysts, the Showa Denko Group will contribute to people's healthy, safe and sound life.

[Aluminum segment]

・Decision to expand the capacity to produce high-purity aluminum foils in China

SDK decided in July to expand its capacity to produce high-purity aluminum foils for aluminum electrolytic capacitors in China. Aluminum electrolytic capacitors are used in wide areas, including electric appliances, IT devices, electric vehicles, hybrid cars and equipment for power generation with renewable energy sources. The demand for electrolytic capacitors is expected to increase especially in China. By expanding the productive capacity of Showa Denko Aluminum (Nantong) from 400 tons a month at present to 600 tons a month by January 2015, SDK will ensure stable supply of high-quality high-purity aluminum foils and continue responding the expansion of the market of aluminum electrolytic capacitors in a timely manner.

[Others segment]

・Completion of the expansion of production lines for LIB packaging laminates

Showa Denko Packaging Co. Ltd., a subsidiary of SDK, completed the expansion work of its productive capacity for aluminum laminated films used for packaging lithium ion batteries (LIBs) at its Hikone Plant in Shiga Prefecture, and started mass production with the expanded lines in July. As a result of this expansion work, Showa Denko Packaging's productive capacity for aluminum laminated films was increased to be three times as much as that in 2010. The market for aluminum laminated films used for LIB packaging continues expanding. Specifically, not only the demand for small LIBs used in smart devices such as smartphones and tablets is growing, but also the demand for large LIBs is expected to grow due to the progress in the electrification of cars. The Showa Denko Group aims to ensure stable supply of high-quality materials for LIBs whose market is growing dramatically.

2. Financial conditions for the January 1 - September 30, 2014 period

Total assets at the end of the third quarter amounted to ¥996,009 million, an increase of ¥10,238 million from the level at December 31, 2013. Total assets were up due partly to the increase in accounts receivable and fixed assets. Total liabilities increased ¥41,482

million, to ¥681,443 million, due mainly to the increase in interest-bearing debt following the receipt of the subordinated loan. Net assets at the end of the third quarter amounted to ¥314,567 million, down ¥31,244 million from the level at December 31, 2013, owing partly to the payment of dividends for 2013, the repurchase of own shares, and the decrease in minority interests following the repurchase and cancellation of perpetual preferred securities (with Euro-Yen warrants) issued by a special purpose company wholly owned by SDK, notwithstanding the recording of net income for the January 1 - September 30, 2014 period, and the increase in foreign currency translation adjustment.

3. Performance forecast

We announced our revised full-year performance forecast on July 31, 2014. There is no change from these figures.

(Unit: Millions of yen)

	Net sales	Operating income	Ordinary income	Net income
Revised forecast for the full year	895,000	32,000	26,000	7,000

Consolidated Balance Sheets

(¥ in millions, US$ in thousands)

	Dec. 31, 2013	Sep. 30, 2014	Sep. 30, 2014
Assets	¥	¥	$
Current assets			
Cash and deposits	68,250	56,124	512,778
Notes and accounts receivable-trade	156,090	165,709	1,514,020
Merchandise and finished goods	53,203	59,420	542,894
Work in process	16,331	14,750	134,763
Raw materials and supplies	50,622	48,942	447,162
Other	30,358	34,682	316,872
Allowance for doubtful accounts	(256)	(286)	(2,614)
Total current assets	374,599	379,340	3,465,874
Noncurrent assets			
Property, plant and equipment			
Buildings and structures, net	85,470	84,059	768,014
Machinery, equipment and vehicles, net	111,627	119,150	1,088,625
Land	254,593	254,082	2,321,445
Other, net	42,396	48,716	445,096
Total property, plant and equipment	494,087	506,007	4,623,180
Intangible assets			
Other	10,960	14,248	130,178
Total intangible assets	10,960	14,248	130,178
Investments and other assets			
Investment securities	78,688	72,546	662,819
Other	27,969	24,378	222,733
Allowance for doubtful accounts	(531)	(509)	(4,655)
Total investments and other assets	106,125	96,414	880,898
Total noncurrent assets	611,172	616,669	5,634,257
Total assets	985,771	996,009	9,100,131
Liabilities			
Current liabilities			
Notes and accounts payable-trade	124,194	117,600	1,074,468
Short-term loans payable	78,182	80,984	739,915
Current portion of long-term loans payable	41,694	65,987	602,894
Commercial papers	18,000	5,000	45,683
Provision	6,208	6,456	58,984
Other	78,667	83,589	763,720
Total current liabilities	346,945	359,616	3,285,665
Noncurrent liabilities			
Bonds payable	30,000	45,000	411,147
Long-term loans payable	185,811	202,613	1,851,192
Provision for retirement benefits	20,310	15,997	146,154
Other provision	43	408	3,725
Other	56,852	57,809	528,182
Total noncurrent liabilities	293,016	321,827	2,940,399
Total liabilities	639,961	681,443	6,226,064
Net assets			
Shareholders' equity			
Capital stock	140,564	140,564	1,284,271
Capital surplus	62,221	62,221	568,488
Retained earnings	58,414	56,121	512,752
Treasury stock	(149)	(10,152)	(92,750)
Total shareholders' equity	261,050	248,754	2,272,761
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	5,850	6,028	55,078
Deferred gains or losses on hedges	105	1,032	9,429
Revaluation reserve for land	27,923	27,918	255,076
Foreign currency translation adjustment	6,284	10,344	94,505
Total accumulated other comprehensive income	40,161	45,322	414,089
Minority interests	44,599	20,491	187,217
Total net assets	345,811	314,567	2,874,067
Total liabilities and net assets	985,771	996,009	9,100,131

Consolidated Statements of Income

(¥ in millions, US$ in thousands)

	Results for the first three quarters (Jan.1-Sep.30)		
	2013	2014	2014
	¥	¥	$
Net sales	617,536	647,560	5,916,489
Cost of sales	540,267	564,847	5,160,780
Gross profit	77,268	82,712	755,710
Selling, general and administrative expenses	61,420	64,483	589,155
Operating income	15,848	18,229	166,555
Non-operating income			
Interest income	117	174	1,591
Dividends income	863	3,153	28,804
Equity in earnings of affiliates	—	451	4,116
Miscellaneous income	3,048	3,735	34,129
Total non-operating income	4,028	7,513	68,640
Non-operating expenses			
Interest expenses	3,128	3,314	30,281
Equity in losses of affiliates	560	—	—
Loss on mothballing of operation	1,098	2,447	22,356
Miscellaneous expenses	2,736	2,924	26,715
Total non-operating expenses	7,522	8,685	79,352
Ordinary income	12,354	17,057	155,842
Extraordinary income			
Gain on sales of investment securities	1,046	723	6,603
Compensation income from cancellation of contracts	756	—	—
Gain on sales of Patent right and other	—	345	3,149
Other	138	59	542
Total extraordinary income	1,939	1,127	10,294
Extraordinary loss			
Loss on sales and retirement of noncurrent assets	913	1,655	15,121
Impairment loss	608	2,829	25,851
Loss on restructuring of subsidiaries and affiliates	1,377	—	—
Loss on valuation of investment securites	70	4,033	36,850
Other	716	2,782	25,415
Total extraordinary losses	3,685	11,299	103,238
Income before income taxes and minority interests	10,608	6,884	62,899
Income taxes	2,786	4,538	41,460
Income before minority interests	7,822	2,346	21,439
Minority interests in income	1,073	167	1,530
Net income	6,750	2,179	19,909

Consolidated Statements of Comprehensive Income

(¥ in millions, US$ in thousands)

	Results for the first three quarters (Jan.1-Sep.30)		
	2013	2014	2014
	¥	¥	$
Income (loss) before minority interests	7,822	2,346	21,438
Other comprehensive income:			
Valuation difference on available-for-sale securities	4,996	180	1,644
Deferred gains or losses on hedges	676	871	7,960
Foreign currency translation adjustments	11,800	3,290	30,058
Share of other comprehensive income of affiliates applied for equity method	19	10	90
Total other comprehensive income	17,491	4,351	39,753
Comprehensive income	25,314	6,697	61,191
(Comprehensive income attributable to)			
Comprehensive income attributable to owners of the parent	23,332	6,184	56,498
Comprehensive income attributable to minority interests	1,982	514	4,693

(Reference)

SEGMENT INFORMATION (previous 3Q ended)

The operations of the Companies for the year ended September 30, 2013 and 2014 was summarised by industry segment as follows:

Year ended September 30, 2013	Millions of yen							
	Petrochemicals	Chemicals	Electronics	Inorganics	Aluminium	Others	Elimination	Consolidated
Sales								
Outside customers	¥202,266	¥88,173	¥98,200	¥42,715	¥62,974	¥123,208	¥–	¥617,536
Inter-segment	5,309	7,352	1,033	6,239	4,221	4,101	(28,255)	–
Total	207,575	95,525	99,233	48,954	67,195	127,309	(28,255)	617,536
Operating income (loss)	¥1,972	¥1,271	¥14,169	(¥315)	¥4,837	(¥808)	(¥5,277)	¥15,848

Year ended September 30, 2014	Millions of yen							
	Petrochemicals	Chemicals	Electronics	Inorganics	Aluminium	Others	Elimination	Consolidated
Sales								
Outside customers	**¥197,607**	**¥94,192**	**¥101,283**	**¥44,445**	**¥64,747**	**¥145,286**	**¥–**	**¥647,560**
Inter-segment	**4,994**	**8,226**	**1,347**	**6,480**	**6,119**	**4,678**	**(31,845)**	**–**
Total	**202,601**	**102,418**	**102,630**	**50,925**	**70,865**	**149,965**	**(31,845)**	**647,560**
Operating income (loss)	**(¥595)**	**¥3,182**	**¥18,881**	**(¥729)**	**¥2,520**	**¥477**	**(¥5,508)**	**¥18,229**

Year ended September 30, 2014	Thousands of U.S. dollars							
	Petrochemicals	Chemicals	Electronics	Inorganics	Aluminium	Others	Elimination	Consolidated
Sales								
Outside customers	**$1,805,451**	**$860,594**	**$925,383**	**$406,075**	**$591,564**	**$1,327,422**	**$–**	**$5,916,489**
Inter-segment	**45,629**	**75,162**	**12,307**	**59,205**	**55,902**	**42,745**	**(290,950)**	**–**
Total	**1,851,079**	**935,756**	**937,690**	**465,280**	**647,466**	**1,370,168**	**(290,950)**	**5,916,489**
Operating income (loss)	**($5,434)**	**$29,075**	**$172,513**	**($6,657)**	**$23,021**	**$4,357**	**($50,321)**	**$166,555**

SHOWA DENKO K.K.

October 30, 2014

Third Quarter, 2014 Consolidated Financial Results (Summary)

1. Third Quarter Results 2014

(1) Summary

(Unit: billions of yen)

Items	2013 Jan.1 - Sept.30	2014 Jan.1 - Sept.30	Increase	(Reference) 2013 CQ3 Jul.1 - Sept.30	2014 CQ3 Jul.1 - Sept.30	Increase	〔2014 forecast〕 2014 Forecast *
Net Sales	617.5	647.6	30.0	216.1	234.0	17.8	895.0
Operating Income	15.8	18.2	2.4	9.1	7.7	-1.4	32.0
Net Income	6.7	2.2	-4.6	4.6	5.6	1.0	7.0
Gap between interest expense and interest/dividend income	-2.1	0.0	2.2	-0.9	1.0	1.8	

*Forecast revised on Jul. 31, 2014.

(Unit: billions of yen)

Items	Dec. 31, 2013	Sept. 30, 2014	Increase	Jun. 30, 2014	Sept. 30, 2014	Increase
Total assets	985.8	996.0	10.2	966.5	996.0	29.5
Interest-bearing debt	353.7	399.6	45.9	397.4	399.6	2.2

(2) Net Sales and Operating Income by Segment

(Unit: billions of yen)

Segment		2013 Jan.1 - Sept.30	2014 Jan.1 - Sept.30	Increase	(Reference) 2013 CQ3 Jul.1 - Sept.30	2014 CQ3 Jul.1 - Sept.30	Increase	〔2014 forecast〕 2014 Forecast *
Net Sales	Petrochemicals	207.6	202.6	-5.0	72.2	82.9	10.7	286.0
	Chemicals	95.5	102.4	6.9	33.6	35.1	1.5	143.0
	Electronics	99.2	102.6	3.4	33.1	33.1	0.1	138.0
	Inorganics	49.0	50.9	2.0	17.9	17.6	-0.4	68.0
	Aluminum	67.2	70.9	3.7	23.5	25.1	1.5	104.0
	Others	127.3	150.0	22.7	45.0	50.6	5.6	202.0
	Adjustments	-28.3	-31.8	-3.6	-9.1	-10.4	-1.2	-46.0
	Total	617.5	647.6	30.0	216.1	234.0	17.8	895.0
Operating Income	Petrochemicals	2.0	-0.6	-2.6	2.0	1.3	-0.7	2.5
	Chemicals	1.3	3.2	1.9	0.7	1.8	1.1	6.0
	Electronics	14.2	18.9	4.7	5.8	5.7	-0.1	26.0
	Inorganics	-0.3	-0.7	-0.4	0.3	0.0	-0.3	0.0
	Aluminum	4.8	2.5	-2.3	1.9	0.7	-1.2	4.0
	Others	-0.8	0.5	1.3	0.1	0.1	0.0	1.5
	Adjustments	-5.3	-5.5	-0.2	-1.7	-2.0	-0.3	-8.0
	Total	15.8	18.2	2.4	9.1	7.7	-1.4	32.0

*Forecast revised on Jul. 31, 2014.

(Unit: billions of yen)

Segment		2013 CQ1 Jan.1 - Mar.31	2013 CQ2 Apr.1 - Jun.30	2013 CQ3 Jul.1 - Sept.30
Net Sales	Petrochemicals	62.1	57.7	82.9
	Chemicals	33.4	33.9	35.1
	Electronics	37.2	32.3	33.1
	Inorganics	16.0	17.4	17.6
	Aluminum	21.2	24.6	25.1
	Others	49.8	49.5	50.6
	Adjustments	-10.1	-11.4	-10.4
	Total	209.6	204.0	234.0
Operating Income	Petrochemicals	-0.1	-1.9	1.3
	Chemicals	1.0	0.4	1.8
	Electronics	8.1	5.1	5.7
	Inorganics	-0.4	-0.3	0.0
	Aluminum	0.9	0.9	0.7
	Others	0.2	0.1	0.1
	Adjustments	-2.1	-1.4	-2.0
	Total	7.6	3.0	7.7

2. Cash dividends

(Unit: yen)

Items	2013	2014 Forecast
Cash dividends per share	3.0	3.0 (planned)

3. Reference

Items	2013 Jan.1 - Sept.30	2014 Jan.1 - Sept.30	Increase	2013 CQ3 Jul.1 - Sept.30	2014 CQ3 Jul.1 - Sept.30	Increase
Exchange rate (yen/US$)	96.7	103.0	6.2	99.0	103.9	5.0
Domestic naphtha price (yen/kl)	64,450	70,850	6,400	63,900	70,700	6,800

Note : The above forecast is based on the information available as of today and assumptions as of today regarding risk factors that could affect our future performance. Actual results may differ materially from the forecast due to a variety of risk factors, including, but not limited to, the economic conditions, costs of naphtha and other raw materials, demand for our products, market conditions, and foreign exchange rates. We undertake no obligation to update the forward-looking statements unless required by law.